



# POWERING SUSTAINABLE CHANGE





## About the Report [102-3, 102-46, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54](#)

“Powering Sustainable Change” is Semirara Mining and Power Corporation’s (SMPC) second Annual and Sustainability Report (ASR). Following the release of the Company’s maiden 2019 ASR, we continue our commitment to sustainable practices and relevant reporting.

This issue covers the financial and sustainability performance of SMPC’s coal and power operations for the period of January 1 to December 31, 2020. The report discloses topics relevant to our economic, environmental, and social impacts spanning our sites in Semirara Island, Antique and Calaca, Batangas. In the process, SMPC renewed communication with stakeholders to determine

surfacing concerns within the period and updated our topic boundaries. The 2020 ASR consolidates previous disclosures for continuity with the addition of significant topics for the year. These topics are discussed alongside our management approaches, which describe how the Company directly handles its impacts in specific areas.

We continue to use the GRI Standards in our reporting process as we acknowledge and assess the issues that are important to our stakeholders. This report has been prepared in accordance with the GRI Standards: Core option. Further application of the Standards allows for comparability with our preceding reports by

using the same metrics and structure. There is also continued compliance with the Philippine Securities and Exchange Commission (SEC) Sustainability Reporting Guidelines for Publicly-listed Companies.

SMPC welcomes feedback and appreciates suggestions on how to make this report more meaningful and valuable to our stakeholders.

For comments and suggestions, please contact:

**Semirara Mining and Power Corporation**  
 2nd Floor, DMCI Plaza 2281 Chino Roces Avenue, Makati City,  
 1231 Philippines  
 (+632) 8888-3055  
[investor\\_relations@semirarampc.com](mailto:investor_relations@semirarampc.com)  
[corpcomm@semirarampc.com](mailto:corpcomm@semirarampc.com)  
[semiramining.com](http://semiramining.com)

## About the Cover

The 2020 Annual and Sustainability Report’s theme, “Powering Sustainable Change,” embodies the transformational changes made by SMPC during an unprecedented time. SMPC aims towards business transformation in processes, people, and technological systems to better align with our business strategy and vision. Our responses within the year were not only to brace for the problems of the present, but to set stronger foundations for the future. With our environmental and social responsibilities in mind, we integrated transformational changes to the way we did things.



## Table of Contents

<b>04</b> About SMPC	<b>22</b> Our Sustainability Performance
<b>05</b> Business Overview	<b>24</b> Prosperity
<b>06</b> Our Business Model	<b>42</b> Planet
<b>07</b> Our Market Presence	<b>68</b> People
<b>08</b> Our Value Chain	<b>104</b> Corporate Governance
<b>09</b> Our Business Structure	<b>120</b> Enterprise Risk Management
<b>10</b> Message from the Chairman	<b>124</b> Board and Management
<b>14</b> Message from the President	<b>136</b> Financial Statements
<b>18</b> Our Sustainability Framework	<b>152</b> GRI Content Index
<b>19</b> Our Stakeholder Engagement	
<b>20</b> Our Approach to Sustainability	



# About Semirara Mining and Power Corporation

102-1, 102-2, 102-6

Semirara Mining and Power Corporation (SMPC) is a leading vertically integrated power generation company in the Philippines. To date, we are still the only power producer in the country that owns and mines our own fuel source. SMPC is also the largest coal producer, accounting for 99% of the country's coal production.

Aside from fueling our power plants, we supply coal to other power plants, the majority of cement plants, and other small boiler users in the food, textile, and canning industries. As a major player in the Philippine power industry, SMPC strives to efficiently manage fuel supply and power production to deliver affordable and reliable energy to millions of Filipinos nationwide.



# Business Overview 102-16

Since its inception as the Semirara Coal Corporation to the integration of its Power segment as the Semirara Mining and Power Corporation, SMPC recognizes the shared responsibility of its extractive and energy businesses.

## Our Mission

- To responsibly and efficiently operate in all sites;
- To empower host communities, contributing to their sustainability;
- To nurture and uphold environmental stewardship; and
- To ensure equitable returns to all stakeholders.

## Our Vision

Semirara Mining and Power Corporation is the leading responsible vertically integrated energy enterprise contributing towards inclusive growth.

## Our Corporate Objectives

- Business Sustainability
- Value Maximization

## Our Core Values



COMMITMENT



TEAMWORK



EXCELLENCE



INTEGRITY



PROFESSIONALISM

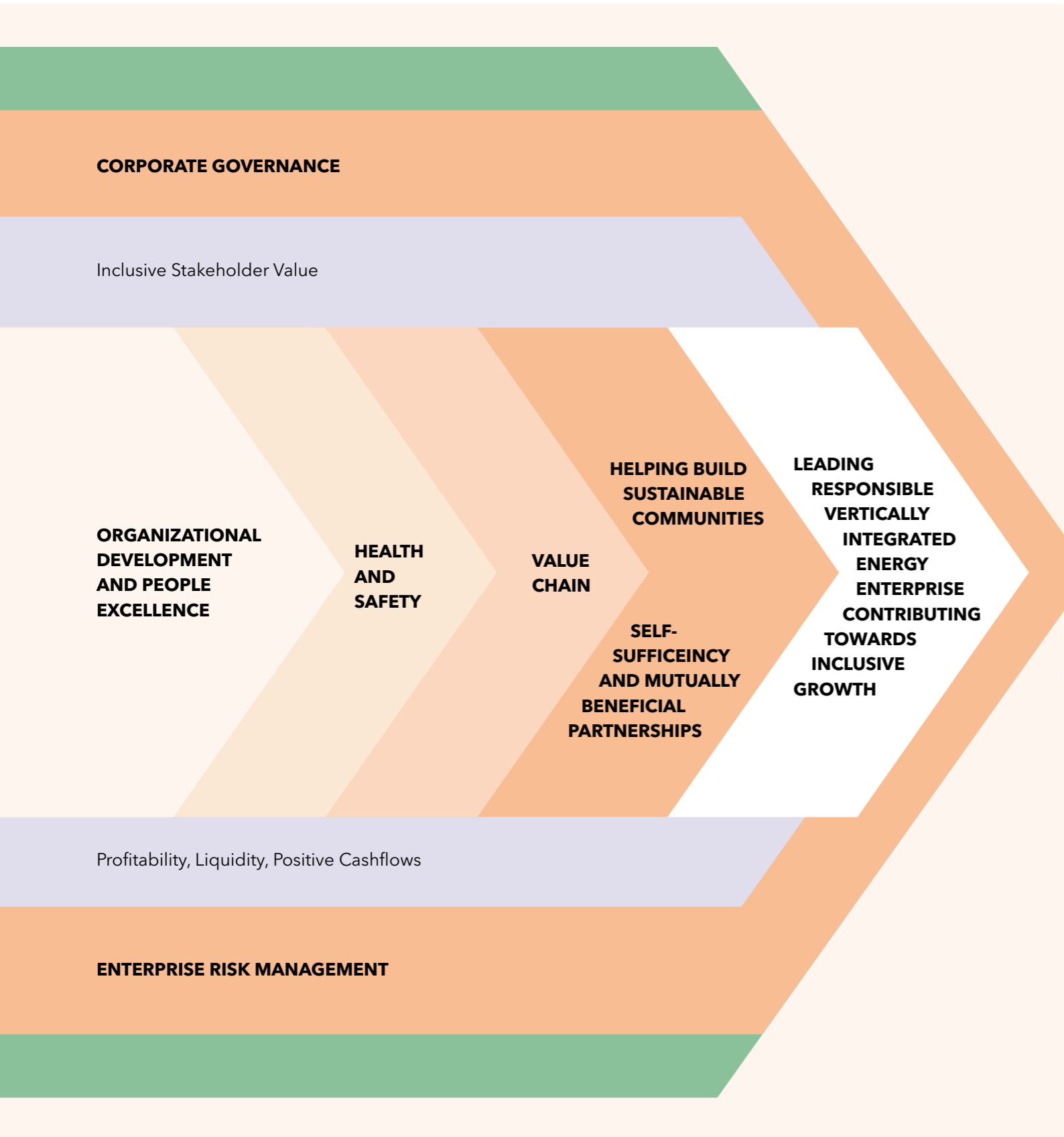


LOYALTY





# Our Business Model



# Our Market Presence 102-6, 102-7

- **Power Market**  
(Luzon-Visayas Grid)
- **Coal Market**  
(Domestic)

We export to:

-  **China including Taiwan**
-  **India**
-  **Thailand**
-  **South Korea**
-  **Cambodia**





## Our Value Chain

### EXPLORATION AND DEVELOPMENT



- The location, volume, and quality of coal deposits are determined by conducting geological investigation, geodetic survey, and subsurface exploration. Based on available information, we decide if deposits can be safely and economically recovered.
- Stakeholder engagement is a vital part of how we conduct business and achieve better project outcomes, foster community ownership, and lower project costs.

### EXTRACTION



- Large machines remove the overburden, such as topsoil and rock layers, to expose the coal seam.
- The coal deposit is then extracted using large excavators. This process is called open pit mining or strip mining.
- Our people are our most valuable resource. We train, develop, and provide equal opportunity for all.
- We build partnerships with local and foreign experts to further advance our people's competency and allow us to improve our operational efficiency.
- We continue to invest in mining technology that will further enhance our capabilities to predict geologic hazards. We also implement safety programs and policies that will allow our people to return home from work safely each day.

### SHIPPING



- Coal is transported to customers by barge and bulk carriers. The supply is delivered to local power producers, cement manufacturers, foreign clients, and our coal-fired power plants.
- We provide reliable product, as well as orientation training, on stockpiling safety practices to ensure quality and safety for our customers.

### REHABILITATION



- Site rehabilitation involves the restoration of the mined-out land to its natural state. This is done through the strict, research-based revegetation and regeneration of natural ecosystems.
- We work closely with our regulators, local government units, host communities and key stakeholder groups at the end-of-mine life on projects geared toward community self-sufficient, climate action, and biodiversity, among others.

### BLENDING



- The coal is segregated by quality requirements that meet customer specifications.
- We aim to satisfy our customers through our product quality.

### STOCKPILING



- Extracted coal is loaded directly into trucks for hauling to the stockpiles. Stockpiling helps stabilize coal supply.
- Stockpiling helps ensure a stable supply of quality coal, which results in uninterrupted operations and income stability for our key stakeholders.

### COMBUSTION



- Coal is ground into fine powder and blown into the boiler. Grinding increases the coal's surface area, which helps it burn faster and hotter, producing as much heat with as little waste as possible. Burning coal also produces ash and exhaust gases.
- We ensure compliance to regulatory limits and standards for environmental impact mitigation and ensuring the health and safety of our employees, host communities, and key stakeholders.

### GENERATION



- Pulverized or crushed coal is burned inside the furnace to produce steam in the boiler, which passes through a turbine. The rapidly spinning turbine powers a generator that turns mechanical energy into electric energy.
- We continue the forward integration of our business to deliver greater results to our host communities, customers, shareholders, employees, government, and business partners for inclusive growth.

### DELIVERY



- The power plant's electric generator produces electricity, which passes through a step-up transformer to increase voltage and reduce losses during transmission to power distribution companies.
- We supply affordable base load power through the Luzon-Visayas grid to support our country's growing economy.

- Process
- Stakeholder Value

## Our Business Structure 102-4, 102-5, 102-45

### Our Footprint

#### SEMIRARA ISLAND, ANTIQUE PROVINCE

Semirara Island is in the first-class municipality of Caluya, located at the northwestern part of Antique Province. Caluya is around 350 kilometers south of Manila, and 155 kilometers from the province capital in San Jose de Buenavista. The island covers 55 square kilometers (5,500 hectares) and has the largest coal deposit in the country.

Semirara island was declared a coal mining reservation by President Manuel L. Quezon through Proclamation No. 649 in 1940. In 1976, the increasing cost of imported crude oil imposed a heavy demand on the country's international reserves, propelling the government to actively pursue the exploration and development of indigenous energy resources.

To lessen the country's dependence on imported fuel and secure affordable energy, President Ferdinand E. Marcos issued Presidential Decree No. 972, otherwise known as the "Coal Development Act of 1976". It declared Semirara Island as one of the coal regions of the Philippines, allowing the issuance of Coal Operation Contracts (COCs) for the area. The Department of Energy has granted the extension of SMPC's COC until July 14, 2027.



#### CALACA, BATANGAS PROVINCE

Calaca is in the northwestern part of Batangas Province. It is around 117 kilometers south of Manila, and 41 kilometers from the provincial capital of Batangas City. Major economic activities in Calaca include agriculture, service manufacturing, tourism, and cottage industries.

SMPC's wholly-owned subsidiaries, Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC), operate two units of 300 MW and two units of 150 MW coal-fired power plants, respectively, in Calaca, Batangas.





## Message from the Chairman

To our dear stakeholders,

At the start of 2020, we stood at the precipice of a global recession as analysts predicted the worst. The Philippines, in particular, was anticipating a 2% economic contraction and lowered consumption within our industry. The COVID-19 pandemic rendered everyone vulnerable, business and individual alike.

Semirara Mining and Power Corporation braced for a difficult year. Coal prices fell and demand diminished. With external factors as the main adversary, our strategy was to maintain an optimal balance sheet and ride out the downturn.

SMPC's profitability in 2020 took a 66% dive at PhP 3.3 billion, with both our coal and power segments suffering the consequences of the market downturn.

The pandemic drove coal consumption down to record lows since World War II, reducing index prices by double digits. China's import quota slashed our coal sales and average selling prices. Oversupply and depressed electricity demand meanwhile halved electricity

***"We remain unwavering in our commitment to our financial obligations amid the threat of the pandemic."***

spot prices. The year faced operational headwinds and thwarted the anticipated improved performance of our power plant units that have just completed their Life Extension Programs (LEPs).

This confluence of market and operational factors, and the Taal volcano eruption deeply cut the profitability of our company. Consolidated revenue registered at PhP 28.3 billion or 36% down from last year, while net income dropped to PhP 3.3 billion or 66% lower than 2019. Amid the sharp drop in revenue, our EBITDA margin registered at 37% while our net income margin was at 12%.

As we operate against these odds, the company's liquidity remains strong. Our consolidated cash position closed at PhP 8.1 billion with the resulting debt-to-equity ratio staying low at less than 1 at the end of the year.

We remain unwavering in our commitment to our financial obligations amid the threat of the pandemic. SMPC fulfilled its payments of cash dividends amounting to PhP 5.3 billion and royalties to the government of PhP 1.72 billion during the year.



**“SMPC clearly demonstrated that we have the resilience to move forward as our business fundamentals remain strong.”**

**RESILIENCE TO MOVE FORWARD**

Given the nature of our business as essential to the country’s fight against COVID-19, we took measures to ensure we could keep running without compromising the wellbeing of our employees.

With two of our Calaca power plant units having completed their LEPs and commissioning, our asset performance focused on realizing optimized power generation.

In 2020, our Power subsidiaries entered into new contracts with various customers in distribution utilities, generators and retail electricity suppliers, with a combined contracted capacity of 290 MW inclusive of a 10-year baseload supply of 20 MW to a distribution utility outside Metro Manila.

Our Coal segment developed new export markets in Cambodia and South Korea, thus expanding our market presence outside of China. On the domestic front, we also developed new market in the Mindanao grid and other small boiler users.

SMPC remained well-positioned to meet its financial and social obligations on time, with our current liquidity and unused credit lines providing the necessary leeway to support business needs. SMPC clearly demonstrated that we have the resilience to move forward as our business fundamentals remain strong. We remain confident of continuing capital access from our local partner banks to fund our expansion activities and capital requirements.

**COMMITMENT TO GOOD GOVERNANCE**

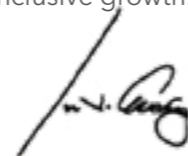
For us, change is transformative. This year, we relied on longstanding systems that worked and adjusted those that didn’t.

We paid greater attention to the implications of the health crisis. We witnessed the dedication and perseverance of our employees to deliver, while understanding the mutual support between our business and our people. We also remained steadfast in upholding good corporate governance.

During the year, SMPC was honored to receive the ASEAN Asset Class Award for being among the top-performing publicly-listed companies in Southeast Asia based on the 2019 ASEAN Corporate Governance Scorecard (ACGS) assessment. We improved our score to 100.1 from 97.6 in the previous year, thereby cementing our efforts to improve our management and effective leadership governance.

Moving forward, we continue to commit to our business and sustainability goals as an organization without compromise. In the process, we will capitalize on our COVID-19 resiliency and adaptation strategy of focusing on our people, finances and execution skills. While being a catalyst of progress to the communities we reach.

To our stakeholders and shareholders—thank you for your unwavering trust and support. Together, may we continue to forge ahead in the face of change and towards shared inclusive growth.



**Isidro A. Consunji**  
Chairman of the Board and Chief Executive Officer

**“...we aim to recalibrate a business strategy that is supported by a stronger governance, risk, and compliance framework...”**





## Message from the President

To our dear stakeholders,

Humility and humanity. These words come to mind when describing our responses to this volatile year. In 2020, we faced a drop in the market price for coal, a limited domestic demand, and the slowing down of several segments in our supply chain due to COVID-19 restrictions.

These led to decreased revenue and production for Semirara Mining and Power Corporation, halting our progress from the previous year. With humility, we face the challenges of this changing landscape.

The year was derailed by a series of *force majeure* events—the Taal Volcano eruption and COVID-19 pandemic. Imposed quarantine and travel restrictions extended and interrupted the planned outage activities of our power units.

A weakened economic condition brought by the pandemic coupled with operational issues across our coal and power segments dragged down our profitability, dropping our year-on-year net income from 2019's PhP 9.7 billion to this year's PhP 3.3 billion. Our coal segment remained our highest contributor at 55% to the consolidated net income.

Standalone coal net income fell by 56% to PhP 3.3 billion due to lower sales volume and average selling price (ASP). Both our sales volume and coal production took a plunge, lowering by 16% to 13.1 MMT and 13% to 13.2 MMT, respectively.

In this regard, we have China's import quotas as the main trigger for the drop in coal demand, market prices, and domestic consumption. The decrease in coal production was due to our voluntary suspension of mining operations at the North Molave mine due to excessive water seepage in NB7, slowing down our activities during the last two months of the year.

Sem-Calaca Power Corporation's (SCPC) 2x300 MW units reversed our PhP 745 million net loss by bringing in PhP 32 million standalone net income from higher availability and sales volume year-on-year. Our gross generation improved by 106%.

We completed the commissioning of the 300-MW Unit 2 this year, and declared it commercially available by May 2, 2020. Per preliminary findings, the new generator incurred a machinery breakdown 7 months into operation due to an original equipment manufacturer (OEM) workmanship issue. We commissioned a third-party

generator expert to assist in validating OEM findings. We have actively engaged in the negotiation and resolution for the immediate completion of the repair and rectification of the generator to its restoration to safe operating condition.

The 2x150 MW power units under Southwest Luzon Power Generation Corporation (SLPGC) incurred a net loss of PhP 121 million due to lower availability, weak spot prices, and a recognition of impairment loss amounting to PhP 157 million for its 2x25 MW gas turbines. Gross generation for SLPGC was down by 25%.

Total power sales volume went up 14% to 4,218 GWh while composite ASP fell 33% to PhP 2.74 per kilowatt-hour.

Overall, the company still managed resiliency in the worst economic condition by far. Even if 66% of profitability was shaved off from last year, our financial condition remained strong with a current ratio of 1.41x and a Debt-to-Equity ratio of 0.69.

**“Overall, the company still managed resiliency in the worst economic condition by far.”**



**“SMPC’s shared inclusive growth extended to capacity building, health, and education which we consider as investments for the sustainable development of our host communities.”**



#### **COMMITTED TO SERVE: MANPOWER AND MINDSET**

Amid these challenges, we acknowledge the people who have empowered and stood by us in this unprecedented time.

Their fortitude and ability to keep our businesses going prevailed despite the threats, uncertainty, and difficulties caused by the coronavirus pandemic. Their work ethic, dedication, and personal sacrifices as “backliners” to support the nation during the strict lockdowns are much appreciated.

Our Power core operations personnel readily adhered to our health and safety protocol and volunteered to reside at our power plant complex during the enhanced community quarantine period. It was striking the balance between the safeguarding of our people and their motivation for uninterrupted service that allowed us to continue functioning as an essential industry.

Now, more than ever, we highlight the importance of one’s well-being. While SMPC has consistently provided training and benefits to its employees, we revisited our compensation structure and other resources to support our people as they faced the increased difficulties of the year.

The capabilities of our people and partners in adapting to change was crucial to our operations for the year.

#### **STRENGTHENING FINANCIAL POSITION**

The volatility of the pandemic required us to be prudent and vigilant in our finances.

We deferred capital expenditure spend by 25 percent from PhP 6.3 billion to PhP 4.7 billion in 2020.

We will continue to prioritize costs necessary for business continuity, while non-essential business expenses will be rationalized. We will also continue to maintain healthy working capital and conservative debt level to strengthen our financial position.

#### **MAINTAINING THE ESSENTIALS: BEST PRACTICES IN SUSTAINABILITY**

Our sustainability journey as a company this year was a human one. Due to the extractive nature of our business, responsibility becomes imperative as we manage our economic, environmental, and social impacts.

SMPC stayed committed in its stewardship and rehabilitation of the closed Panian Mine. In 2020, we stepped up the reforestation of its southern area through the propagation of thriving tree species, while continued backfilling is done at the north section.

SMPC’s shared inclusive growth extended to capacity building, health, and education which we consider as investments for the sustainable development of our host communities.

#### **TAKING ON TOMORROW**

As the year ended, I reflected deeply on where the company currently stands in its sustainability journey and what that might imply for the future.

SMPC and the individuals within it were able to withstand the exigencies of the pandemic and an economic downturn through collaborative efforts and an openness to change. We continued investing in programs and operations beneficial not only to the business’ future but to the future of the communities we live alongside.

For this, I remain grateful to our employees, the Department of Energy, local government units, public and private partners, host communities, and shareholders.

Thank you for joining us in our sustainability journey and placing your trust in our company.

As we prepare ourselves for the challenges of tomorrow, we open ourselves to the change needed to survive. We are steadfast through the challenges of uncertainty and take the opportunity to change for the better.

We can expect to bank on our pragmatic management and the consistency of our values to stay committed to building a sustainable future together.

**Maria Cristina C. Gotianun**  
President  
and Chief Operating Officer



## Our Sustainability Framework

SMPC recognizes that we have a role to play in helping to make sustainable development a reality. To this end, we seek to maximize our efforts by focusing on three key areas where we believe we can make significant contributions that will positively affect our stakeholders and communities.



### PROSPERITY

SMPC is committed to sharing the benefits of economic development more broadly. We measure our success not only in terms of our financial performance, but on the positive economic impact we have in terms of reduced poverty in our host communities, employment and livelihood creation, and the growth of the local economy.



### PLANET

Aware of our industry's environmental footprint, we focus our efforts on managing and mitigating our impact. Through our environmental initiatives and programs, we seek to rehabilitate the ecosystems where we operate for the benefit of future generations.



### PEOPLE

SMPC invests in programs to empower our communities and improve their quality of life. With programs for social development, health and education, SMPC works to equip people for a better future.

## Our Stakeholder Engagement 102-40, 102-42, 102-43

Our stakeholders are important to us. It is critical that we are able to engage with them in order to better identify, understand, and respond to their concerns. Our various departments have established robust engagement channels and these allow us to maintain clear and open lines of communication with our stakeholders. We seek to minimize conflicts and differences with stakeholders through effective dispute resolution and conflict resolution processes.

Stakeholder engagement is an important element in our approach to sustainability. By understanding the issues and concerns that are most important to them, we are able to design appropriate and timely responses and advance our sustainability agenda. SMPC adheres to the guidance provided by the GRI Standards on stakeholder engagement and materiality.

Employees	SC, IMS, MMT, IHW, FGD, TM, IAS, IEC, IC
Suppliers, contractors, and business partners	SC, IHW, FGD, TM, SVT
Regulators and government agencies	MMT, IHW, FGD, IAS, SVT, CM
Local government units (LGUs)	MMT, IHW, FGD, IAS, SVT, CM, IEC
Customers	IHW, FGD, SVT
Investors and shareholders	IHW, IBC, ASM
Host communities, non-governmental organizations (NGOs)	MMT, IHW, FGD, IAS, SVT, CM, IEC

**ASM** Annual Stockholders' Meeting  
**CM** Consultations, meetings  
**FGD** Focus group discussions consultations  
**IAS** Impact assessment and studies  
**IBC** Investor briefings, conferences

**IC** Internal communication (Postman email and text blast)  
**IEC** Information, Education, and Communication (IEC) campaigns  
**IMS** Integrated Management System (IMS) meetings

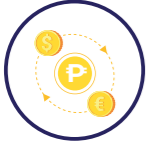

**IHW** Integrity hotline and whistleblowing  
**MMT** Multi-partite Monitoring Team (MMT)  
**SC** Safety Committee meetings  
**SVT** Site visits, tours, and inspections  
**TM** Toolbox meetings, town halls

## Our Approach to Materiality 102-21, 102-44, 102-47

Various consultations were held alongside a third-party consultant in 2018 with our key stakeholder groups. The engagement was used to determine the material topics and issues relevant to them and to inform the development of our stakeholder report. These material topics are those that have significant impact on our stakeholders and may also have the greatest impact on their decision-making.

We continued to use these topics while integrating the latest concerns from our communication channels in 2020. SMPC additionally considered the directives of the Department of Energy, which conducts regular progress monitoring on our activities and programs.

The COVID-19 pandemic had a significant effect on our employees and communities, which required our response and action. This is reflected in the material topics that will be covered in this report. We have aligned our material topics with our sustainability strategies and priorities.

SUSTAINABILITY FRAMEWORK	Material Topic	Stakeholder Concerns in 2020	Our Response
<b>PROSPERITY</b> 	<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>Government benefits and availments (government)</li> <li>Financial returns (shareholders)</li> <li>Plant reliability (investors, shareholders)</li> <li>Contract obligations and payments (suppliers, contractors, business partners)</li> </ul>	<ul style="list-style-type: none"> <li>Taxes and mining royalty remittances</li> <li>Regulatory compliance</li> <li>Dividend commitment</li> <li>Asset management</li> <li>Accurate &amp; timely payments</li> <li>Contractual compliances</li> </ul>
	<b>Market Presence</b>	<ul style="list-style-type: none"> <li>Local hiring (employees, host communities)</li> </ul>	<ul style="list-style-type: none"> <li>Job creation</li> <li>Access to skills training</li> </ul>
	<b>Indirect Economic Impacts</b>	<ul style="list-style-type: none"> <li>Infrastructure development (host communities, LGUs)</li> </ul>	<ul style="list-style-type: none"> <li>Social development programs</li> </ul>
<b>PLANET</b> 	<b>Materials</b>	<ul style="list-style-type: none"> <li>Vertical integration of coal energy</li> </ul>	<ul style="list-style-type: none"> <li>Resource management</li> </ul>
	<b>Energy</b>	<ul style="list-style-type: none"> <li>Responsible use of energy</li> </ul>	<ul style="list-style-type: none"> <li>Resource management</li> </ul>
	<b>Water</b>	<ul style="list-style-type: none"> <li>Responsible use of water and conservation</li> </ul>	<ul style="list-style-type: none"> <li>Water resource management</li> <li>Environmental compliances</li> </ul>
	<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>Conservation of biodiversity resources (host communities, LGUs)</li> </ul>	<ul style="list-style-type: none"> <li>Environmental stewardship programs</li> <li>Partnerships with key stakeholders</li> </ul>
	<b>Emissions</b>	<ul style="list-style-type: none"> <li>Emissions (regulators, host communities, LGUs, investors)</li> </ul>	<ul style="list-style-type: none"> <li>Environmental compliances</li> <li>Carbon sequestration program</li> </ul>
	<b>Effluents and Waste</b>	<ul style="list-style-type: none"> <li>Solid waste and effluents (regulators, host communities, LGUs)</li> </ul>	<ul style="list-style-type: none"> <li>Waste and effluent management</li> </ul>
	<b>Supplier Environmental Assessment</b>	<ul style="list-style-type: none"> <li>Supply chain criteria and standards (investors, suppliers, contractors)</li> </ul>	<ul style="list-style-type: none"> <li>Supplier accreditation and evaluation</li> </ul>
	<b>Mine Rehabilitation</b>	<ul style="list-style-type: none"> <li>Mine closure (Department of Energy, host communities, LGUs)</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated mine rehabilitation</li> <li>Biodiversity programs</li> </ul>

102-44, 102-47

Sustainability Framework	Material Topic	Stakeholder Concerns in 2020	Our Response
<b>PEOPLE</b> 	<b>Employment</b>	<ul style="list-style-type: none"> <li>Compensation and benefits</li> <li>COVID-19 safety (employees)</li> </ul>	<ul style="list-style-type: none"> <li>Compensation and benefits package</li> <li>COVID-19 safety protocols at the workplace</li> <li>Flexible work-from-home and work-from-work arrangements</li> <li>Enhanced Incident Command Team for COVID-19 response</li> </ul>
	<b>Labor Management Relations</b>	<ul style="list-style-type: none"> <li>Industrial peace (employees)</li> </ul>	<ul style="list-style-type: none"> <li>Industrial relations and employee engagement programs</li> </ul>
	<b>Occupational Safety and Health (OSH)</b>	<ul style="list-style-type: none"> <li>Safety in the workplace</li> <li>Work-related illness (e.g., noise-induced hearing loss, musculoskeletal)</li> <li>Employee well-being</li> </ul>	<ul style="list-style-type: none"> <li>OSH system, risk assessment, accident investigation, OSH targets and programs</li> <li>OSH trainings and culture building, safety leadership, accident investigation</li> <li>Contractor safety program</li> <li>OSH prevention and mitigation measures and monitoring program</li> <li>Well-being programs and facilities</li> </ul>
	<b>Training and Education</b>	<ul style="list-style-type: none"> <li>Talent development and upskilling</li> <li>Succession</li> </ul>	<ul style="list-style-type: none"> <li>E-learning</li> <li>Leadership development program</li> <li>Succession planning, coaching and mentoring programs</li> </ul>
	<b>Host Community</b>	<ul style="list-style-type: none"> <li>Solid waste management (communities, LGU)</li> <li>Livelihood opportunities (women and fishermen/fisherfolk)</li> <li>Impact of severe weather events to mangrove population (LGUs)</li> </ul>	<ul style="list-style-type: none"> <li>Solid waste management program</li> <li>Community livelihood projects</li> <li>Mangrove planting program</li> </ul>
	<b>Customer Health and Safety</b>	<ul style="list-style-type: none"> <li>Plant and facility inspections and visits (customers)</li> </ul>	<ul style="list-style-type: none"> <li>On-site safety and health program and protocols and visitors' orientation</li> <li>IEC and mine site tours</li> </ul>
	<b>Socio-Economic Compliance</b>	<ul style="list-style-type: none"> <li>Implementation of Environmental Compliance Certificates, environmental management plan and monitoring plan</li> <li>Compliance to all relevant administrative orders and memorandum circulars of the DOE, DENR and DOLE</li> <li>Transparency of the company's operations (community, regulators, LGUs, NGOs)</li> </ul>	<ul style="list-style-type: none"> <li>Multi-partite Monitoring Team regular meeting, reporting and engagement</li> <li>Compliances to relevant rules and regulations</li> <li>Timely compliance reporting</li> <li>Proactive IEC campaign and programs</li> </ul>
	<b>Emergency and Disaster Response and Resilience</b>	<ul style="list-style-type: none"> <li>Disaster resilience</li> </ul>	<ul style="list-style-type: none"> <li>Regular drills and training on community preparedness and response</li> </ul>
	<b>COVID-19</b>	<ul style="list-style-type: none"> <li>COVID-19 safety (communities, LGUs, NGOs, employees)</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 safety measures and protocols</li> <li>COVID-19 assistance and support to communities</li> </ul>

# Our Sustainability Performance

## FINANCIAL MANAGEMENT AND COST-OPTIMIZATION

Financial management at SMPC aims for long-term viability. To sustain our operations and provide added value to our stakeholders, we invest in maintaining up-to-date equipment and safeguard our capital with financial prudence.



**Net Income**  
**PhP 3.3 billion**

**EBITDA**  
**PhP 11.1 billion**

**Cash Position**  
**PhP 8.1 billion**

**Capital Expenditures**  
**PhP 4.7 billion**

**Market Capitalization**  
**PhP 58.7 billion**

**Earnings Per Share**  
**0.77**

**Dividends**  
**PhP 5.3 billion**

**% Dividend Payout**  
**55%**

**Debt-to-Equity Ratio**  
**0.69**

**Coal Production** (in metric tons)  
**13.2 million**

**Coal Shipment** (in metric tons)  
**13.1 million**

**Coal Revenue**  
**PhP 16.5 billion**

**Energy Generated**  
**4,677 GWh**

**Energy Sold**  
**4,218 GWh**

**Energy Revenue**  
**PhP 11.8 billion**

**Community Jobs Created**  
**1,760**

**Goods and Services Spending**  
**PhP 12.7 billion**

**Social Development Program**  
**PhP 43.4 million**

**Government Taxes Payments**  
**PhP 2.7 billion**

**Wages and Benefits**  
**PhP 1.9 billion**



## STAKEHOLDER VALUE

Our growth as a business means greater contributions for our valued stakeholders. A holistic approach to addressing the interests of our stakeholders ensures that our economic, social and environmental obligations as a company are met.

We work closely with our local communities, investing in their growth and meeting government financial obligations.

## ENVIRONMENTAL IMPACTS

The nature of our mining and energy business has a direct impact on the environment from which we extract our natural resources and perform our operations. SMPC has taken measures within and beyond government regulations to mitigate these negative impacts.



**Climate Action**  
**1.88 million**  
Inland reforested trees planted to date

**Direct GHG Emissions**  
**6.30 million**  
Tons in CO<sub>2</sub> equivalent

**Water Extraction** (in Megaliters)  
**941,301**

**Biodiversity**  
**137,917**  
Surviving giant clams propagated to date

**Forest Adopted**  
**50 hectares**

## SOCIAL CAPABILITY AND SAFETY

The competency and resilience of our employees have allowed for the steadfast delivery of services. The risks associated with our industry require strict adherence to safety protocol and proactive management to protect our communities and employees.



**Jobs Generated**  
**3,667 employees**

**Work-related Harm**  
**1 fatality**

**Training**  
**39**  
Average hours per employee

**COVID-19 Response**  
**PhP 225.5 million**  
DOE ER 1-94 funds

**PhP 16.8 million**  
Community spend

**Talent Retention**  
**97%**

## CORPORATE GOVERNANCE

SMPC runs on the principles of transparency, accountability, and fairness in its decision-making processes. We not only aim to balance shareholder interests with long-term fiscal strategies but also do so in a manner that meets our ethical responsibilities.



**Independent Directors**  
**3**  
Out of 11 Board Directors

**ASEAN Corporate Governance Scorecard 2020 Assessment**  
**100.1**  
Score points

**Board Gender Diversity**  
**36%**  
Women Board Members

## AWARDS AND RECOGNITION

- **ASEAN Asset Class Award** 2019 ASEAN Corporate Governance Scorecard, ASEAN Capital Markets Forum
- **Two Golden Arrow Award**, 2019 ACGS, Institute of Corporate Directors
- **2021 Bloomberg Gender Equality Index** Bloomberg L.P.
- **Gold Anvil Award** 2018 Integrated Report: "Powering Forward", 55th Anvil Awards Public Relations Society of the Philippines
- **Top Scholarship Grantor** University of Batangas



# PROSPERITY

## Energizing the Economy, Driving Development

At the forefront of SMPC's operations are actions that aim to secure profitability while sustaining opportunities for growth for people beyond our immediate business transactions. We stay in touch with the changing demands of the local and national economy to expand our capacity to serve our stakeholders.



### FINANCIAL SCORECARD OF OUR CORPORATE OBJECTIVES

Category	Target	Outcome	Key Metrics
<b>GROW INCOME</b>	<ul style="list-style-type: none"> <li>Deliver consistent income growth</li> </ul>	<ul style="list-style-type: none"> <li>The decrease in coal prices severely affected coal sales, while consolidated net income declined by 66% to PhP 3.3 billion.</li> </ul>	<b>Net Income</b> <b>2020: PhP 3.3 B</b> 2019: PhP 9.7 B 2018: PhP 12.0 B 2017: PhP 14.2 B 2016: PhP 12.0 B
<b>GENERATE ATTRACTIVE DIVIDEND YIELD</b>	<ul style="list-style-type: none"> <li>Strong dividend payout</li> </ul>	<ul style="list-style-type: none"> <li>The company fulfilled its obligations to shareholders, paying regular cash dividends amounting to PhP 5.3 billion.</li> </ul>	<b>Payout Ratio</b> <b>2020: 55%</b> 2019: 45% 2018: 87% 2017: 106% 2016: 63%
<b>EXERCISE FINANCIAL PRUDENCE</b>	<ul style="list-style-type: none"> <li>Maintain debt-to-equity (D/E) ratio of less than 2:1</li> </ul>	<ul style="list-style-type: none"> <li>Steady debt repayment decreased net debt by 3% to PhP 20.7 billion in 2020.</li> </ul> <p>Financing for SCPC's Life Extension Projects primarily accounts for the increase in D/E ratio to 0.69.</p>	<b>Debt-to-Equity Ratio</b> <b>2020: 0.69</b> 2019: 0.63 2018: 0.78 2017: 0.82 2016: 0.92
<b>GENERATE STRONG MARGINS</b>	<ul style="list-style-type: none"> <li>Robust profit margins</li> </ul>	<ul style="list-style-type: none"> <li>Net profit margins were bolstered by an increase in spot sales for SCPC, with coal's weaker performance greatly affected by the global decrease in market prices. Net income decreased by 66%</li> </ul>	<b>Net Profit Margin</b> <b>2020: 12%</b> 2019: 22% 2018: 29% 2017: 32% 2016: 33%
<b>MAINTAIN HIGH LIQUIDITY</b>	<ul style="list-style-type: none"> <li>Keep current ratio to at least 1</li> </ul>	<ul style="list-style-type: none"> <li>Cash position stays strong despite impacts from the decline in profitability. Current ratio decreased to 1.41.</li> </ul>	<b>Current Ratio</b> <b>2020: 1.41</b> 2019: 1.54 2018: 1.26 2017: 1.60 2016: 1.35

■ Target     ■ Outcome

**Direct Economic Value Generated and Distributed 102-48, 201-1**

(In PhP million)

	2020	2019
<b>Direct Economic Value Generated</b>	<b>28,614</b>	44,732
Revenue	28,251	44,252
Interest Income	56	283
Other Income	307	197
<b>Economic Value Distributed</b>	<b>24,515</b>	33,923
Operating costs	13,515	19,964*
Employee benefits and wages	1,856	2,037
Payment to providers of capital	6,402	6,597
Payment to government	2,699	5,283
Community investments	43	42
<b>Economic Value Retained</b>	<b>4,099</b>	10,809

\*Restated to exclude depreciation, previously reported as PhP 26.8 B in 2019



**Results of Operations**

The year 2020 was a challenging period for SMPC as the company faced natural calamities earlier in the year, followed by the onset of the coronavirus pandemic. The viral outbreak caused an unprecedented global economic downturn, with containment measures and lockdowns limiting day-to-day activities.

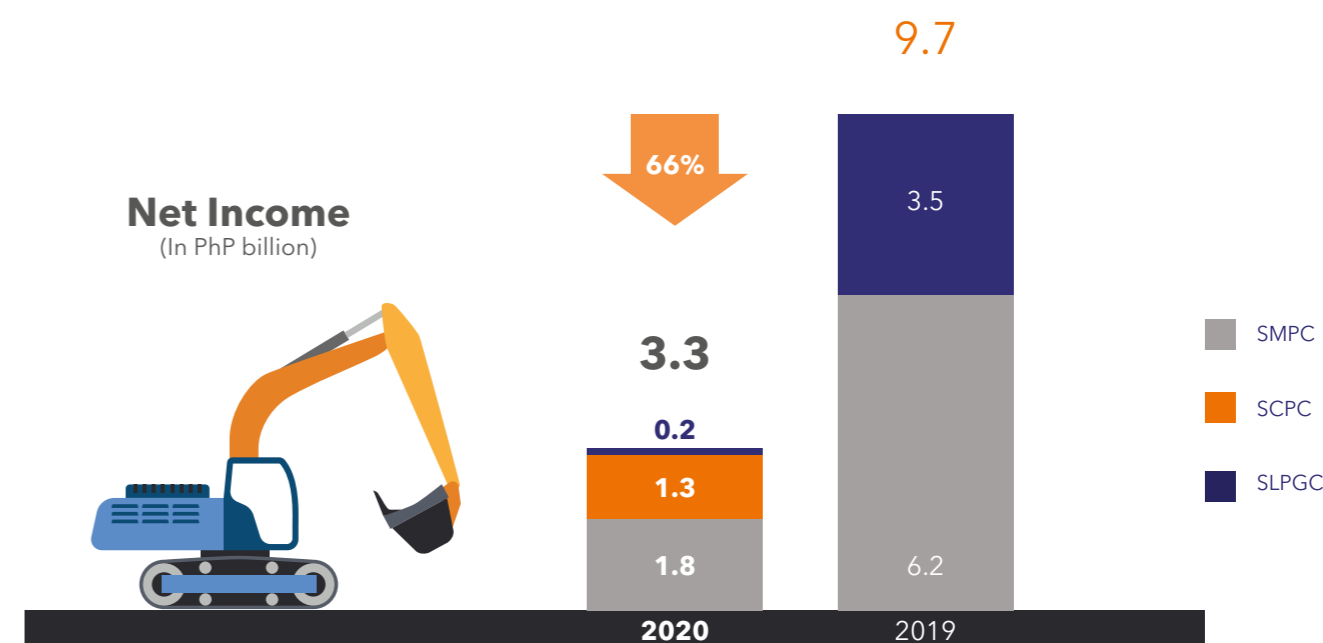
While SMPC was not spared by the socio-economic impacts that vastly affected our day-to-day operations and financial performance for the year, we practiced adaptability and resiliency learned from previous challenges brought about by frequent changes in the business climate.

Even if the Company is operating against all odds, liquidity remains strong despite payment of cash dividend on March 27, 2020. Consolidated cash position closed at PhP 8.1 billion and the resulting debt to equity ratio stayed low at less than 1 as of end of the year. Our sound cash position, integrated energy value chain, business continuity, operational efficiencies, and synergies with our stakeholders have positioned us for eventual recovery.

SMPC's profitability in 2020 dived 66% due to weak market condition brought about by the COVID-19 pandemic. Consolidated net income went down to PhP 3.3 billion from PhP 9.7 billion in 2019.

Gross profit ratio ended lower at 30.2% compared to 39.8% in 2019. On the power side, gains from SCPC's higher sales volume post-LEP were constrained by SLPGC's lower generation and prevailing weak spot prices.

The confluence of market and operational factors deeply cut the profitability of the Company. Amid the sharp drop in revenue, EBITDA margin registered at 39% and Net Income margin at 12%



Standalone coal net income fell 56% to PhP 3.3 billion due to lower sales volume and ASP. Sales volume down by 16% to 13.1 MMT owing to sharp drop in exports. The China import quotas triggered a sharp decline in coal demand, market prices and domestic consumption.

Profitability was adversely impacted by economic factors and lower consumer demand caused by the recent pandemic. Global coal prices remain depressed, with consumption dropping to its lowest levels since World War II. Average price shrunk to 23% or PhP 1,591 by year-end. Price movement began to pick up in Q3, hedging on the positive market sentiment of China renewing its import quotas in 2021.

The nationwide lockdowns aimed at mitigating the spread of the virus, coupled with China's restrictions on imported coal, resulted in a 36% decline in consolidated revenues at PhP 28.3 billion, down from PhP 44.2 billion in 2019.

The coal segment accounted for PhP 16.5 billion or 58% of the company's consolidated revenues, while 42% was contributed by the company's power segment, composed of PhP 7.3 billion from SCPC and PhP 4.4 billion from SLPGC.

Plant availability for Unit 1 of SCPC improved to 91%, attributable to the completion of its LEP. However, Unit 2 had a forced outage on December 3, 2020, due to a generator

workmanship issue. This slightly pulled down its availability to 57%. Commercial operation is expected to resume in 3rd quarter of 2021.

SCPC's sales volume increased by 46% or 2,692 GWh, mostly to the spot market. The steep 600% increase in spot sales cushioned the 46% decline in spot prices.

Weak market demand, low spot prices, and prolonged outages initially due to Mt. Taal volcanic eruption and the subsequent quarantine restrictions had significantly pulled down SLPGC's sales volume, which declined to 1,526 GWh or 18% down year-on-year.



## Coal Segment

The coal segment's performance was significantly affected by operational disruptions and weak market conditions caused by COVID-19. The impact of import quotas imposed by China and a sharp drop from domestic consumers were offset by sales to power subsidiaries.

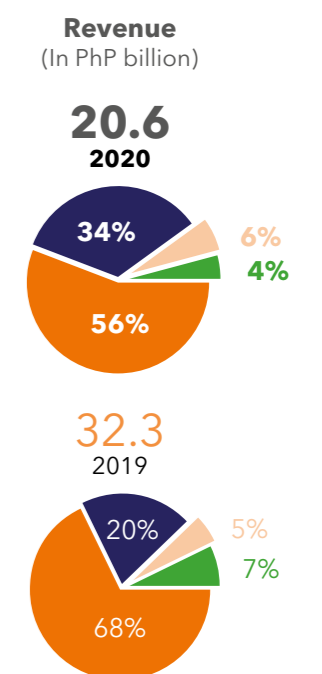
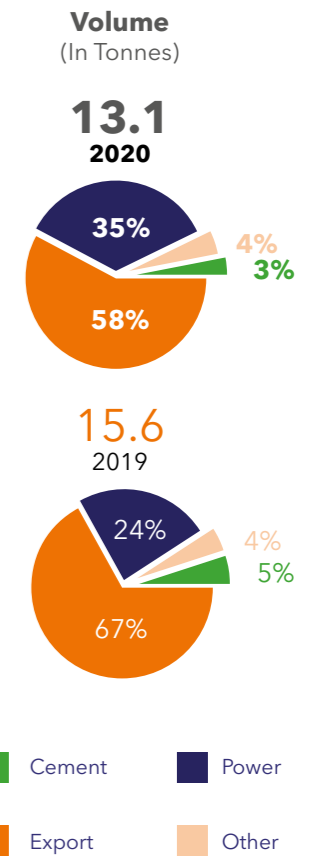
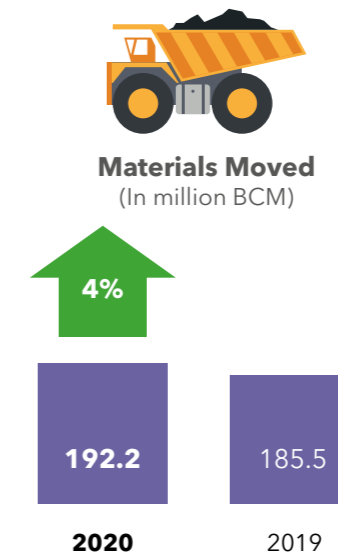
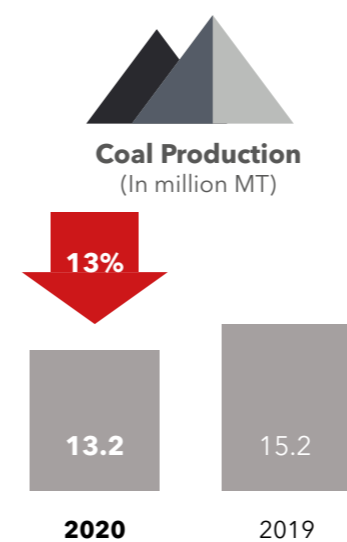
Coal production fell 13.2 MMT in 2020 from 15.2 MMT, a 13% decrease year-on-year. The variance was due to slow down in mining activities in the last two months of the year because of voluntary suspension of coal mining activities at North Molave mine, after the water seepage issue occurred. Moreover, mining capacity was used to unload materials, extension of sea barriers and dewatering activities.

Overburden stripping increased by 4% to 192.2 million BCM from 185.5 BCM in 2019. Lower

production resulted in an effective strip ratio of 12:2 from 11:3 last year.

### COAL SALES

Revenues from coal sales dropped by 36% to PhP 20.6 billion from PhP 32.3 billion the previous year. Similarly, sales volume was on a downtrend at 16%, with sales from exports contracting to 27%. The 6% increase in domestic sales, mostly to our own power plants, softened the effects of weak global prices. Sales to other power plants increased by 15% due higher offtake of one power customer and one off-grid customer, while sales to cement manufacturers and other industries also fell by 48% and 13% with the slowdown in economic activities as reflected by low consumer demand brought by the pandemic.



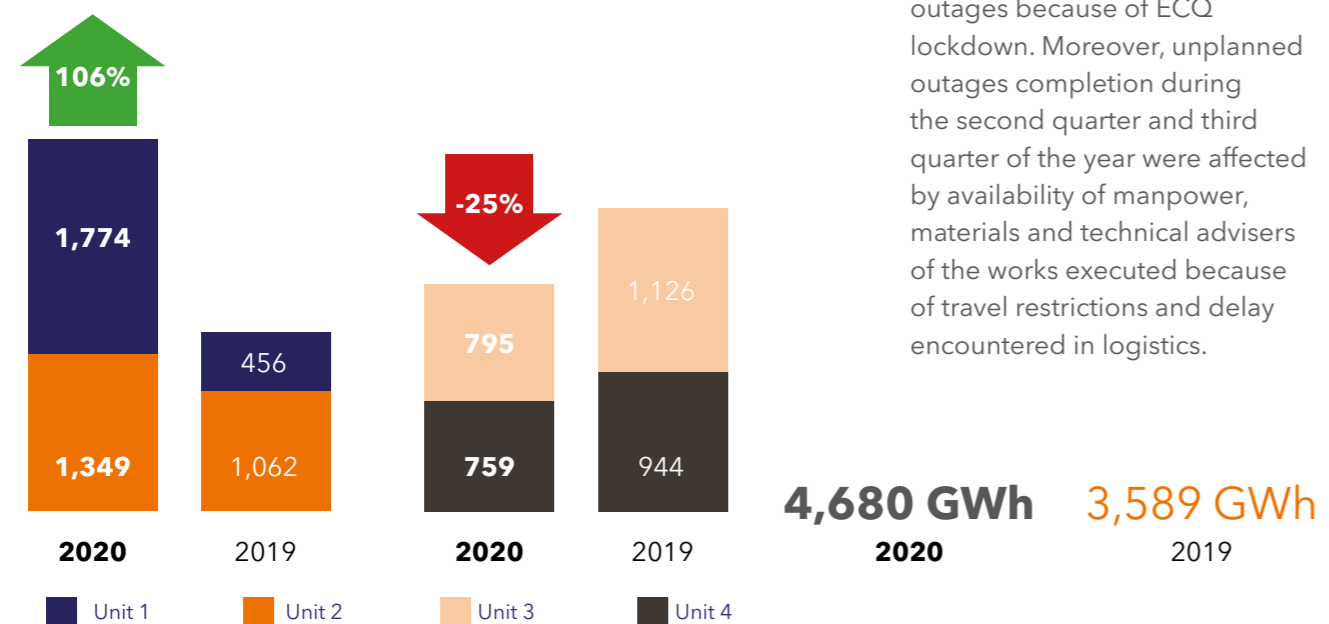
## Power Segment

Given the extraordinary circumstances of the year, the performance of our power subsidiaries has been mixed.

### SEM-CALACA POWER CORPORATION (SCPC)

SCPC delivered strong operational performance amidst the economic and operational risks posed by the COVID-19 pandemic. With the completion of the LEP, Unit 1 and Unit 2 achieved commercial operations in October 2019 and May 2020, respectively. The combined sales volume went up to 46%, which was generated mostly from spot sales. The improvement in availability and generation was tempered by the 29% decline in ASP.

### Gross Generation (In GWh)



Gross power generation jumped to 106% or 3,123 GWh, driven by the combination of fewer outages and an increase in average capacity.

Unit 1's availability was 91% in 2020, an improvement of 283% from the previous year while running at the average load of 220 MW. Unit 2 commenced commercial operations on May 2, 2020, after undergoing its LEP. 100% availability was achieved by the third quarter, even reaching the average load of 300 MW in September.

However, total availability went down to 57%, a 4% decline from 2019, due to the unplanned outage in December 2020.

### SOUTHWEST LUZON POWER GENERATION CORPORATION (SLPGC)

The combination of lower generation, weak spot prices, and the absence of a significant one-time gain weighed down SLPGC's overall performance.

SLPGC's gross power generation dropped to 1,554 GWh, down by 25% from 2,070 GWh year-on-year.

Lower availability for both units was attributed to tube leak issues, extended shutdown due to the Mt. Taal eruption, and the imposition of quarantine measures which further delayed repairs. Average capacity was 287 MW while capacity factor went down to 59% or a 25% decline from last year for Units 3 and 4 due to extended planned outages because of ECQ lockdown. Moreover, unplanned outages completion during the second quarter and third quarter of the year were affected by availability of manpower, materials and technical advisers of the works executed because of travel restrictions and delay encountered in logistics.

### POWER SALES

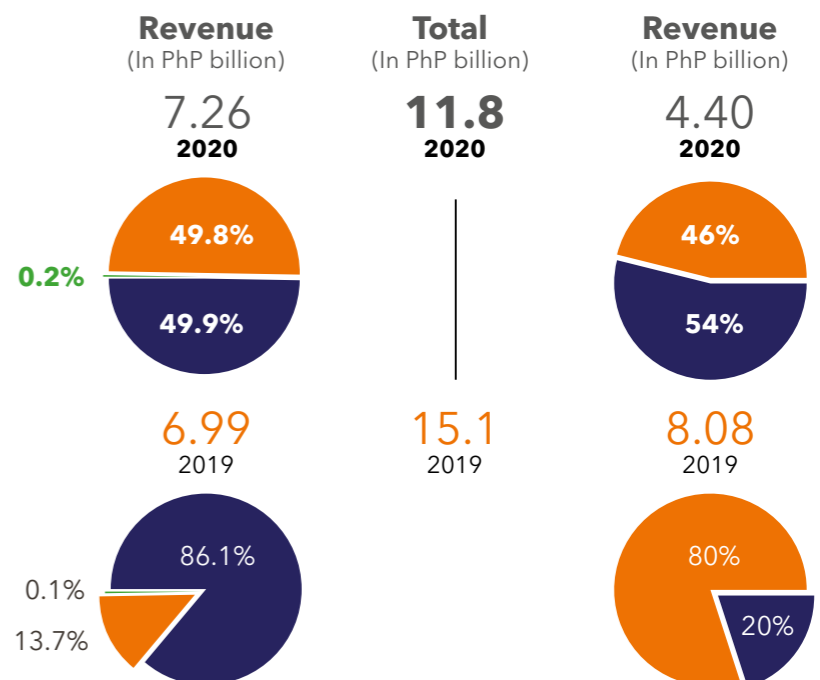
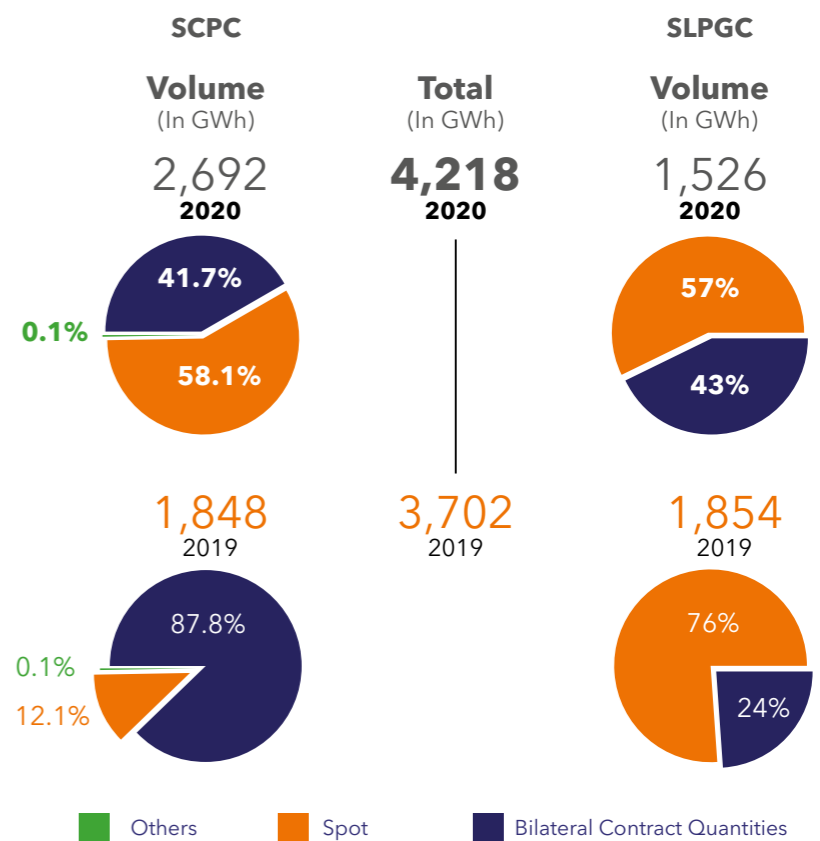
SCPC's total energy sold in 2020 improved to 46% or 2,692 GWh from 1,848 GWh in 2019. This was driven by robust earnings from spot sales totaling 1,565 GWh, an increase of 600% from 224 GWh in the previous year. This increase in sales absorbed the impact of the 29% decline in ASP. Revenues gained 4% at PhP 7.3 billion from PhP 7.0 billion in 2019.

Volume sold by SCPC increased by 46% due to higher plant availability and stable average loads.

In contrast, SLPGC's revenues plummeted to 46% or PhP 4.4 billion from PhP 8.1 billion in 2019, largely due to the 18% decline in total energy sold at 1,526 GWh from 1,854 GWh and lower power generation of 1,554 GWh from 2,070 GWh, which was down by 25%. On a positive note, BCQ sales grew by 50%, with a total contracted power of 268 MW out of 300 MW.

Total Power sales is PhP 1.8 billion inclusive of minimal sales by Sem-Calaca RES Corporation.

### Energy Sold (In GWh)





Consolidated net income tumbled to 66% at PhP 3.3 billion from PhP 9.7 billion in 2019. Consolidated earnings per share (EPS) ended at PhP 0.77 in 2020, down by 66% from PhP 2.28 in 2019. Net contributions to the bottom line by the coal segment, SCPC, and SLPGC, after eliminations, are PhP 1.7 billion, PhP 1.3 billion, and PhP 87 million, respectively.

Prior to eliminations, the coal segment's core net income stood at PhP 3.3 billion, a 55% decrease

year-on-year from PhP 7.4 billion in 2019. Government royalties for 2020 amount to PhP 1.8 billion, down by 54% because of weak earnings.

The standalone Net Income After Tax of SCPC and SLPGC are PhP 32 million and negative PhP 121 million, respectively. After the LEP, SCPC rebounded 104% from a loss of PhP 755 million in 2019.

SLPGC's stand-alone net income contracted 104% to a loss of PhP 121 million in 2020 compared

to outstanding PhP 2.9 billion in 2019. The significantly weak performance or low energy generation was due to outages, resulting to a 18% decrease in sales volume. Spot sales volume fell by 39%, with weak global coal prices contributing to the 34% decline in ASP per kwh. The significant 50% growth in bilateral contract quantities (BCQ) reduced exposure to the spot market, where average spot price registered at PhP 2.32/kwh vs PhP 4.59/kwh or 49% decrease YOY.

billion net income after other comprehensive income/ loss (OCI).

#### NET DEBT PROFILE

Net debt decreased by 3% to PhP 20.9 billion in 2020 from PhP 21.5 billion in 2019, prompted by continuing amortization of long-term debt.

SCPC's interest-bearing loans increased to PhP 10.7 billion from the beginning balance of PhP 9.8 billion, after net availment of short-term loans in the amount of PhP 1.3 billion for bridge financing for its LEP and other operational needs. Long-

## Results of Financial Condition

### ASSETS

Consolidated total assets dipped by 1.5% to PhP 71.1 billion in 2020 from PhP 72.2 billion in 2019. Cash position was higher by PhP 1.25 billion from short-term borrowings. The decrease in plant, property and equipment of PhP 1.9 billion was due to depreciation and amortization recorded, amounting to PhP 6.5 billion. This was offset by capital expenditures of PhP 4.7 billion, consisting of re-fleeting of mining equipment and additional capex for the LEP. Meanwhile, current and non-current assets decreased after Input VAT were reduced and liquidation of advances to contractors and suppliers.

### LIABILITIES

Liabilities increased by 10%, to PhP 30.7 billion in 2019 from PhP 27.9 billion in 2019, due to the additional short-term borrowings to bridge working capital requirements and additional financing incurred by SCPC for its Life Extension Program (LEP).

### EQUITY

Equity was at PhP 42.2 billion in 2020, a 5% decrease from PhP 44.2 billion in 2019, after payment of regular cash dividends amounting to PhP 5.3 billion and PhP 3.3



term portion is PhP 5.8 billion with final maturities on 2024 and 2026.

SLPGC's outstanding loan declined by 16.3% after debt service. Outstanding balance as of end of the year was PhP 3.3 billion for full amortization by 2024.

The coal segment availed a PhP 2 billion short-term loan. Total outstanding loans increased by 20% to PhP 5.9 billion in 2020 from PhP 4.9 billion in 2019 resulting from re-fleeting of hauling equipment.

### CAPEX

Capital expenditures (CAPEX) spending went down by 64.5% year-on-year to PhP 4.1 billion in 2020 from PhP 11.6 billion in 2019. Huge capex spending in 2019 was for the life extension project of Unit 1 and 2 of Sem-Calaca Power Corporation.

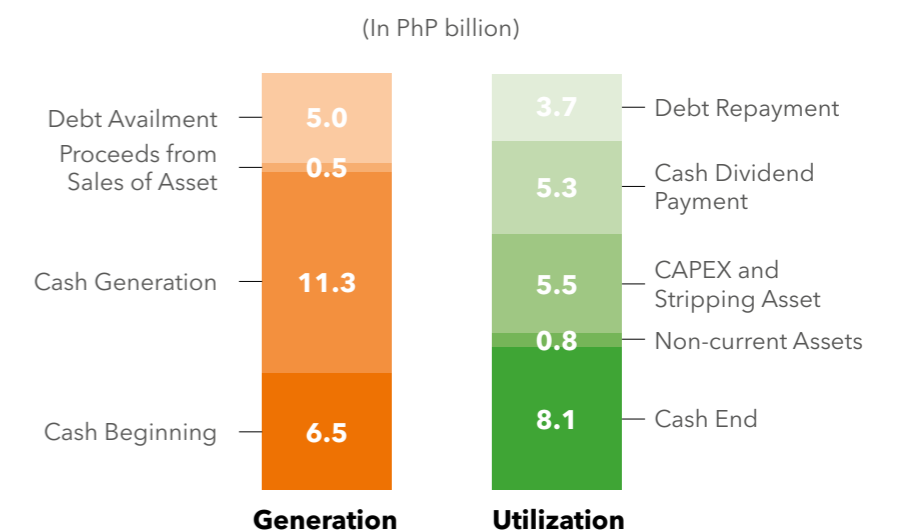
### CONSOLIDATED CASH GENERATION AND UTILIZATION

Total consolidated cash available for 2020 was PhP 23.3 billion, composed of cash generated from operations, loan availments, and beginning cash balance.

Of the available cash, PhP 3.7 billion was spent on debt repayments, PhP 5.3 billion was used to pay cash dividends, and another PhP 5.5 billion was used to fund major CAPEX, stripping, and mine development.

Ending cash available closed at PhP 8.1 billion, a 24.6% from the beginning cash available, as the coal segment deferred settlement of short-term borrowing of PhP 2 billion, thus ending with a high cash balance.

In 2020, our overall financial condition remains strong despite the decline in profitability. Consolidated current ratio dipped to 1.41x from 1.54x at the start of the year while debt-to-equity (D/E) ratio went up 0.69, from 0.63x due to an increase in borrowings of SCPC.





## Our Industry Partners 102-12, 102-13

Our participation in industry associations is strategic to our collaborative role in the sustainable growth of the mining and energy industries in the country and ASEAN region. We lead, support and actively participate in the development and growth of coal energy in the

country and in the ASEAN region, through our memberships in the Philippine Chamber of Coal Mines, Inc. and the ASEAN Forum on Coal (AFOC) National Committee of the Philippines, Inc.

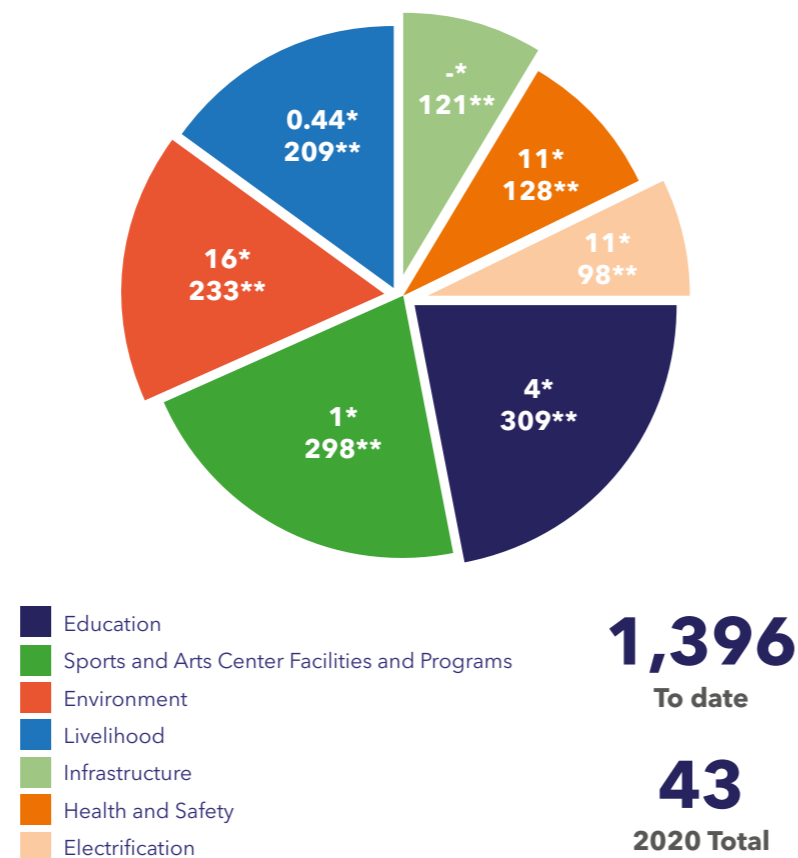
We are also a member of the Philippine Independent Power Producers Association (PIPPA) which aims to advance public policies, legislation and information on governing issues beneficial to providing adequate, reliable and affordable energy in the country.

## Community Investments 103-1, 103-2, 103-3

The empowerment of host communities and inclusive growth are present in our company Mission and Vision, becoming an integral consideration in our long-term decisions. Our business activities are linked to the growth of the local economy, where our operations in Antique and Batangas result in taxes and royalties paid to the government alongside local employment.

On the other hand, SMPC also directly invests in the development of its host communities through electrification, the building of infrastructure, and funding for projects under its Social Development Program (SDP).

**Social Development Programs**  
(In PhP million)



\*2020  
\*\*To date

Equipping our communities with the resources and skills they need to be self-sustaining is the end goal of our SDP. We invest in regional development with a long-term strategy that aims for growth even at the end of our operations in the area.

## ROYALTIES

Our performance as a business is directly tied to our financial contributions to our host communities. SMPC's royalties paid to the national government are subsequently distributed among the provincial and

municipal governments of Antique and Caluya, as well as our host communities in Barangay Semirara and Tinogboc.

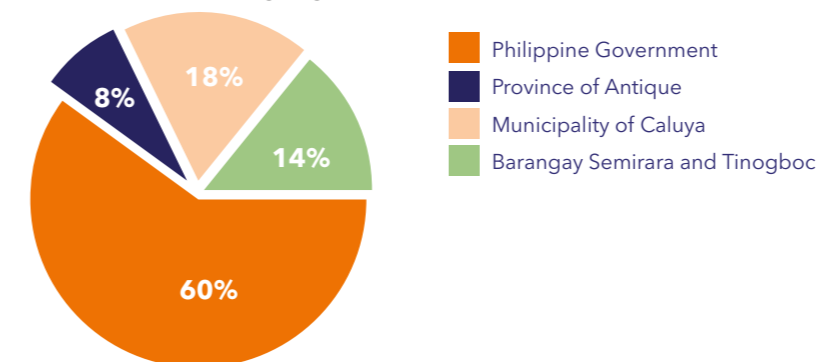
We share our earnings based on our partnership with the DOE, with this year's royalties to the government amounting to PhP 1.8 billion.

Despite the nationwide economic struggle, Caluya remains to be among the top ten municipalities with the highest amount of total revenue in the Commission on Audit's (COA) 2019 report.

**Royalties Remitted**  
(In PhP billion)

Government	2020	To date since 2017
Philippine Government	1.03	16.26
Province of Antique	0.14	2.17
Municipality of Caluya	0.13	4.88
Barangay Semirara and Tinogboc	0.24	3.79
<b>TOTAL</b>	<b>1.72</b>	<b>27.10</b>

**Royalty Allocation Share**



**1st**  
Class Municipality  
for Caluya

**6th**  
Ranking among Top 10  
Municipalities  
with Highest Amount of  
Total Revenue\*

**5.79%**  
Poverty incidence of  
Barangay Semirara  
compared to Antique  
(19.1%) and national  
average (16.7%)\*\*

**PhP 27.10**  
billion  
Royalties to date since 1997

**PhP 1.8**  
billion  
Royalties in 2020

\* Based on Philippine Commission on Audit 2019 Annual Financial Report to the Local Government Vol. I

\*\* Based on Municipal Social Welfare Office 2015 data and Philippine Statistics Authority 2018 data

## ELECTRIFICATION 203-1

SMPC empowers its communities with subsidized electricity and electrification projects for the people of Semirara Island. Affordable electricity is available throughout the entire island and is set at a rate of PhP 4.00 to PhP 6.00 per kilowatt-hour (KWh), with a subsidy of PhP 2.50. This subsidy allows consumers at Semirara Island to save as much as 50% compared to Antique's average rate for electricity.

An ongoing partnership between SMPC and the Antique Electric Cooperative (ANTECO) has provided Semirara Island with

infrastructure for electrification and power generation for the past two decades.

Our royalty payments to the LGUs have not only enabled economic benefits but also greening projects for sustainable development. Barangay Semirara utilizes 20% from its royalty share allocation for its solar energy electrification. To date, 1,310 solar street lights have been installed throughout the island.

## INFRASTRUCTURE 203-1

### Connecting Communities

Accessibility in the areas we operate in is enhanced through the investments SMPC makes towards the building and maintenance of road networks, ports, and flyovers.

In July 2020, SCPC and SLPGC completed the rehabilitation of a bridge in Barangay Taklang Anak, Calaca, Batangas alongside DMCI Steel Fabrication. The once-wooden bridge was reinforced with steel to make it safer for public use.



The year also saw the completion and opening of a road connecting Barangay Semirara and Barangay Alegria through the approved Cadastral Road. The 3-kilometer road was done in partnership with the LGUs of Caluya and Barangay Alegria, netting a budget of PhP 8.1 million.

Together with DOE, the local government of Caluya and Barangay Tinogboc, SMPC invested PhP 46 million for the concreting of a 4-km road connecting Barangay Tinogboc and Barangay Semirara. The project started in 2020 and is expected to finish in 2022.

### Maintaining Mobility

The local economy has also benefitted from company-funded

land and sea transportation used for workers, community members, and cargo alike.

SMPC maintains a passenger boat, the MV Maria Cristina, and a shuttle service for employees and civilians. Due to COVID-19 LGU restrictions, however, travel services through our ferry board were temporarily discontinued.

To adhere to physical distancing protocols, our free shuttle service was continued this year at 50% of its usual capacity for SMPC employees and residents of Semirara Island. There are six scheduled bus trips within a day that serve approximately 1,600 of our people. Over PhP 500,000 is spent annually for the operation of the shuttle service. 203-1



# 111,443

**MV Maria Cristina**  
passengers since 2015

### Our Power Generation Capacity (In MW)



## PhP 2.50/ KWh

Continuing subsidy through the Antique Electric Cooperative, Inc. (ANTECO), giving residents an affordable electricity rate of PhP 4.00 to 6.00/KWh



Semirara Island

## 2 x 7.5

Old Thermal Power Plant

## 1 x 15

Additional Thermal Power Plant

## 28.9

Diesel Power Plant

## 1 and 1.5

Portable Generator

## 61.4

Total Available Power

## PhP 9.4 million

Maintenance of road network in Semirara Island

## 24.5 kms.

Length of maintained road network



**EDUCATION 103-2, 203-2**

Funding for the future talent of our host communities starts with our educators. We subsidize a Master of Arts (MA) Education Program for both public and private school teachers in Semirara Island, allowing them to pursue further education free of charge.

The company also extends financial support to its partner educational institutions, the Divine Word School of Semirara Island, Inc. (DWSSII) and the Semirara Training Center, Inc. (STCI). We continuously invest in the young minds of our local communities through scholarships and the donation of school resources.

A discussion of our education programs is further detailed on pages 95-97.

**HEALTH AND SAFETY 103-2, 203-2**

We ensure the health of our communities by operating the Semirara Infirmary—a health center that has catered to residents of the island for more than a decade. The infirmary provides both our employees and host community with medical services and delivers our yearly health programs.

Our present medical team at the infirmary is composed of four physicians, one dentist, three medical technologists, one radiologic technologist, one X-ray technologist aide, five nurses, and 2 nursing aides.

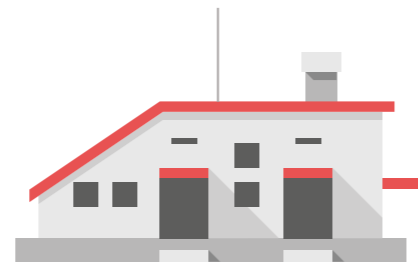
A discussion of our health programs is further detailed on pages 98-99.

Stakeholder Group	Patients Served			
	2020	%	2019	%
Employees	9,047	53	14,217	49
Employee Dependents	3,920	23	8,030	28
Community Residents	4,018	24	6,488	23
<b>TOTAL</b>	<b>16,985</b>	<b>100</b>	<b>28,735</b>	<b>100</b>



**15**

Bed capacity of the SMPC Infirmary



**LOCAL EMPLOYMENT**

103-1, 103-2, 103-3, 202-1, 202-2, 203-2

The company taps into the talent of our local community, hiring approximately 43% of our mine site workforce from Semirara Island or the municipality of Caluya. 58% of our mine site employees are from the provinces of Aklan, Antique, Capiz, Iloilo, and Mindoro; while 61% of our power plant employees reside in Calaca and Balayan.

With this, we remain to be the largest employer of the Semirara Island, with the year's mine site payroll amounting to PHP 1.57 billion. We meet an average pay ratio of 1:1 compared to the local minimum wage.

**Employees by Origin**

Year	Segment	No. of Employees	Aklan, Antique, Capiz, Iloilo, and Mindoro	Calaca and Balayan, Batangas
2020	Coal	3,169	56%	
	Power	498		61%
<b>TOTAL</b>		<b>3,667</b>	<b>48%</b>	<b>9%</b>
2019	Coal	3,229	54%	
	Power	455		75%
<b>TOTAL</b>		<b>3,684</b>	<b>48%</b>	<b>9%</b>

A significant proportion of our management is also hired from the local community. 53% of our power segment's management are residents of Batangas. All members of our Board of Directors and key officers are Filipino nationals.



## Featured Story

### ENTREPRENEURSHIP AND LIVELIHOOD SUPPORT 103-2, 203-2

Invigorating the local economy with our business presence involves our support for micro, small, and medium enterprises (MSMEs) through livelihood programs and training.

In carrying out our programs and expanding the participation of our local community, we partner with the local government and agencies such as the Department of Trade and Industry, the Department of Science and Technology, and the Cooperative Development Authority.

Semirara Island's business profile is primarily populated by MSMEs from Barangay Semirara that engage in retail and service. A total of 85% of the island's 382 registered businesses are based in Barangay Semirara.

In Batangas, SCPC and SLPGC supported local agricultural activity through the donation of seedlings in Calaca and Balayan. This contribution was made to move along the progress of the "Gulayan sa Barangay" project of Barangays Baclaran, Durango, and Carenahan; where residents benefit from a community-based vegetable nursery.



Photo taken before pandemic lockdown

## Tailoring Livelihood for the Semirara Women's Association <sup>203-2</sup>

In 2019, SMPC's Social Development Office sought to train the women of Barangay Semirara in sewing and tailoring as a means of livelihood. The project was supported by the LGU of Barangay Semirara, who donated 6 sewing machines and a cutting machine.

The group of women under the Semirara Women's Association (SWA) later paved success for themselves through the production of 170 kilograms of rags and 163 souvenir bags priced at PhP 47 and PhP 247 each, respectively.

With the SWA's enhanced capacity to produce tailored products, SMPC has been eyeing the group as the next supplier of the company's employee uniforms. DWSSII, SMPC's partner school, is also a potential customer for the SWA for the tailoring of student uniforms.

Barangay Chairman Catherine Lim voiced her support for the project and women, stating,

*"Dahil ang mga kababaihan ay may kakayanang itaguyod ang sarili nilang livelihood projects, binigyang prayoridad ng barangay ang pagkakaroon ng sewing livelihood project para sa kanila. Handog namin ito para sa mga kababaihan sa Barangay Semirara."*



Photo taken before pandemic lockdown

## Managing our Resources, Minding our Impact

As an integrated coal and power company, SMPC takes on a non-compromising approach to ensuring the sustainability of our business while managing environmental impacts.



### Climate-related Risks and Opportunities 201-2

Archipelagic nations such as the Philippines are cited to be the most vulnerable to effects wrought by climate change. The far-reaching impacts of the climate crisis affect all sectors within the country as increasing natural disasters damage the economy and ecology alike.

With this in mind, SMPC has developed an integrated system for addressing and monitoring climate-related risks that can augment the Company's decision-making processes.

Our climate-related disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We believe the adoption of TCFD recommendations embodies an important step towards establishing a widely accepted framework for climate-related financial risk disclosures.

Our Board policy commitment to act on climate change is underpinned by carbon management practices. We recognize that climate change is a strategic risk with the potential

to disrupt the business. Such disruptions have been felt by our business units through:

- The increased frequency and severity of extreme weather events with impacts on company infrastructure, projects, supply chain, safety, and production.
- Incoming national policy changes that seek to control emissions and gradually transition to a low carbon economy.
- Divestment of financial and equity market from coal energy investments, among others.

To set the stage for resilience and protect long-term shareholder value, our sustainability approach is focused on the following actions:

- Climate-related risks and opportunities addressed as a Board agenda.
- Capacity-building on Environmental, Social, and Governance (ESG) at different levels of the organization.

- Embedding climate-related risks and opportunities in our business process through our integrated management system.
- Communication of key climate-related material information to stakeholders.

Our climate change program focuses on managing climate-related risk and opportunity; strengthening our policy, reporting, and communication; and collaborating with stakeholders.

Our carbon performance is measured by our carbon emissions and intensity, and the monitoring of set internal emission reduction targets aimed towards integrating into decision making.

**TCFD Recommended Disclosures 102-11, 201-2**

	2020
<p><b>GOVERNANCE</b> Both our Board and Management regularly assess and evaluate climate-related risks and opportunities relevant to business sustainability.</p>	<ul style="list-style-type: none"> <li>• Board-approved Climate Change policy in 2017 and monitoring of climate-related legislation's impact on Coal and Power segments</li> <li>• Board-level reporting and oversight to monitor carbon and ESG performance</li> <li>• Defining management approach, tracking and monitoring of carbon emissions, water, and energy performance since 2019</li> <li>• Updated Board's Risk Committee Charter to integrate climate-related, ESG and sustainability oversight in 2020</li> </ul>
<p><b>STRATEGY</b> Our organization enhances its adaptive capacity for responding to risks and opportunities such as resource efficiency, cost savings, physical and transition risks.</p>	<ul style="list-style-type: none"> <li>• Water resource management plan since 2018</li> <li>• Integrated carbon emissions, water conservation, and energy plans in our operational strategy in 2020</li> <li>• Integrated emerging climate related issues and government commitments during strategic planning in 2020</li> </ul>
<p><b>RISK MANAGEMENT</b> We utilize a GRC framework for assessing and evaluating the risks of transitioning to a low carbon economy and physical risks of climate change.</p>	<ul style="list-style-type: none"> <li>• Updated Group Enterprise Risk Management (ERM) policy and Risk Register in 2020 to integrate climate and TCFD Recommendations</li> <li>• Updated environmental policies since 2017</li> <li>• Collaborative partnerships with government agencies, government units and host communities for proactive disaster and emergency preparedness</li> </ul>
<p><b>METRICS AND TARGETS</b> Our reporting metrics and targets are aligned with GRI and international standards, guiding assessment of sustainability performance.</p>	<ul style="list-style-type: none"> <li>• Establishment of carbon mitigation, water conservation, and energy efficiency targets in 2020</li> <li>• Conformance of the Power segment's GHG reporting framework to ISO 14064-1:2011 Standards on Quantification and Reporting of GHG and Removals in 2018, and continuing application to date</li> <li>• Internal audit assurance of alignment of the Coal segment's GHG Inventory Management Plan against the ISO 14064:2011 Standards, Greenhouse Gas Protocol of World Resources Institute, 2006 IPCC 5th Assessment Report, and Ozonaction Kigali Factsheet since 2019</li> </ul>
<p><b>REPORTING AND COMMUNICATION</b> We enhance the disclosure of our material issues to key stakeholders through different platforms and communication tools.</p>	<ul style="list-style-type: none"> <li>• Disclosure of climate related matters and sustainability performance in our SEC annual report and integrated annual and sustainability report since 2019</li> </ul>

**201-2**

**Our Key Physical Risks**

1. Increased number and severity of extreme weather events (i.e., monsoons, typhoons)
  - a. Reduced output due to work stoppage and shipping delays
  - b. Damage to reforested mined areas, equipment and infrastructure
  - c. Increased cost for pit dewatering and seepage management
  - d. Rain induced land and/or mudslides; mine site safety
  - e. Reduced coal quality due to increasing moisture content
2. Sustained high temperature
  - a. Increased operational cost and emissions to control spontaneous combustion of coal stockpile; increased costs for alternative water sources
  - b. Heat stress for at-risk employees
  - c. Reduction in power energy efficiency and power generation output due to increased ambient temperature and warmer water





**Our Recent Climate-related Developments, Risks, and Opportunities 201-2**

RISK	POTENTIAL FINANCIAL IMPACT
<b>Physical</b>	
<b>Acute and Chronic Physical Events</b>  Impact of extreme weather events such as intense rainfall, cyclones, and flooding.	<ul style="list-style-type: none"> <li>Approx. PHP 47.6 million increased costs from damage to capital assets, facilities, and telecommunications infrastructure</li> <li>Supply chain disruptions such as availability of critical parts or access to critical outsourced services</li> <li>Increased insurance premium cost and potential for reduced or limited cover</li> </ul>
<b>Transition</b>	
<b>Policy and Regulatory</b>  Potential for new laws to increase cost, related to compliance or cause disruptions to the business.	<ul style="list-style-type: none"> <li>Republic Act 10963 Tax Reform for Acceleration and Inclusion   <i>Higher excise taxes on coal from P100/MT on January 1, 2019, to P150/MT on January 1, 2020. The Philippine tax regime allows the passing of such tax to customers.</i></li> <li>Republic Act 9513 Renewable Energy Act of 2008, Department of Energy (DOE) Circular No. DC2017-12-0015 Renewable Portfolio Standards (RPS) Rules for On-Grid Areas   <i>Mandated electric power industry participants to source or produce a specified portion of their electricity requirements from eligible renewable energy (RE) sources. Annual increment is initially set at 1% of prior year's Net Electricity Sales of the mandated participants.</i>   <i>SMPC sells directly to generation companies, retail customers, distribution utilities and the spot market, none of whom have required that a fraction of the supplied electricity come from RE sources. While the RPS law reduces potential market opportunity for thermal power sales, we are prepared to procure electricity from RE producers to meet said requirement.</i></li> <li>DOE enforces moratorium on new coal power developments, except energy projects that are already endorsed or have already secured permits including the Department of Environment and Natural Resources' (DENR) Environmental Compliance Certificates (ECCs)   <i>Ventures covered by the coal moratorium will be new or greenfield power plant developments that are still requesting for endorsements from the energy department.</i>   <i>Our power expansion project in the pipeline has been issued the DENR ECCs and with prior DOE endorsement, and thus, is not covered by the moratorium.</i>   <i>Coal will continue to play an important role in the energy security program of the government as a provider of affordable baseload power.</i></li> </ul>

**201-2**

RISK	POTENTIAL FINANCIAL IMPACT
<b>Technology</b>  Innovations that support the transition to a low carbon economy and energy efficiency.	<ul style="list-style-type: none"> <li>Costs to adopt low-carbon technology and processes</li> <li>Limited access to parts and service availability of coal-fired plants by gradual divestment of international original equipment manufacturers (OEMs) &amp; suppliers</li> </ul>
<b>Markets</b>  Change in coal and power market and customer behavior.	<ul style="list-style-type: none"> <li>China's imposition of coal import quota as part of its commitment towards carbon neutrality by 2060   <i>Weakened the global coal market supply and demand and drop in global coal index pricing.</i></li> <li>Growing commitment to transition to low-carbon economy over the long-term within the region, such as South Korea and Japan   <i>Reduced new coal market opportunity.</i></li> </ul>
<b>Divestment and Reputation</b>  Stigmatization of sector, global shift of investors and capital market from coal energy investments, and negative stakeholder feedback.	<ul style="list-style-type: none"> <li>Negative share price impact from divestment</li> <li>Limited access to capital, or incremental cost in capital expenditures and working capital financing</li> </ul>

OPPORTUNITY	POTENTIAL FINANCIAL IMPACT
<b>Resource efficiency</b>  Use of more efficient mine equipment and modes of transport, recycling.	<ul style="list-style-type: none"> <li>Republic Act 11285 Energy Efficiency Law   <i>Improved profitability through operational cost efficiency</i></li> </ul>
<b>Energy source</b>  Diversification through the implementation of pilot renewable energy projects.	<ul style="list-style-type: none"> <li>Cost of capital investment</li> </ul>





## Energy Use and Emissions

### ENERGY RESOURCE MANAGEMENT

103-1, 103-2, 103-3

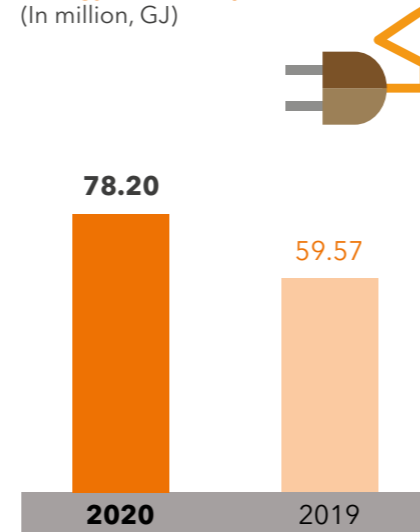
As a business that uses heavy equipment and runs several facilities for generating power, we aim to strictly manage our energy consumption only for operations relevant to our business and communities.

This year, our business segments pivoted towards supporting the country's fight against the pandemic while providing uninterrupted services to its stakeholders all throughout the year.

The 31% increase in our energy consumption during the year is mainly attributed to the additional gross generation from power assets and from the additional service vehicles and on-site facilities provided to ensure workforce safety during the pandemic.

We align our energy management practices to ISO 50001 Energy Management System standards and move towards compliance with the Republic Act 11285, or the Energy Efficiency and Conservation Act. In 2020, we focused on continued capacity building, including the establishment of policies and programs on energy efficiency and conservation.

### Energy Consumption (In million, GJ)



### Energy Consumption within the Organization 302-1

ENERGY SOURCE (In GJ)	2020	2019
Renewable	-	-
Non-renewable*	61,579,952	45,095,087
Electricity Consumption	1,417,309	1,128,738
Electricity Sold	15,200,477	13,341,703
<b>TOTAL</b>	<b>78,197,738</b>	<b>59,565,528</b>

\*Includes gasoline, diesel, coal, and oil

### Energy Intensity 302-3

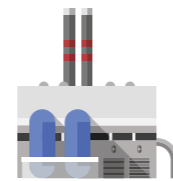
0.71



Coal

(In GJ/ton of coal produced)

14.70



Power

(In GJ/MWh produced)

### EMISSIONS MANAGEMENT

103-2, 103-3

Our coal energy business exposes us to higher compliance costs and stakeholder obligations related to GHG emissions.

SMPC's emission management system utilizes several policy frameworks alongside compliant control facilities and technology to monitor and mitigate our emissions. Emissions from our coal-fired power plants mainly consist of greenhouse gases (GHG), nitrogen oxides (NOx), sulfur oxides (SOx), and other particulates. Electrostatic precipitators, limestone injections, wet scrubbers, and cyclone separators are used to control particulate matter and prevent the formation of emissions such as SOx. Fly ash collected from these procedures are either used as a cement additive or sold for additional revenue.

Watering proves an effective method for controlling dust emissions with the use of sprinklers, mobile water trucks, atomizers, and cannons during our coal operations.

Greenhouse gas emissions are measured with reference to ISO 14064-01:2018 standards, Greenhouse Gas Protocol Standards, and the Intergovernmental Panel on Climate Change (IPCC) guidelines.

Monitoring of our emissions ensures that we are able to conform to the Ambient and Source Emissions Standards and other DENR mandates. Our monitoring systems include the Continuous Emission Monitoring System (CEMS), use of closed-circuit televisions (CCTVs), Stack Emission Monitoring, and Ambient Air Quality Monitoring.

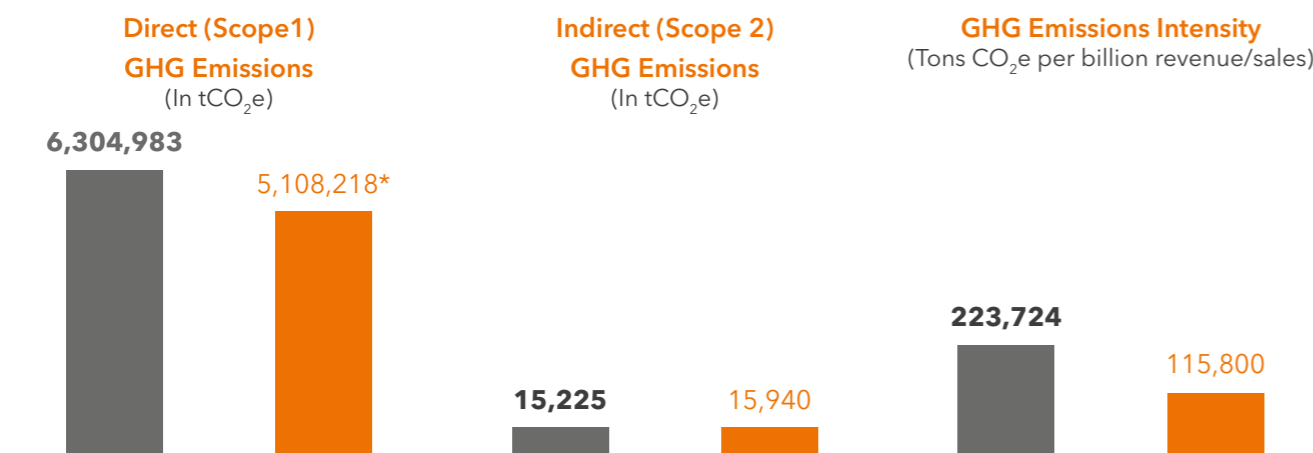
While environmental sampling activities were not carried out due to strict lockdowns, we resumed external ambient air sampling in the 3rd and 4th quarter once restrictions were eased.

Despite lower coal production in 2020, our Coal segment's total Scope 1 emissions registered at 1.27 million in tons of CO<sub>2</sub>e, or a 4% increase from 2019. This was mainly due to the additional dewatering pumps for seepage management and further contribution from operational variables (e.g., pit depth and hauling distance travel). Mobile combustion from heavy mining equipment accounted for 40% of the segment's Scope 1 emissions.

Our Power segment's 30% higher generation output resulted in 5.04 million in tons of CO<sub>2</sub>e and accounted for the 29% rise in its direct GHG emissions. SCPC's Units 1 and 2 contributed to 61% of total emissions, while SLPGC's Units 3 and 4's decline by 25% in operating hours of said units resulted in reduced emissions when compared to last year.



102-48, 103-2, 305-1, 305-2, 305-4



Note:  
 Scope 1 - Direct GHG emissions from sources that are owned or controlled by SMPC, including emissions generated by own power plants, coal stockyard, and mining equipment.  
 Scope 2 - Indirect GHG emissions from purchased electricity.  
 \*Restatement due to an inputting error, previously reported as 4,790,330 in 2019.

■ 2020 ■ 2019

The 23% increase in GHG and the 36% revenue drop brought about by the confluence of weaker coal and Wholesale Spot Electricity Market (WESM) power prices and decrease in electricity demand, accounted for the higher GHG intensity per revenue sales in 2020. In terms of output, GHG intensity level in the Coal segment increased due to pit seepage management activities during the year.

While mining and power expansion activities may impact our 5-year internal emission reduction targets, we continuously invest in carbon sequestration through mangrove and inland reforestation programs.

Bio-sequestration is a driving factor behind our reforestation activities in Semirara Island. By planting and protecting mangrove forests, we aim to enable an ecosystem capable of absorbing GHG emissions.

**Emissions Intensity 305-4**  
 (Tons CO<sub>2</sub>e per production/generation)

	2020	2019
Coal (in tons CO <sub>2</sub> e/ ton of coal produced)	0.10	0.09
Power (in tons CO <sub>2</sub> e/ MWh generated)	1.08	1.08

Adopting methods that involve responsible propagation of flora have become one of the ways in which SMPC broadens its measures towards offsetting emissions.

## Water Resources and Effluents Management

### WATER RESOURCES MANAGEMENT 103-1, 103-2, 103-3, 303-1

Water is a shared resource among our people, business, and local communities. Our water-intensive coal energy operations require proactive policies and water management practices to ensure continuous access to water for operations and the communities.

The business withdraws from several adjacent sources of surface water and groundwater prior to treatment and use. River water, prior to its use at the plant, undergoes demineralization process. It is then converted to steam for turbine power generation. Sea water is run through the desalination treatment at Semirara Island prior to distribution for domestic use by residents and employees or power generation. Excess water withdrawn is returned to the sea after its treatment.

Several monitoring measures and information campaigns are in place to observe both water quality and quantity used. Freshwater, groundwater, and seawater monitoring and testing are conducted at our Coal and Power segments quarterly.

Our Coal segment was not able to conduct its monthly external effluent quality monitoring during

the months of April to August 2020, due to travel restrictions of pandemic lockdown. Power segment's third-party laboratory services for sampling monitoring and compliance activities resumed after the easing of COVID-19 restrictions.

### COAL OPERATIONS

We tapped alternative water sources to further minimize the impact of our operations on the water resources of the island. We operate a desalination plant in Semirara Island as part of our

**Water Withdrawal 303-3**  
 (In Megaliters)

COAL OPERATIONS SOURCE	2020	2019
<b>Surface Water</b>		
Bunlao Spring	140	46
Sanglay Spring	366	64
Sanglay	441	489
<b>Ground Water</b>		
Puntod Deep Wells	164	15
Unong Deep Wells	-	16
Fresh Water Well No. 6	129	56
<b>Sea Water</b>		
Ilugao Bay	32,655	28,184
Third party	-	-
<b>TOTAL</b>	<b>33,895</b>	28,870



water conservation program to reduce freshwater dependence.

These include the impounded rainwater in Sanglay and a rainwater collection system to support our operational needs. In 2020, 3 rainwater tank units with a combined capacity of 180,000 liters were installed in strategic locations within the mining complex. We have withdrawn approximately 655,000 liters since the tanks were operational.

Groundwater consumption at the mine site increased mainly due to the hygiene and sanitation protocols crucial to the COVID-19 containment measures.

## POWER OPERATIONS

103-2

The 7% increase in total water withdrawn from 2019 was primarily due to the 30% increase in gross generation. Furthermore, during the enhanced community quarantine lockdown, we provided staying-in facilities and amenities for key personnel, which resulted in the increased groundwater withdrawals for domestic purposes.

## EFFLUENTS MANAGEMENT

303-2

Treatment for our effluents is undertaken at our pollution control facilities which comply with Republic Act No. 9275 (Clean Water Act) and DENR Administrative Order No. 2016-08 (Water Quality Guidelines and General Effluent Standards of 2016).

Our wastewater treatment facilities include pocket sumps, settling ponds, cooling canals, and oil and water separators for our mining operations. Neutralization ponds, oil-water separator ponds, and coal sedimentation ponds are used for effluents from the Power segment.

The dominant water discharge composition which undergoes treatment comes from the cooling water and effluents of our plants. Primary sources of discharge include the Calaca Plant condenser outlets and outfall discharge, neutralization pond, and the Coal segment's sedimentation pond.

After treatment, approximately 95% of our water withdrawals are returned back to Balayan Bay, Batangas and 92% to Ilugao Bay, Semirara Island. Water not returned is lost due to condensation and unaccounted water use such as cleaning and fire hydrants.

### Water Withdrawal 102-48, 303-3

(In Megaliters)

POWER OPERATIONS SOURCE	2020	2019**
<b>Surface Water</b>		
Dacanlao River	1,326	959**
<b>Ground Water</b>		
Ground Water	92	26**
<b>Sea Water</b>		
Balayan Bay*	905,987	845,937**
Third party	-	-
<b>TOTAL</b>	<b>907,405</b>	<b>846,922**</b>

\* Water withdrawn passes through the Water Treatment Plant. 50% is converted into demineralized water for boiler use, while the remaining 50% recovery at WTP discharged to Balayan Bay is within the DENR limit.

\*\* Restatement due to inputting errors, previous values reported for surface water, ground water and sea water withdrawals as 958; 25; and 892,739 megaliters, or total 893,722 respectively in 2019.

We assess and monitor our effluents periodically alongside third-parties and in-house monitors. Effluent quality monitoring is conducted monthly by our Environmental unit and quarterly by a DENR-accredited third party. The monitoring results are validated by a Multi-partite Monitoring Team (MMT).

COVID-19 restrictions caused the temporary discontinuance of our compliance sampling activities from April to August 2020—a setback that was duly reported to the DENR EMB Region 6 and MMT by our Coal and Power segments.



### Water Consumption 102-48, 303-5

(In Megaliters)

	2020	2019**
Coal Operations	2,255	2,317
Power Operations	1,408	977*
Corporate Office	0.28	1.18
<b>TOTAL</b>	<b>3,664</b>	<b>3,295*</b>

\* Restatement due to inputting errors, previous values reported for Power Operations and Total as 42,169 and 44,488 megaliters, respectively in 2019.

### Water Discharge 102-48, 303-4

(In Megaliters)

	Discharge Location		2020	2019**
Coal operations	Sea Water	Ilugao Bay	31,640	26,553
Power operations	Sea Water	Balayan Bay	905,996	845,945*
Corporate Office	Drainage	Makati City	1	0.0009
<b>TOTAL</b>			<b>937,637</b>	<b>872,498*</b>

\* Restatement due to inputting errors, previous values reported as 851,553 and 878,106 for Power operations and Total values, respectively in 2019.

### Total Water Withdrawal

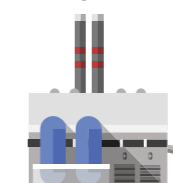
(In Megaliters)

33,895



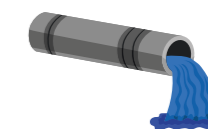
Coal

907,405



Power

941,300



Total

### Freshwater Withdrawal Intensity\*

Megaliters per production/ generation



0.000094

Coal

(Megaliters/ton of coal produced)

0.000303

Power

(Megaliters/MWH generated)

\* Includes surface water and groundwater withdrawals

## Land Resources Management 103-1, 103-2, 103-3

The nature of our business directly impacts the composition of the ecosystems as we fulfill our license to operate.

Our land resource management aims to restore and develop mined-out and open areas through engineering and environmentally-aligned practices. Reforestation and the steady propagation of plant and animal species in these areas not only has the potential to restore land to its former state over time, but also improve sustainability

**South Panian Mine**  
100% Accomplishment



**PhP 2.9 billion**  
Total spend  
for the accelerated rehabilitation



**170.2**  
Volume of backfilled materials  
(In millions, BCM)



**168**  
Area  
(In Hectares)



**378,847**  
Surviving trees



**PhP 4.5 million**  
Reforestation spend



**+5 to +11**  
Rolling elevation  
(Meters above sea level)

**North Panian Mine**  
Ongoing Rehabilitation



**124**  
Area  
(In Hectares)



**114.7**  
Volume of backfilled materials  
(In millions, BCM)



**+7**  
Rolling elevation  
(Meters above sea level)

until eventual relinquishment of land to the stakeholders.

### MINE REHABILITATION

We uphold responsible mining through the thorough implementation of mine rehabilitation at the end of our extractive operations. Our rehabilitation of the closed Panian and Unong mines is reflective of a successful responsible mine closure approach collaborated by our

strong partnership with the Department of Energy (DOE).

We completed the fastest large-scale open mine rehabilitation in the country in 2019. SMPC accomplished its South Panian rehabilitation in 21 months, an undertaking that is normally completed in 5 to 10 years because of its scale and complexity.

This year, we continued the reforestation of the South Panian pit and rehabilitation of the North Panian pit.



Rehabilitation of the North Panian pit follows a process similar to the science-based approach used for the successful South Panian rehabilitation, where the pit is continuously backfilled to reach optimized conditions for land function and biodiversity in the area. Until the target topography and elevation are reached, the process then commences towards the implementation of ecological enhancement measures and regular monitoring.

New procedures and installations during the year ensured better survivability of trees planted in the area. Drainage canals were built on flat surfaces to prevent trees from being submerged, of which the lower elevated portion of the site was prone to during the rainy season.

The return and observance of both endemic and migratory floral species and wildlife in the area are signs of progress. This year, the Philippine Wild Duck (*Anas luzonica*) was sighted at our rehabilitation site. The Philippine Wild Duck is categorized as endangered under the national conservation status, making its presence in Semirara Island a remarkable indicator in our rehabilitation progress.



## MATERIALS USE

103-1, 103-2, 103-3

The DOE, through Coal Operating Contract No. 5, authorizes SMPC to explore, develop and extract coal resources in Semirara Island. Coal has a strategic position as an affordable, reliable indigenous fuel in the Philippine energy security plan.

As a vertically-integrated energy company, coal serves as both primary product and our resource to produce low-cost baseload energy. Our power generation plants require the use of non-renewable materials such as coal, diesel, and gasoline.


In managing our materials, we deploy coal-stocking measures at minimum inventory for our Power segment, to prevent hazards such as spontaneous combustion and control waste. Our diesel and gasoline are stored at a fuel depot in Semirara Island in preparation for potential supply interruptions and to keep inventory.

Considered as essential industries to support the country's fight against the pandemic, our businesses were allowed to ship and/or receive deliveries of coal, diesel, and gasoline deliveries which were necessary for the coal and power generation requirements of our customers.

Non-renewable materials in tons increased by 23% due to the additional power generation in

2020, while the 19% increase in non-renewable materials in liters was due to the additional diesel requirement in mine seepage management. Additional diesel consumption was due to our mine site diesel power plant which served as backup to power requirements when the main coal plant unit underwent a maintenance shutdown during the year.

Materials Used by Weight or Volume 301-1  
(In Millions)



Type of Materials	Unit	Description	2020	2019
Renewable	tons / liters	None	-	-
Non-Renewable	tons	Coal, light and heavy oil, limestone, hydrazine hydrate, and liquefied petroleum gas (LPG)	3.19	2.58
	liters	Diesel, gasoline, bunker fuel, and oil	219.15	183.60

## WASTE MANAGEMENT

103-1, 103-2, 306-2

SMPC has established waste management systems in place to ensure waste materials are accounted for and disposed of in a safe manner.


Coded bins for segregating trash are placed at strategic points throughout our workplace. Recyclables collected from our workplace are then stored in Materials Recovery Facilities (MRF) before being sold to recyclers. Apart from MRFs and storage facilities, SMPC houses its own composting facility for biodegradable materials.

We seek ways for our waste materials and by-products to be optimized in the value chain. Used oil is reused as start-up fuel for our power plants, while the bottom ash is used as a construction material additive for activities such as concrete hollow block making. We donated bottom ash to Calaca-based Asosasyon ng Dacanlao sa Higit na Kaunlaran (ADHIKA) Multipurpose Cooperative and other community residents for hollow block making and livelihood prospects during the year. Residual coal collected along the conveyor line is used for powering pottery kilns.




To reduce solid waste at the Calaca plant complex, we enforced a total ban on single-use plastics for on-site employees, visitors, and contractors.

Waste by Type and Disposal Method 306-2  
(In Tons)



Waste Type	2020	2019	Waste Disposal Method
Non-Hazardous	484	1,285	<ul style="list-style-type: none"> <li>Composting</li> <li>Materials Recovery Facility (MRF) for storage, recycling</li> </ul>
Hazardous	179	59	<ul style="list-style-type: none"> <li>Bulb crushing</li> <li>Chemical immobilization</li> <li>Decontamination, size reduction, encapsulation</li> <li>Dismantling, constituting, recycling</li> <li>Encapsulation after physical fixation</li> <li>Hydroclave</li> <li>Oil recovery</li> <li>Physical fixation</li> <li>Reclamation</li> <li>Recycling, recovery, constituting, disposal</li> </ul>

Transport of Hazardous Waste 306-4  
(In Tons)



SEGMENT	2020	2019
Coal	115	32
Power	64	28
<b>TOTAL</b>	<b>179</b>	<b>59</b>

## Featured Story

### Managing Hazardous Waste During the Pandemic



Managing waste and keeping communities clean is a collective effort. This year, SMPC partnered with the Barangay Semirara Environmental Committee in its latest training program on waste management for COVID-19 wastes.

The Committee, headed by Barangay Kagawad Brenda Jocson and composed of four other personnel, was briefed on the basic practices of hazardous

waste handling and COVID-19 waste encapsulation. The six-day training program conducted by SMPC is aligned with EMB and DOH guidelines, as well as DENR-DOH Administrative Order No. 2 series 2005 policies related to managing health care waste.

To aid in the implementation of waste management, SMPC constructed an infectious waste storage facility and provided equipment such as shovels,

pallet trucks, carts, cement, garbage bags, and PPEs for the Committee.

To date, approximately 0.5674 metric tons of infectious waste were encapsulated in the constructed facility. These will then be transported by SMPC to a DENR-EMB accredited facility for eventual treatment and disposal.

## Featured Story

### Ecobricks Challenge and Upcycling Contest

Reducing plastic use is not only about one's personal move towards reusable and eco-friendly alternatives, but also encouraging proactive efforts as a community for a sustainable, plastic-free lifestyle.

In line with this, SMPC started the "Ecobricks Challenge" with its employee housing communities at Semirara Island in July 2020. The challenge inspired members to collect plastic waste within their area and convert them into ecobricks, which are used in the construction of low-level infrastructure.

The challenge yielded the collection of nearly 3 metric tons of plastic waste in the span of one and a half months. Housing Area 2, the challenge winner, crafted a total of 731.6 kilograms of ecobricks. Resident Carlo Rey Robles of Area 2 won the individual category for contributing 123.1 kilograms of ecobricks or 221 plastic-filled PET bottles.

A portion of the collected ecobricks, and some construction materials, were donated to Villaresis Elementary School for building the school perimeter

wall. The remaining ecobricks will be used in constructing low-level infrastructure like tanod outposts for barangay LGUs.

Meanwhile, the Upcycling Competition was held at Sitio Cabitin in partnership with the BLGU-Semirara. Residents showcased their creativity and ingenuity in upcycling waste into plant boxes, Christmas decorations, garden ornaments, and a living room set.

*"Di ko akalain yung mga basura na in-upcycle namin ay magiging pera pa. Thank you sa SMPC sa programang ito,"*

-said Neneth Lucena as she brought home groceries worth P10,000 as the grand prize for her upcycled garden ensemble.





## Nurturing Our Environment 304-1

### MARINE PROTECTION

103-1, 103-2, 103-3, 304-1, 304-2

SMPC's sites operate along the coastal areas of Semirara Island and Calaca, Batangas. We continue to mitigate our environmental impact by tracing our waste and water discharge, while at the same time, boosting the local community's capacity building for marine stewardship. We also strengthen our public-private partnerships with local government units (LGUs), the Bureau of Fishery and Aquatic Resources (BFAR), and local fisherfolk in Semirara Island to protect a marine sanctuary and two Marine Protected Areas (MPAs) along the coastal waters of Barangay Semirara, Tinogboc, and Alegria. Our stakeholders are further engaged through our Information, Education, and Communication (IEC) campaigns.

Our Marine Ecology Assessment is conducted alongside the government to monitor the impacts of our business activities on local marine life and ecosystems.

Our Cawong and Dacanlao River clean-ups initiated in 2013 resumed this year in partnership with the DENR-EMB Region IV-A and local communities. A total of four river and coastal clean-up activities were undertaken in 2020.

Through the years, SMPC has also invested in espousing programs for marine protection. Our marine rehabilitation initiatives through the Semirara Marine Hatchery Laboratory (SMHL) at the island include the propagation and care of abalone, coral fragments, seagrass, and several giant clam species, including the world's largest clam

species endemic to the island—*Tridacna gigas*.

The giant clams are bio-indicators of the overall health of the surrounding marine ecosystem in which they reside. Over time, they act as natural barriers that help coastal communities in withstanding natural disasters. Our successful

### Habitats Protected 304-3

(In Hectares)



LOCATION	Area
<b>Semirara Island, Antique</b>	
Marine Protected Area (MPA), Barangay Tinogboc, Caluya, Antique	49.77
Marine Protected Area, Barangay Alegria, Caluya, Antique	87.95
Marine Hatchery and Laboratory	150.00
Biodiversity Conservation Center	2.00
<b>TOTAL</b>	<b>289.72</b>
<b>Calaca and Balayan, Batangas</b>	
Dacanlao and Cawong Rivers (1,600 square meters)	0.16*
Adopt an E-NGP Site Barangay Patugo Balayan, Batangas	50.00
<b>TOTAL</b>	<b>50.16</b>

\* Approximate area as the adopted riverbank is three kilometers

### Status of Giant Clams 304-4



	2020	2019
Propagated	137,917*	180,485
Reseeded	66,930*	84,778
IUCN Red List species	2**	8

\* Mortalities due to the impact of Typhoon Ursula in December 2019 accounted for the drop of species population in 2020.

\*\* *T. gigas* & *T. derasa* listed as Vulnerable

propagation of giant clams along the island coastline proves that responsible mining and rich marine life is possible.

### REFORESTATION

103-1, 103-2, 103-3, 304-2

SMPC's sustainability approach for its reforestation endeavors does not only aim to restore vegetation disrupted by our mining activities, but also to enhance nearby areas through active monitoring and engineering methodologies.

Our carbon sequestration program is currently focused on reforestation for both Coal and Power segments.

We undertake reforestation in areas even beyond our mine site while working with environmental consultants and the local government units to tap areas that would most benefit and rationalize additional tree planting and carbon sequestration.

Mangroves, or *bakawan*, play a vital role in coastal communities. They serve as shields from strong winds and waves caused by typhoons. More importantly, they have a large capacity to absorb carbon, keeping the level of carbon dioxide in the atmosphere at manageable

levels and helping the reduction of greenhouse emissions.

Notwithstanding our continuing efforts to rehabilitate disturbed areas, we strive to improve the existing terrestrial ecosystem in Semirara Island. We plant and protect greeneries outside of our mining areas including the preservation and expansion of its mangrove population.

Finding the right species to thrive and maintaining a decent survival rate in a mining area is a challenge that we recognize. Operations and potential

mine expansion also affect our progressive reforestation efforts. Extreme weather events such as Typhoon Ursula in December 2019 have caused setbacks in the propagation of both flora and fauna. Despite these challenges, we continued our replanting efforts during 2020.

### Inland Reforested Trees Planted



	2020	2019
<b>Semirara Island, Antique</b>		
Inside the mining complex (since 2000)	918,647 trees in 496.95 hectares	1,013,141 trees in 634.23 hectares
Outside the mining complex (since 2000)	965,893 trees in 588.55 hectares	840,633 trees in 468.61 hectares
Mangroves (since 2002)	636,898 hills in 195.41 hectares	644,063 hills in 196.43 hectares
<b>Batangas</b>		
Trees (since 2017)	15,735 trees	9,011 trees

Conservation Status of Tree Species Propagated in Semirara Island 304-4



IUCN <sup>1</sup> Red List	Common Name	Scientific Name	Population (2020)
Endangered	Narra	<i>Pterocarpus indicus</i>	<b>100,397</b>
Vulnerable <sup>5</sup>	Mahogany	<i>Swietenia macrophylla</i>	<b>3,537</b>
	Mancono	<i>Xanthostemon verdugonianus</i>	<b>25</b>
	Supa	<i>Sindora supa</i>	<b>17</b>
Least Concern	Balisayon	<i>Terminalia microcarpa</i>	<b>4,406</b>
Near Threatened	Ipil	<i>Intsia bijuga</i>	<b>568</b>
Least concern	Molave	<i>Vitex parviflora</i>	<b>99,986</b>
Not evaluated	Dau	<i>Dracontomelon dao</i>	<b>1,175</b>

National Conservation List <sup>2</sup>	Common Name	Scientific Name	Population (2020)
Endangered <sup>3</sup>	Mangkono	<i>Xanthostemon verdugonianus</i> Naves ex Fern.-Vill	<b>25</b>
	Molave	<i>Vitex parviflora</i> Juss.	<b>99,986</b>
	Supa	<i>Sindora supa</i> Merr.	<b>17</b>
Vulnerable <sup>4</sup>	Narra	<i>Pterocarpus indicus</i> Wild. Forma <i>indicus</i> <i>Pterocarpus indicus</i> Wild. Forma <i>echinatus</i>	<b>100,397</b>
	Ipil	<i>Intsia bijuga</i> (Colebr.) Kuntze	<b>568</b>
	Dao	<i>Dracontomelon dao</i> (Blanco) Merr. & Rolfe	<b>1,175</b>
Not listed	Balisayon	<i>Terminalia microcarpa</i> Decne	<b>4,406</b>
	Mahogany	<i>Swietenia macrophylla</i>	<b>3,537</b>

1 International Union for Conservation of Nature (IUCN)

2 DENR Administrative Order 2017-11 Updated National List of Threatened Philippine Plants and their Categories

3 Endangered Species - refers to species, subspecies, variety, or forma that is not critically endangered but whose survival in the wild is unlikely if the causal factors continue operating.

4 Vulnerable Species - refers to a species or subspecies, variety, forma or other infraspecific category of plant that is not critically endangered nor endangered but is under threat from adverse factors throughout its range and is likely to move to the endangered category in the future. This shall include variety, forma or other infraspecific category

5 Vulnerable (VU) species - refers to species categorized by the IUCN as likely to become endangered unless the circumstances threatening its survival and reproduction improve. It is therefore considered to be facing a high risk of extinction in the wild.

IUCN Red List	Common Name	Scientific Name
Least Concern	Agoho	<i>Casuarina equisetifolia</i>
	Molave	<i>Vitex parviflora</i>
	Kalingag	<i>Cinnamomum mercadoi</i>

Featured Story

Adopt-a-Forest Program

Our subsidiaries, SCPC and SLPGC were awarded recognition by the Department of Environment and Natural Resources-Community Environment and Natural Resources Office (DENR-CENRO) of Calaca, Batangas for its active participation in the agency's Enhanced National Greening Program (E-NGP).

Since November 2019, our "Adopt-a-Forest" program has protected and reforested approximately 5,100 species of narra, mahogany, and molave trees along the 50-hectare portion of the E-NGP site in Barangay Patugo, Balayan.





## Featured Story

# Building Resilient Communities: Mangrove Planting with Brgy. Semirara and Alegria

True to its commitment to environmental stewardship, SMPC, in partnership with the local government units of Barangay Alegria and Semirara, organized mangrove tree planting on August 22 and October 10, 2020, respectively.

A total of 900 seedlings provided by SMPC were planted along the coast of the two barangays by over 100 SMPC volunteer employees and barangay residents.

The Barangay Alegria coastline covered with mangroves were significantly destroyed by Typhoon "Ursula", considered

to be the strongest to ever hit Semirara Island on December 25, 2019. Half of the mangrove population was washed out.

Volunteers also planted *api-api* plants to serve as barriers preventing waves from washing out the mangrove propagules while they are still maturing.

"I am very grateful because the needed propagules and seedlings were supplied by SMPC. The damage made to the mangroves by Typhoon Ursula was rehabilitated thanks to SMPC," said Barangay Alegria Chair Modesta Pionelo.

"Mangrove planting taught us, especially our youth, to be responsible in our environment and be aware of our climate change adaptation. We do this not only for today's generation but also for our future generations here in Semirara Island," said Barangay Semirara Chair Catherine Lim.



# 900

mangroves planted along Alegria and Semirara coastlines



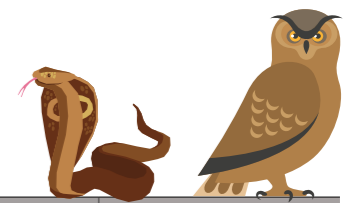
Social distancing strictly observed during the activity

## Biodiversity Conservation

### SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS 304-4

#### Conservation Status of Important Animal Species in Semirara Island

IUCN Red List	Common Name	Scientific Name
Vulnerable	Philippine duck	<i>Anas luzonica</i>
Least Concern	Philippine hanging parrot	<i>Loriculus philippensis</i>
Near Threatened	Long-tailed macaque	<i>Macaca fascicularis ssp. philippensis</i>



#### Conservation Status of Species in the Biodiversity Conservation Center

National Conservation List*	Common Name	Scientific Name	Current Count
Critically Endangered (CR)	Blue-naped Parrot	<i>Tanygnathus lucionensis</i>	2
	Philippine Eagle-owl	<i>Bubo philippensis</i>	6
Endangered (EN)	Nicobar Pigeon	<i>Caloenas nicobarica</i>	2
	Giant Flying Fox	<i>Pteropus vampyrus</i>	1
Vulnerable (VU)	Mantanani Scops-owl	<i>Otus mantananensis</i>	5
	Philippine Duck	<i>Anas luzonica</i>	6
Other Threatened Species (OTS)	Mindoro Monitor Lizard	<i>Varanus (marmoratus) bangonorum</i>	5
	Malayan box turtle / Southeast Asian box turtle	<i>Cuora amboinensis</i>	11
	King Cobra	<i>Ophiophagus hannah</i>	1

\*DENR Administrative Order No. 2019-09 Updated National List of Threatened Philippine Fauna and their Categories

IUCN Red List	Common Name	Scientific Name	Current Count
Endangered (EN)	Southeast Asian Box Turtle	<i>Cuora amboinensis</i>	11
	Philippine Eagle-owl	<i>Bubo philippensis</i>	6
Vulnerable (VU)	Philippine Duck	<i>Anas luzonica</i>	6
	King Cobra	<i>Ophiophagus hannah</i>	1
	Mantanani Scops-owl	<i>Otus mantananensis</i>	5
Near Threatened (NT)	Blue-naped Parrot	<i>Tanygnathus lucionensis</i>	2
	Nicobar Pigeon	<i>Caloenas nicobarica</i>	2
	Island Flying Fox	<i>Pteropus hypomelanus</i>	1
	Large Flying Fox	<i>Pteropus vampyrus</i>	1

## Featured Story

# Animal Biodiversity Conservation <sup>304-1</sup>

Following through our successful marine biodiversity initiatives, SMPC established the Semirara Biodiversity Conservation Center (SBCC) in 2018.

The SBCC is a joint project between the Company and the DOE, with a conservation program mainly focused on the avian species due to their dominance among other fauna on the island.

To integrate with our habitat restoration initiative through reforestation, SBCC ensures mindful consideration and study

of a population's breeding habits, diet, and ethological needs for a holistic biodiversity approach.

SBCC serves as a wildlife rescue center by taking in eggs, juvenile birds, and adults that are found after natural disasters or prior to the clearing of vegetation for mine sites. We will then nurse the animals until they become candidates for species recovery or deemed ready for reintroduction to suitable natural habitat. Mammals, reptiles, and amphibians are occasionally cared for as well.

SBCC also promotes and engages the local community through conservation, awareness and education. This is to enhance local knowledge so as to avoid further negative human impacts from activities such as *kaingin* (slash-and-burn) and poaching. This complements our efforts of reintroducing the animals to a suitable environment. Prior to the pandemic, SBCC conducted a walk-through aviary exhibit, educational tours and lectures for the students, locals and visitors of Semirara Island.



Photo taken before pandemic lockdown

## Greening Our Supply Chain

### SUPPLIER ENVIRONMENTAL ASSESSMENT AND SUPPLY CHAIN MANAGEMENT <sup>103-1, 103-2, 103-3</sup>

To promote sustainability practices are being upheld throughout our supply chain, we integrated a supplier environmental assessment within our supplier accreditation process. By screening suppliers using environmental criteria, we gain further insight on the potential risks that may come from their processes and practices.

We consider waste reduction and management practices, procurement procedures, energy efficiency technologies, and other efforts towards mitigation of their environmental footprint along the supply chain as part of our supplier environmental assessment.



### Supply Chain <sup>102-9, 102-48</sup>

Category	2020	2019
<b>Types of suppliers engaged</b>		
Materials	<ul style="list-style-type: none"> <li>Original Equipment Manufacturer (OEM)</li> <li>Brand</li> <li>Components</li> </ul>	
Services	<ul style="list-style-type: none"> <li>Technology Certified Personnel</li> </ul>	
<b>Total number of suppliers engaged throughout the supply chain</b>		
Coal	661	477
Power	368	654
<b>TOTAL</b>	<b>1,029</b>	<b>1,131</b>
<b>Geographic location of suppliers</b>		
Local	76%	52%
Foreign	24%	48%
<b>Estimated monetary value of payments made to the supplier (In PhP billion)</b>		
Coal	8.5	13.0*
Power	4.2	6.5*
<b>TOTAL</b>	<b>12.7</b>	<b>19.5*</b>

\*Restated due to inputting error, previously reported as PhP 16.8 billion in 2019.



# 166

New suppliers assessed with green criteria <sup>308-1</sup>

# PEOPLE

## Supporting Our Workforce for Success 103-1, 103-2

At SMPC, we value both the people we work with and the people we work for. In our value chain, we ensure that our employees and workers contribute within an environment that promotes their growth and development without compromising their safety and dignity. Our human resource strategy focuses on retaining a quality, skills-progressive workforce that extends the longevity of our operations.



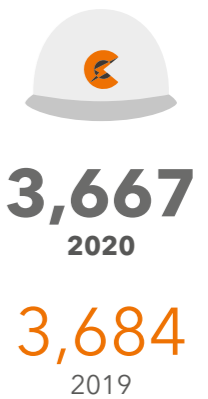
### Our People

Our people are protected by non-discrimination policies across all positions.

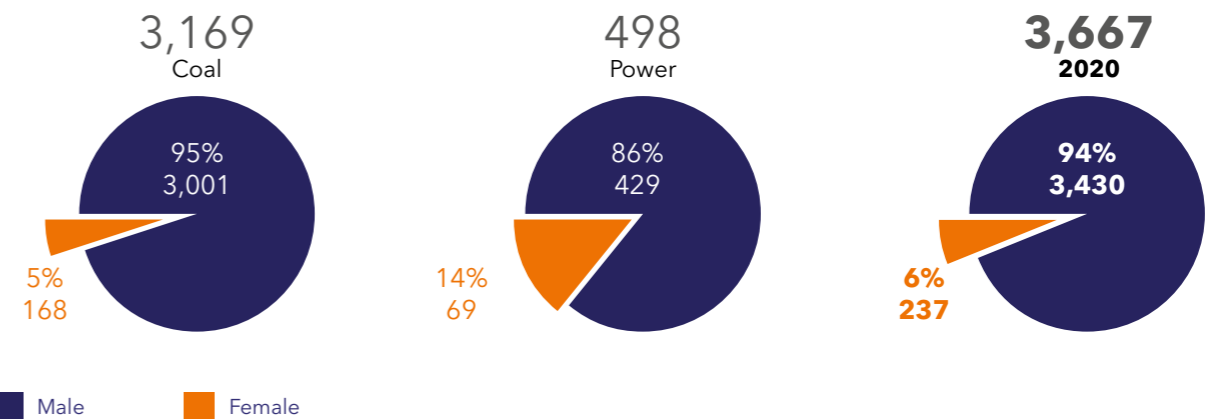
SMPC has been distinguished as among the three Filipino companies cited in the 2021 Bloomberg Gender Equality Index which includes 380 companies across 50 industries headquartered in 44 countries and regions. We uphold the fair treatment of employees regardless of gender or orientation.

The gender imbalance in our workforce is attributed to the nature of our operations and overall industry demographic. Currently, skilled personnel make up 83% of the workforce, with the remaining 15% being composed of professional-technical personnel.

#### Total Employees



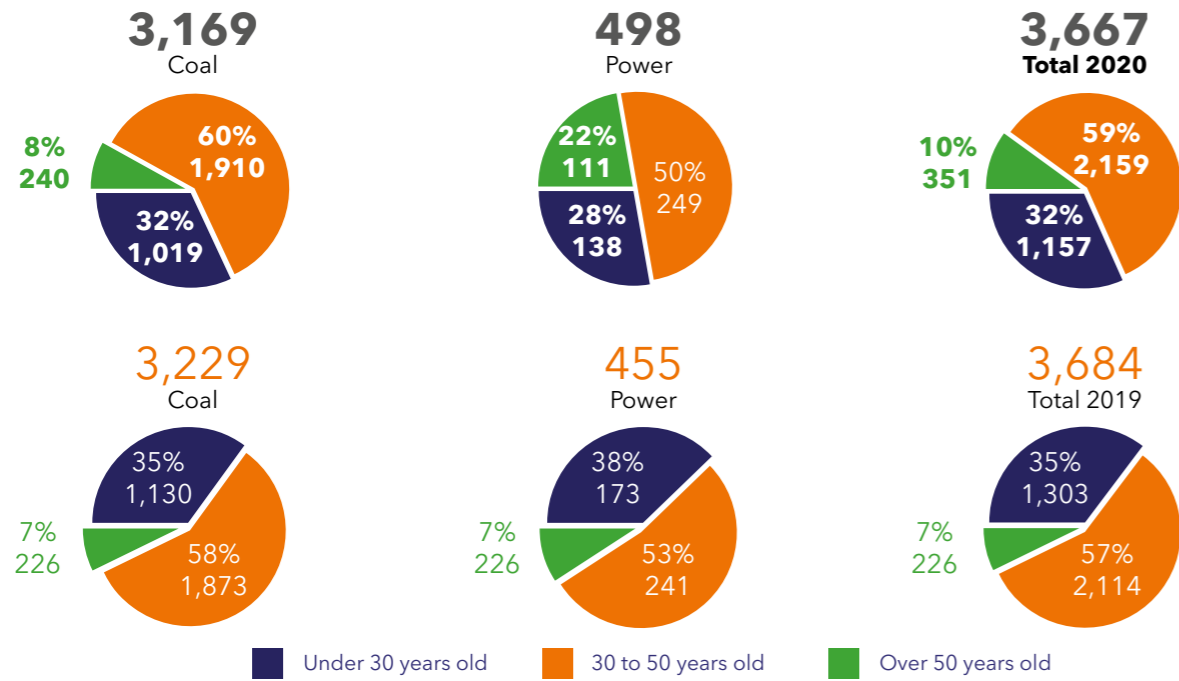
#### By Segment, Gender, and Employment Type 102-8



#### By Gender and Location 405-1

	Coal		Power		Total	
	Male	Female	Male	Female	Male	Female
Luzon	469	67	412	69	881	136
Visayas	1,328	75	10	-	1,338	75
Mindanao	1,204	26	7	-	1,211	26
<b>TOTAL</b>	<b>3,001</b>	<b>168</b>	<b>429</b>	<b>69</b>	<b>3,430</b>	<b>237</b>

By Age Group 405-1



TALENT ATTRACTION

103-2, 401-1

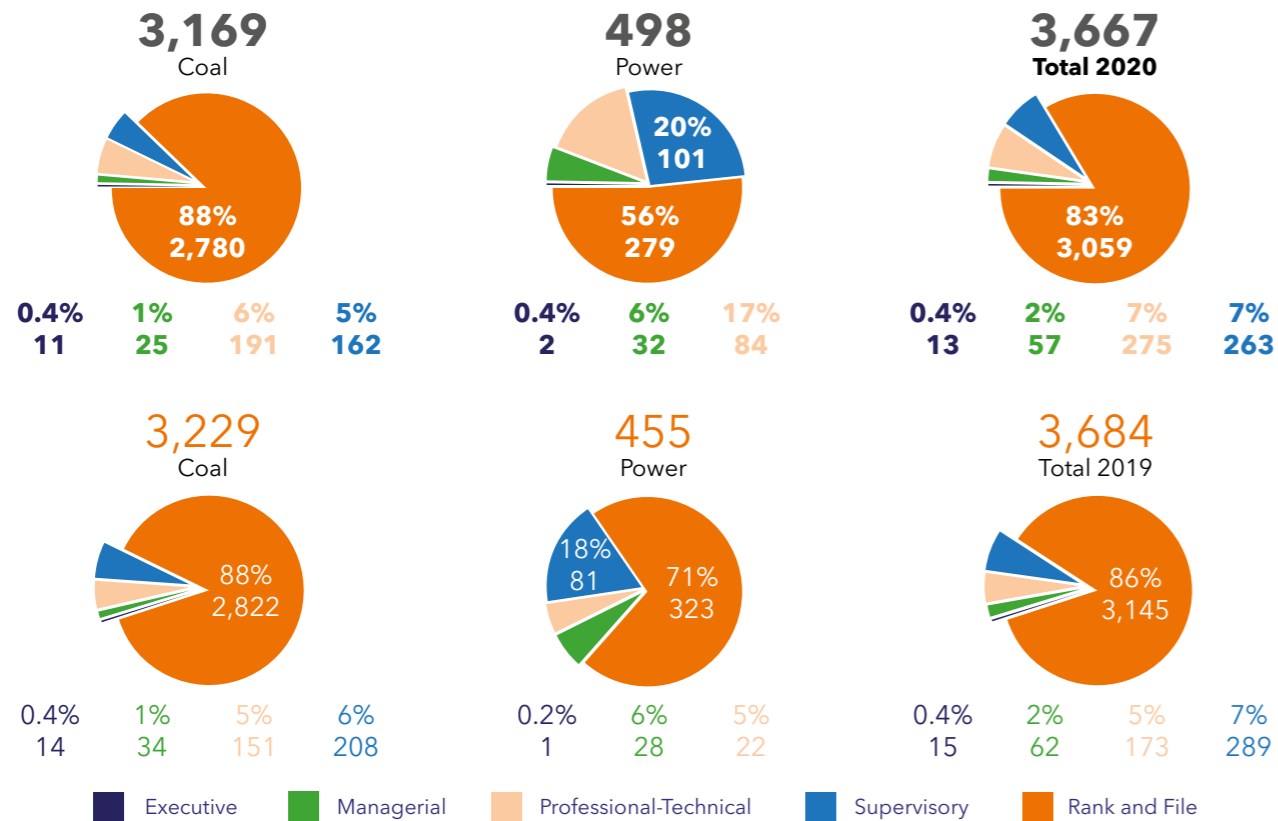
This year, we bolstered our efforts to integrate talent trends into the overall strategy of our company.

The company focuses on bridging job competency, work attitude, and the individual's overall fit within the organization as major components of the hiring process. By utilizing a holistic approach to talent attraction, the overall function and efficiency of the company increases.

Hiring

	Coal	Power	Total
<b>2020</b>			
New Hires	430	142	572
Employee Turnover	389	29	418
New Hires	3%	2%	2%
Employee Turnover	2%	2%	2%
<b>2019</b>			
New Hires	518	77	595
Employee Turnover	309	28	337
Over 50 years old	16%	17%	17%
Turnover Rate	1%	1%	1%

By Level



### New Hires 401-1

	Coal	Power	Total
<b>By Age Group</b>			
Under 30 years old	282	45	<b>327</b>
30-50 years old	144	87	<b>231</b>
Over 50 years old	4	10	<b>14</b>
<b>TOTAL</b>	<b>430</b>	<b>142</b>	<b>572</b>
<b>By Gender</b>			
Male	404	137	<b>541</b>
Female	26	5	<b>31</b>
<b>TOTAL</b>	<b>430</b>	<b>142</b>	<b>572</b>
<b>By Region</b>			
Luzon	52	138	<b>190</b>
Visayas	201	1	<b>202</b>
Mindanao	177	3	<b>180</b>
<b>TOTAL</b>	<b>430</b>	<b>142</b>	<b>572</b>

### TALENT RETENTION 103-3

Reduced turnover rate is an indicator of a motivated workforce that can contribute to the company for the long term. Therefore, our retention strategy starts upon the onboarding of new hires and throughout the course of their employment up to their eventual retirement or departure from the company.

Our improvements on the 2019 "Build from Within" retention strategy that focused on strengthened communication, offerings, and reviews has yielded a 7% increase in employee retention rate for 2020. The satisfaction and commitment of our employees to the company is of utmost importance in carrying out sustainable growth.



### Retention Rate



**97%**  
2020

**90%**  
2019



### Employee Turnover 401-1

	Coal	Power	Total
<b>By Age Group</b>			
Under 30 years old	188	5	<b>193</b>
30-50 years old	165	9	<b>174</b>
Over 50 years old	36	15	<b>51</b>
<b>TOTAL</b>	<b>389</b>	<b>29</b>	<b>418</b>
<b>By Gender</b>			
Male	369	21	<b>390</b>
Female	20	8	<b>28</b>
<b>TOTAL</b>	<b>389</b>	<b>29</b>	<b>418</b>
<b>By Region</b>			
Luzon	85	29	<b>114</b>
Visayas	147	0	<b>147</b>
Mindanao	157	0	<b>157</b>
<b>TOTAL</b>	<b>389</b>	<b>29</b>	<b>418</b>

**BENEFITS**  
405-2

Our compensation and benefits are compliant with the guidelines of the Department of Labor and Employment (DOLE). We stay up-to-date with industry standards and labor market rates to provide our employees with fair compensation and quality of life. We believe that by providing our people with the right salary and benefits, we uphold their person's and family's right to financial security and livelihood.

SMPC's salary structure is regularly reviewed and adjusted according to current standards in the market. Employees receive fair and equal pay according to their job description and regardless of gender. Our average annual salary increase range of 2% to 39% is higher than the country's across-the-industry range of 5.5% to 6% in 2019.

**List of Benefits 401-2**

 <b>Government Mandated Leaves</b> (Magna Carta for Women, VAWC)	 <b>SSS</b>	 <b>PhilHealth</b>
 <b>Pag-Ibig</b>	 <b>Paternity Leave</b>	 <b>Maternity Leave</b>
 <b>Vacation Leave</b>	 <b>Sick Leave</b>	 <b>Bereavement Leave and Assistance</b>
 <b>Service Award</b>	 <b>Retirement Plan</b>	 <b>Family Relocation</b>
 <b>Rice Allowance, Mine Site employees</b>	 <b>Electricity and Water Allowance, Mine Site employees</b>	 <b>Medicine Allowance/ Reimbursement</b>
 <b>On-Site Housing/ Housing Assistance and Accommodation</b>	 <b>Free Mine Site Infirmary services, Mine Site employees</b>	 <b>Life and Accident Insurance</b>
 <b>Medical Care - Insurance (HMO)</b>	 <b>Free Education, Mine Site employees' dependents</b>	 <b>Emergency Leave</b>

**Empowering Our People for Excellence 103-1**

Once an SMPC employee, an individual is entitled to opportunities to enhance their skills and achieve their highest potential within their career path. The Company provides its people with programs and resources that align with their position and potential for greater responsibility. By building up the competencies of our people, we increase the output quality of our human capital and their potential to make greater impacts in their spheres of influence. 103-1

2019, utilizes a comprehensive and continuous process of talent attraction, development, optimization, and retention.

We apply a competency-based framework to our talent development and succession strategy across all our work sites, starting with talent profiling. We build the talent profiles of our people using standardized measurement tools. Our methods help us identify key talents, candidates for succession, and individuals with great potential for development.

These profiles are then used for tailoring individual development plans for our employees. The company offers external and internal talent development interventions covering behavioral management, health and safety, technical-functional and leadership development across all levels.

While we usually enact these interventions through shadowing, coaching and mentoring, on-the-job practice, and stretched assignments; online training has become an essential component of talent development this year.

The fulfillment of these interventions and subsequent assessment and feedback through our performance management system are necessary steps towards robust talent development. At SMPC, we continue to aim for a competent and engaged workforce that fits our company culture in the long run.

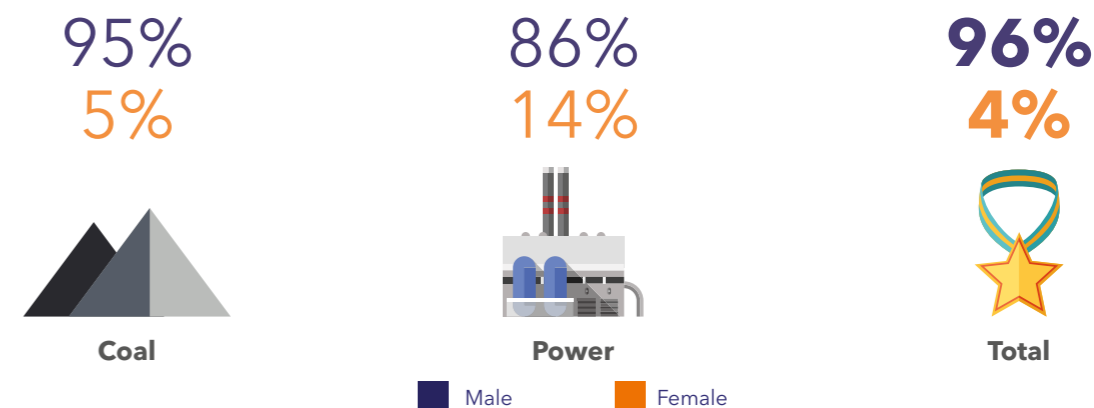
**TALENT DEVELOPMENT, MANAGEMENT, AND SUCCESSION**  
103-2, 103-3, 404-2

To reach our company goal of employee growth, we anchor our talent management program on human resources techniques and a "Build from Within" strategy. The program, launched in

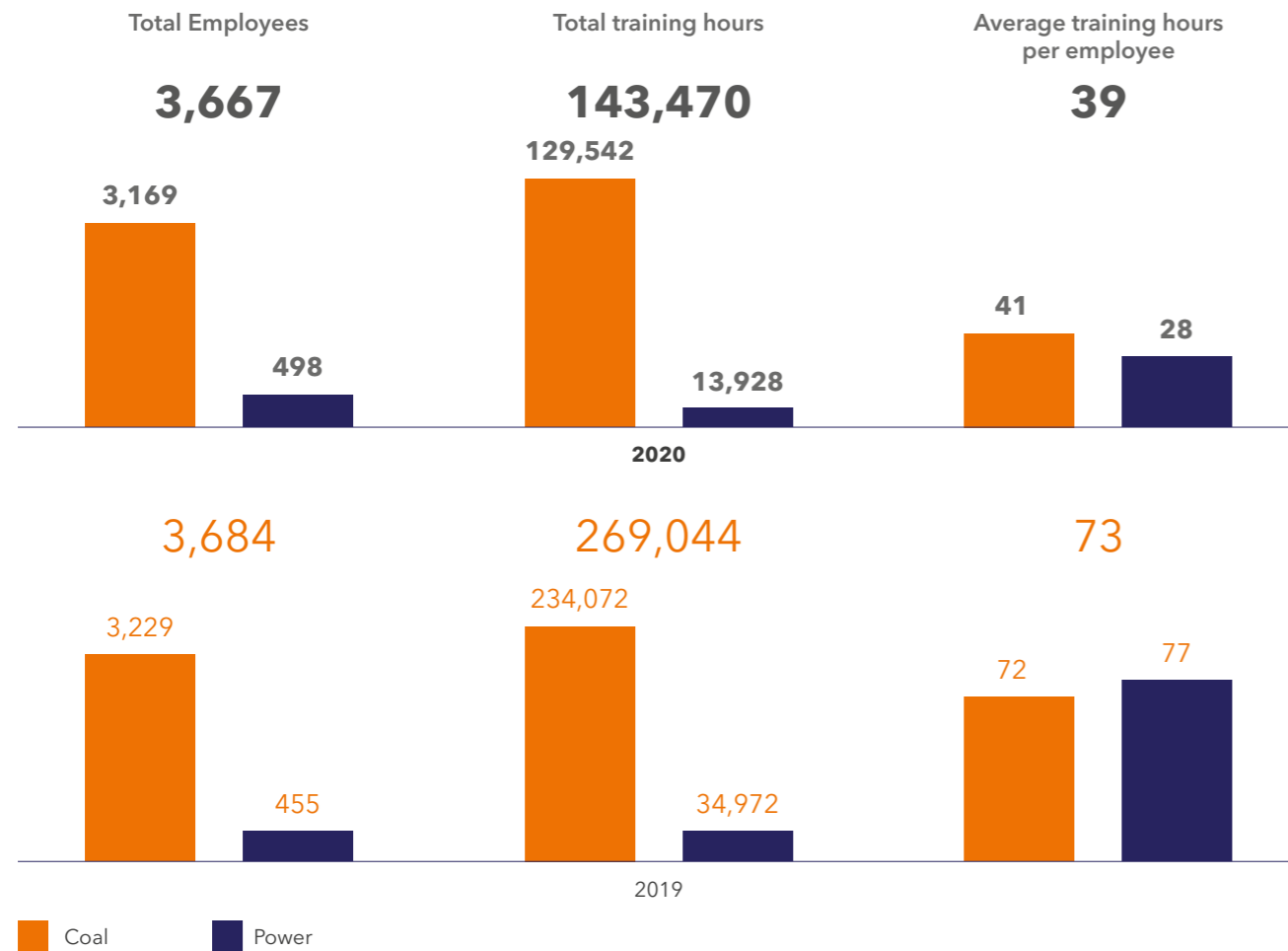
**Employees Receiving Performance Reviews 404-3 By All Levels**



**Employees Receiving Performance Reviews 404-3 By Gender**



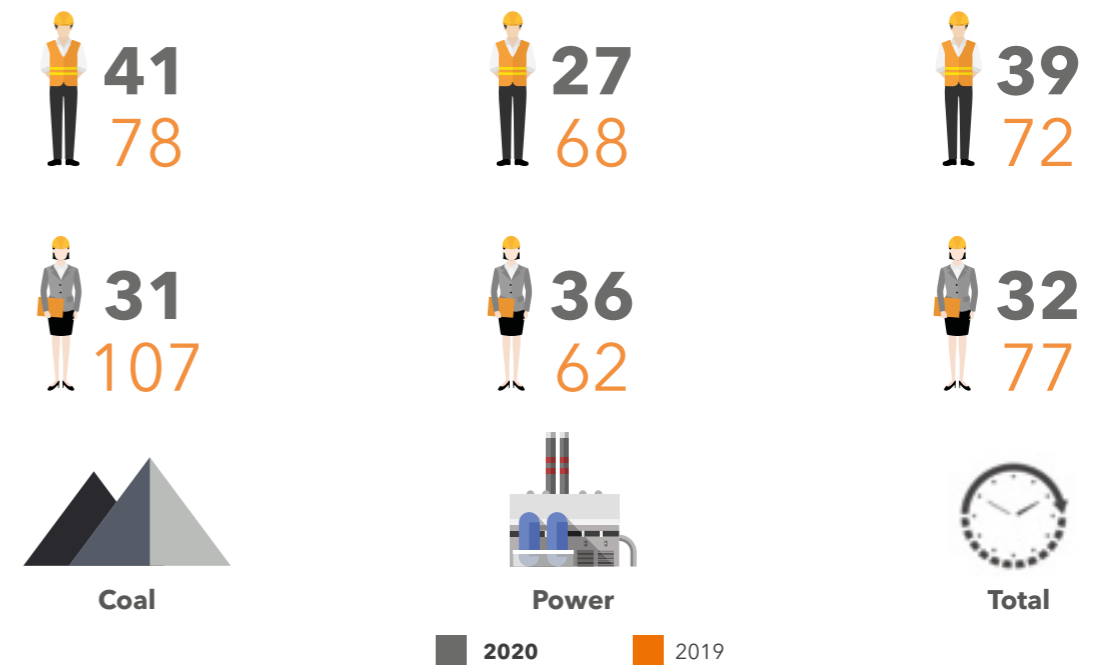
### Average Training Hours Per Employee 404-1



### Total Training Hours By Training Category 404-2

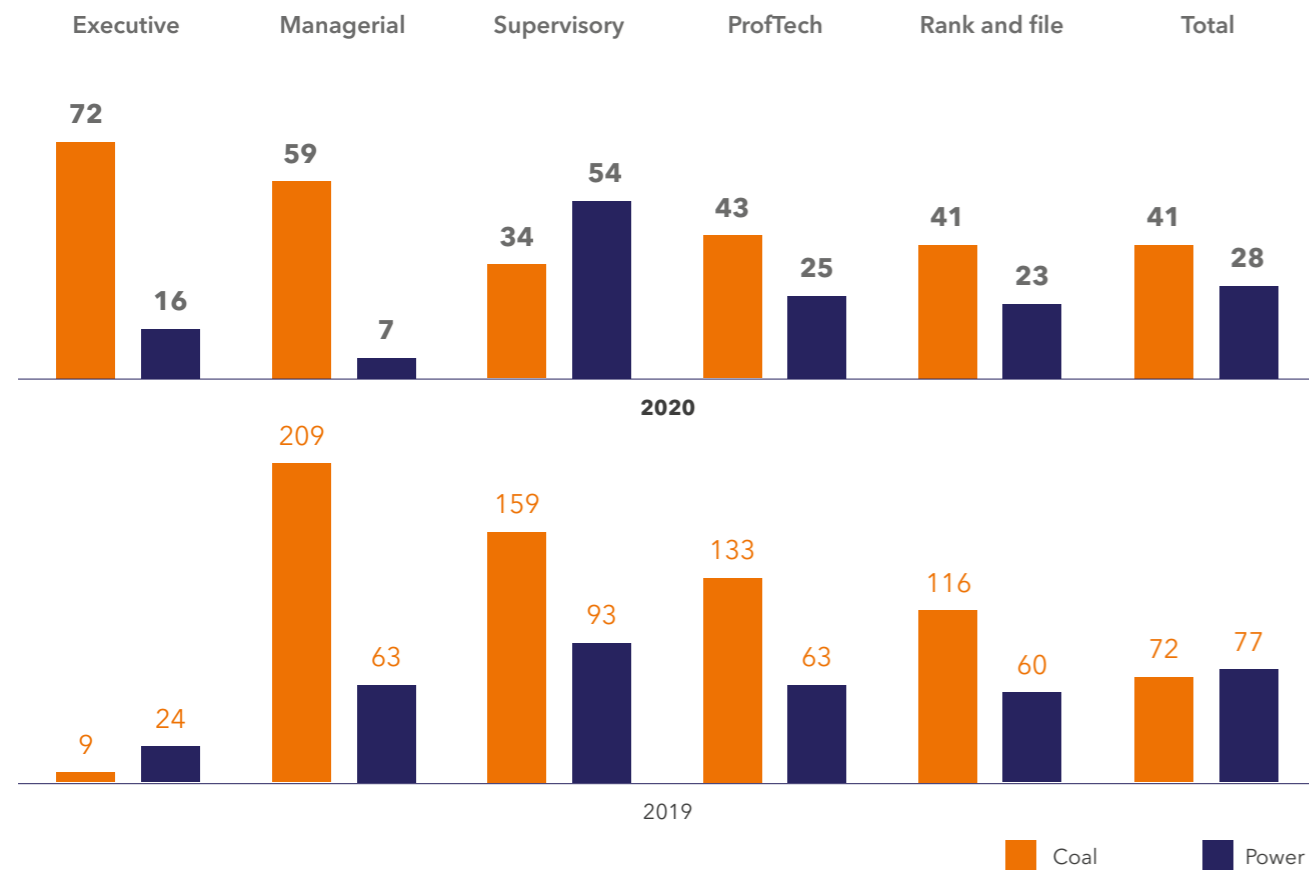
Training category	Coal	Power	Total
<b>2020</b>			
Behavioral	7,338	3,340	10,678
EHS	28,356	3,542	31,898
Leadership	1,127	446	1,573
Professional and technical development	89,343	5,525	94,868
Quality management	3,379	1,075	4,454
<b>TOTAL</b>	<b>129,543</b>	<b>13,928</b>	<b>143,471</b>
<b>2019</b>			
Behavioral	30,906	10,768	41,674
EHS	72,787	12,041	84,828
Leadership	4,478	1,104	5,582
Professional and technical development	113,222	10,215	123,437
Quality management	12,679	844	13,523
<b>TOTAL</b>	<b>234,072</b>	<b>34,972</b>	<b>269,044</b>

### Average Training Hours By Gender





### Average Training Hours By Level



### Training Spend

	Coal	Power	Total
<b>2020</b>			
No. of Employees	<b>3,169</b>	<b>498</b>	<b>3,667</b>
2020 Training Spend (In PhP capitalized and expensed)	<b>1,581,685</b>	<b>3,672,277</b>	<b>5,253,962</b>
Average Training Spend per Employee (In PhP)	<b>499</b>	<b>7,374</b>	<b>1,433</b>
<b>2019</b>			
No. of Employees	3,229	455	3,684
2020 Training Spend (In PhP capitalized and expensed)	6,705,832	5,609,981	12,315,814
Average Training Spend per Employee (In PhP)	2,077	12,330	3,343

While the ongoing pandemic accelerated the trend toward working remotely/telecommuting/implementing flexible work arrangements, our company faced the setback of reduced face-to-face learning time. Our 53% achievement of the 2020 training plan resulted to a 47% decrease in training hours during the year as compared to 2019.

### ONLINE TRAINING AND LEARNING PROGRAMS 404-2

Training has long been recognized as a critical element of an effective people development program. Thus, training our people, measuring results, and driving growth are part and parcel of our talent development approach.

Amid the pandemic, we have introduced a remote workforce training strategy to continue cultivating our employees towards professional and personal development. This supercharged every step of our training modality; it also allowed us to embrace gamification, interactivity, and other online collaborative tools.

We converted our training courses to online programs. We started with our annual refresher on the Code of Discipline to ensure that our employees comply with our set of guidelines, systems, and principles that underpin all of our work. We pursued our mental health awareness campaign and

provided mental health support for our employees.

We continued with our Safety Program and also have converted our mining and power plant orientation to webinars. Our company also offered free online webinars to further help our employees achieve the needed competencies for their jobs at no cost.

The pandemic also sharpened our need for a well-defined, strategic employee training plan that includes topics ranging from occupational health to techniques that help employees maintain good health and avoid the spread of disease.





## Engagement Programs

In promoting transparency in our policies and providing ample time for employees to update themselves with company matters, SMPC integrated several employee engagement platforms that were continuously carried out during the year.

Avenues for engagement with our employees include town hall meetings; operations, management, and IMS meetings; environmental and occupational health and safety topic discussions; and focus group discussions on employee welfare.

The lack of in-person communication became a major challenge for our avenues of engagement. Our team adjusted by making virtual meetings work and testing technology ahead of

time for clear audio and visual streaming alongside general meeting best practices. We also captured real-time feedback to make sure all voices are heard.

We facilitated general assemblies led by our leaders wherein the importance of integrating the company's core values to one's duties and responsibilities, performance review, and future prospects in mining operations were discussed.

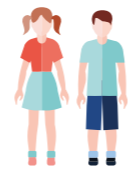
It was during the virtual town hall that our management assured employees' safety and well-being amid the COVID-19 pandemic. The job security of the employees within the context of its operations as well as their regular remunerations were also ascertained.

In instances that involve a reglementary period, we comply with the minimum notice period provided by the DOLE to give our people ample time for adjustment. Significant organizational changes due to exigency are given at least a one-week notice period after consultation before implementation of the aforementioned changes. **402-1**

Currently, thirty (30) union members, or 1% of our Coal segment workforce, are covered by the Collective Bargaining Agreement (CBA). Our negotiation process with company union members resulted in an agreement on the wages, working hours, and terms of employment, among others. **102-41**



Photo taken before pandemic lockdown



0

**Child and forced labor violations**

## Engagement Programs and Health and Wellness Activities 403-6



**Blood Donation Drive**



**Community Newsletter Writing Contribution**



**COVID-19 Awareness and Prevention Campaign**



**Employees Concern Program**



**General Assembly**



**Government Benefits Awareness**



**HR Huddle**



**Mental Health Program**



**Nutrition Caravan**



**Online Learning and Webinars**



**River & Coastal Clean up**



**Taal Relief Operations**

## Featured Story

### Providing Protection for Caluya Frontliners

In the spirit of bayanihan, SMPC employees and management pooled their resources to provide PPEs and medical supplies for the frontliners at the municipality of Caluya to help safeguard them from the virus during their highly demanding shifts.

Over PhP100,000 worth of PPE and supplies such as surgical masks, face shields, surgical gloves, hazmat suits, and non-contact thermal scanners were turned over to LGU officials led by Mayor Rigil Kent Lim.

*"Maganda at nagtutulungan ang LGU at ang SMPC para sa ikabubuti ng ating mga mamamayan lalo laban sa pandemya na ito,"*

-Lim said.

*"We are thankful to receive these contributions from the strong 'malasakit' of SMPC employees. We are beyond grateful that SMPC is always there to be one with us in these trying times,"*

-said Barangay Alegria Chairman Modesta Pionelo.



## Featured Story

### E-Kumustahan for Leaders

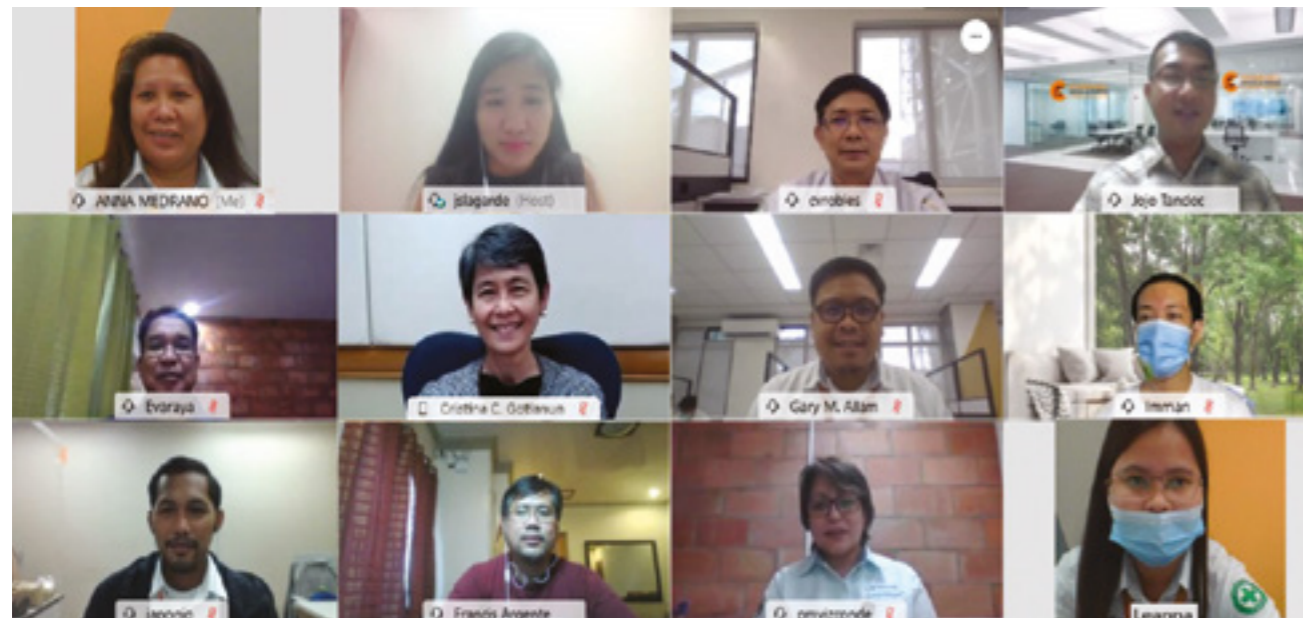
Part of a holistic talent management process is to continuously monitor progress and ensure the motivation of the company's people. In 2020, e-Kumustahan was launched as an engagement program for leaders across our business segments.

Regularly attended by our President and COO, and conducted through a virtual platform, the program is designed to create more conversations aimed at

enhancing people management culture at SMPC in support of business growth through talent optimization. Each session highlights individual performance, competency proficiency strengths and gaps, and career progress.

The program served as our way of embracing a comprehensive approach to engaging our people. It became an avenue for open conversation where leaders communicate and recommend individual development plans

for the growth and well-being of their team members, impacting both personal and professional advancement.



### Developing a Culture of Safety 103-1, 103-2, 103-3, 403-1

Workplace safety is a non-negotiable for business operations. A safe and healthy workplace pertains to the environment in which our employees, workers, and contractors can freely perform their duties with minimal risk to their well-being. We value our people and develop a workplace culture with this goal in mind.

By creating and implementing mechanisms for employee protection, SMPC mitigates potential risks such as manpower loss and regulatory sanctions that ultimately hinder the progression of our business endeavors. We continuously allocate resources for improving working conditions through careful assessment and monitoring of risks.

While our Power segment remains in conformance with the OHSAS 18001:2007, our Coal segment's occupational safety and health (OSH) management system successfully transitioned and is certified to ISO 45001:2018 in 2020. Through regular monitoring and external assurance, we aim to gain insight for the continual improvement and the effectiveness of our safety systems. This effectiveness, in return, is reflected in our decreasing number of workplace-related incidents over the years.

#### SAFETY AND OCCUPATIONAL HEALTH 403-2, 403-3

Operations at our mining and power plant sites carry their own risks even when full compliance with safety protocols are met, driving SMPC to enhance an integrated safety system and culture into place. Our Occupational Health (OH) Team regularly conducts risk assessments in relation to the Coal and Power segments' impact on stakeholder health.

Main risks and hazards related to our operations include the handling of chemicals, fumes, dust, and noise pollution. To mitigate these risks, our sites have installed dust suppression systems, fume hoods, work

schedule adjustments, and personal protective equipment for site workers and employees.

Working groups are also oriented on safe working practices and are required to undergo sufficient training hours prior to their on-site responsibilities.

SMPC provides essential medical services through an on-site clinic and infirmary with a medical team of physicians, nurses, and other medical professionals, as well as normal check-ups for employees at risk of work-related impairments. Emergency transportation and health services are available at the sites 24/7.



#### Number of Medical Personnel

	Coal	Power
<b>Physicians</b>		
OH	2	1
Non OH	2	-
<b>Nurses</b>		
OH	3	4
Non OH	2	-
Dentist	1	1
Medical technologist	3	-
Radiologic technologist	1	-
X-ray Technologist Aide	1	-
Nursing Aids	2	-
<b>TOTAL</b>	<b>17</b>	<b>6</b>

Our Environmental, Health and Safety (EHS) Committees conduct monthly meetings to review, monitor, and report on the effectiveness of the company's health and safety programs. Such meetings consolidate experiential knowledge from health and safety-related incidents and provide feedback on training programs.

Despite the challenges of not being able to conduct face-to-face safety meetings due to the pandemic, our OSH, Mine Planning, Mine Truck and Shovel Operations (MTSO), and Geology operations teams were able to discuss OSH-related matters during coordination meetings. EHS Committees convened through virtual meetings and subject to the new normal working protocols during the year.

### Vehicle Availability



Location	2020	2019
Coal Operations	3*	3*
Power Operations	2	2
Corporate Office	1**	1**

\* Emergency medical vehicle  
 \*\* Shared with the affiliate

### Our Environmental, Health and Safety (EHS) Committees 403-4



	Mine Site	Power Plant Site	Corporate Office	Total
2020	191	94	13	298
2019	182	58	13	253

### EMPLOYEE WELLNESS

Our people are provided with medical and health benefits coverage, free medical consultations, and annual physical examinations (APE) through Health Maintenance Organization (HMO) insurance and/or infirmary services for regular monitoring of employee health.

In 2020, COVID-19 restrictions hindered the APEs for corporate office employees. Our Coal segment's APE reached 60% completion with delays mainly due to the breakdown of x-ray machines used and the exhaustion of reagents for blood chemistry. The Power segment's

### Work-related Ill Health in 2020 403-10



	Coal		Power	
	Employees	Contractors	Employees	Contractors
Recordable work-related ill health or fatality	-	-	-	-
Noise induced hearing loss	-	-	14	-
Musculoskeletal Diseases	11	-	-	-

APE was likewise deferred to reduce potential COVID-19 risk exposure.

Noise is an inherent part of our operations. Both segments have sets of moving parts and machinery that produce excess sound, especially when operated

in the same period. To minimize their impact, we implement a combination of controls such as shift modification to reduce the time of exposure and issuance of fit for purpose personal protective equipment such as earmuffs and earplugs. Monitoring of at-risk employees is regularly being conducted with further clinical intervention to those employees who are diagnosed.

Ergonomic hazards are assessed on a per activity basis. Training plays a major role in preventing musculoskeletal diseases. Proper posture while performing a common or repetitive task must be observed coupled with the right tools and equipment for the task at hand.



## Immunization Program 403-6

To further protect at risk employees, SMPC partners with local health units and health service providers in implementing our vaccination program. Being an essential industry, the program allows us to reduce downtime from absences due to illnesses.

### HEALTH TRAININGS

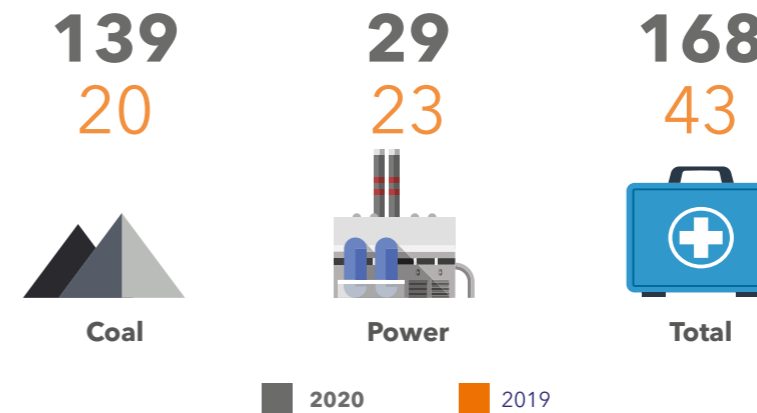
We provide our people with access to personal health resources and training relevant to their job responsibilities. By promoting health-centered education, SMPC builds a culture of health safety that starts with the knowledge of habits and practices that help our people conduct their work with minimized risk. This year, the company carried on with training programs and seminars both online and on-site subject to health safety protocols. Among the topics discussed through webinars were protecting mental health, managing stress, and handling depression during pandemic, and ensuring COVID-19 protocol in the workplace.

### Vaccinations Provided 401-2, 403-6

	2020		2019	
	Coal	Power	Coal	Power
Flu	611	354	200	78
Pneumonia	16	243	10	319
Human papillomavirus (HPV)	68	0	100	0
Anti-tetanus	0	208	0	252
<b>TOTAL</b>	<b>695</b>	<b>805</b>	<b>310</b>	<b>649</b>

Note: HPV and Flu vaccines for the Coal segment are donated by the Provincial Health Office of Antique, while the Anti Tetanus vaccines came from the Rural Health Unit. Power segment's vaccinations are purchased by the company.

### Safety Trainings 403-5



### Worker Training on Occupational Safety and Health 403-5

	2020			2019		
	Coal	Power	Total	Coal	Power	Total
Training Hours	27,170	3,542	30,712	72,787	12,041	84,828
Average ESH Training Hours Per Employee	3.81	6.60	8.38	23	26	23.03



**DISASTER RESILIENCE 102-13**

Safety and health at the workplace also involve the workforce's proper response to natural disasters. Our disaster resilience measures are part of our Emergency Preparedness and Response (EPR) plan and involve key stakeholders, regulators and first responders during our drills. They are then able to provide us with feedback for us to improve our systems.

The Emergency Response Team (ERT) is in charge of the assessment of community needs in relation to disaster resilience while leading emergency response alongside the local Barangay Disaster Operation Center (BDOC).



**36**  
EPR Drills Conducted  
in 2020

**Our Resilience Partners 102-13**

 Armed Forces of the Philippines	 Municipal Disaster Risk Reduction and Management Office	 Philippine Air Force 505 <sup>th</sup> Search and Rescue Group
 Philippine Coast Guard-Semirara	 Philippine National Police-Semirara	 Philippine Red Cross
 Provincial Disaster Risk Reduction and Management Office	 Community Police Assistance Center	 Semirara Island Emergency Action Group

**Pit Safety**

Given the nature of our operations, geological hazards pose one of the greatest risks in our mine site. Therefore, SMPC integrates technological and behavioral measures to enhance pit safety and avoid loss of life.

Slope stability is a critical risk factor for our mining operations. To mitigate this risk, we employ several planning and assessment measures such as geohazard mapping, pre-start inspections, and toolbox meetings to assess our areas prior to work.

Our technological investments include our own weather station for monitoring of possible typhoons and rainfall, slope stability radars covering our Molave Pit, and a PR03-Advanced Equipment Simulator for use of our heavy equipment operators. We continued simulator training during the year, totaling 856 training hours for our 573 workers.

We secure an issuance of a working permit based on our established ground control plant from our MTSO, MPED, Geology, and OSH bodies. This is obtained prior to the execution of medium to high risk unloading, upon newly opening mine blocks, resumption of mining activities after a wall collapse, and quarrying activities.

**Power Plant Safety**

At our power plant site, equipment and plant-related risks are present and addressed by our Power segment's set of mitigation measures. Primary risks at the site are electrical shocks, burns, boiler fires, explosions, and contact with hazardous chemicals.

To address these, workers receive pre-job planning, EPR equipment, and training while the company oversees

activities with its Risk and Safety Management Program. This program requires the monitoring and reporting of safety incidents, root cause analysis, and incident investigation management.

Due to the pandemic restrictions, incident reporting was conducted through an online platform during this year.

**Contractor Safety**

At SMPC, we recognize our responsibility in creating safe working conditions for our contractors to operate in.

During the year, our Power segment contractors managed to complete 3.1 million man-hours, a 43% decrease from 2019 due to COVID-19 restrictions and the completion of LEPs. Employee injuries increased by 21% this year due to a growing number of employees requiring medical services from the inhouse health facility. However, contractor injuries fell by approximately 19%.

Regrettably, an incident occurred at the limestone quarry in the area of Payong-Payong Wall of the West Narra Quarry in Semirara Island on July 20, 2020. A heavy equipment operator was fatally injured after being hit by a limestone overhang while doing

a quarrying activity. Corrective action and remediation measures were immediately implemented.



**15,693,117**

**17,529,711**

■ 2020 ■ 2019

#### Number of Hours Worked 403-9

	2020		2019	
	Employees	Contractors	Employees	Contractors
Coal	<b>9,406,397</b>	<b>2,290,057</b>	8,980,341	2,336,003
Power	<b>869,081</b>	<b>3,127,582</b>	700,598	5,512,769
<b>TOTAL</b>	<b>10,275,478</b>	<b>5,417,639</b>	<b>9,680,939</b>	<b>7,848,772</b>

#### Our Safety Performance 403-7

	Coal				Power			
	Employees		Contractors		Employees		Contractors	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
<b>2020</b>								
Fatalities	<b>1</b>	<b>0.11</b>	-	-	-	-	-	-
High consequence work-related injury*	-	-	-	-	-	-	-	-
Recordable work-related injuries**	<b>38</b>	<b>4.04</b>	<b>6</b>	<b>2.62</b>	<b>3</b>	<b>3.45</b>	<b>19</b>	<b>6.07</b>
<b>2019</b>								
Fatalities	1	0.11	-	-	-	-	-	-
High consequence work-related injury*	-	-	-	-	-	-	-	-
Recordable work-related injuries**	33	3.67	5	2.14	2	2.85	26	4.72

\* Refers to an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

\*\* Refers to work-related injury or ill health, such as days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness, or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

#### Types of Injury



	2020		2019	
	Employees	Contractors	Employees	Contractors
<b>Coal</b>				
First aid case	<b>10</b>	-	-	-
Medical treatment case	<b>14</b>	<b>1</b>	28	5
Lost time accident	<b>14</b>	<b>5</b>	4	0
<b>Power</b>				
First aid case	<b>2</b>	<b>13</b>	1	14
Medical treatment case	-	<b>3</b>	-	7
Lost time accident	<b>1</b>	<b>3</b>	1	5

#### Customer Health and Safety 403-9

To uphold transparency and improve relations with our customers, we allow customers to inspect our facilities, coal production, and loading procedures. Visits during the year were conducted while our visiting customers were properly equipped and compliant with site safety regulations.



**100%**  
Products Assessed  
for Improvement 416-1



**0**  
Customer Complaint

The potential risk of the spontaneous combustion of coal is a major concern of our customers due to its effects on economic, environmental, and safety aspects. SMPC provides a coal stockyard management orientation to inform customers of how we manage and design our coal stockpiles, along with preventative measures taken.

## Caring for Our People During COVID-19

The COVID-19 pandemic challenged businesses to continue providing services, but at the same time, prioritize the health of their people.

With a solid advocacy to uphold its workers' rights to safety and livelihood, SMPC took on a dynamic approach to support its people during the health crisis. In implementing company regulations and health protocol, SMPC adopted workplace guidelines set by regulatory agencies and coordinated with host local government units to better manage traffic flow and monitoring to and from our sites.

SMPC, as an essential industry, also prepared its workplaces to safely accommodate on-site workers and employees. Engineering and administrative controls such as barriers, floor signs and Fresh Air Intake system were administered to the corporate office, while basic procedures such as the addition of thermal scanners, daily health monitoring and frequent disinfection were implemented across all sites.

We believe that our responsibility goes beyond securing a safe workplace for our people. With the pandemic disrupting the economy and the once-normal way of doing things, it has become all the more important to ease financial and resource insecurity for our employees. SMPC was able to release 13th month pay for its people by the mid-year and carry on with a year-end bonus for qualified employees. Suspected-case individuals were covered by a paid quarantine period.

**PhP 9.2 million**  
COVID-19 prevention and control spend

**17**

Bike loan beneficiaries

**572**

Workers hired in 2020

**8**

Deployed buses for shuttle services

**2,301**

Employee-dormers

**1,973**

Workers barracks capacity



## Promoting Community Development 103-1, 103-2, 413-1

SMPC's development programs are geared towards the self-sufficiency of our local communities. We believe that, at the end of the mine life, the people of Semirara Island should continue to have a stable source of income and livelihood. To see this goal through, the Company has enacted various forms of community engagement, social impact assessments, and inclusive social development programs across Semirara Island and Calaca, Batangas.

With the understanding that sustainable livelihood requires tailor-fit interventions, our Social Development Program (SDP) takes into consideration the specific needs of our communities. The program undergoes a planning process that relies on consultation and partnership with our stakeholders.

Currently, our stakeholder engagement results show communities' priority for access to education, health and safety, and livelihood development.

### EDUCATION 203-2

For over a decade, SMPC has been a primary partner of the Divine Word School of Semirara Island, Inc. (DWSSII) and the Semirara Training Center, Inc. (STCI) in providing learning opportunities for locals. Among the scholarships we grant are those for our employees' children enrolling at DWSSII.

To date, DWSSII has produced 2,839 graduates, 245 of which graduated during school year 2019-2020. The school teachers and personnel receive further professional training assistance from SMPC.

In previous years, SMPC's Balik-Eskwela Program provided continued education for both employees and out-of-school youth. This reopened the door to what may have been considered a missed opportunity for education and gave individuals the opportunity to obtain their high school diploma.

With 18 students granted scholarships to a university of their choice in SY 2019-2020, our organization was awarded Top Scholarship Grantor anew by the University of Batangas. Total spend for the scholarships amounted to PhP619,038 for enrollment to universities in Luzon.

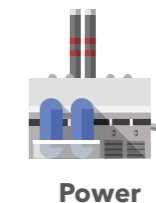
These programs ultimately prepare the youth for greater achievements in their future career paths.

### Scholarships, School Year 2019-2020

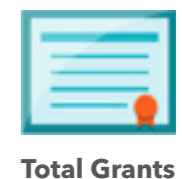


**43**  
scholars

**18**  
scholars



**PhP2.8 million**





**SKILLS TRAINING 203-2**

Our educational programs go beyond traditional schooling and also involve technical training to directly augment the skills portfolio of our people and local residents.

SMPC, in partnership with DOE, provides full support to STCI, a non-stock, nonprofit technical-vocational center that is accredited with the Technical Education and Skills Development Authority (TESDA). A majority of its enrollees specialize in welding, automotive servicing, industrial electricity, and machining. These enrollees include our local community at Semirara Island, graduates of DWSSII's Senior High School Technical Vocational Livelihood Track, and students from Mindanao.

Since 2007, STCI has produced a total of 1,178 graduates, which included eight graduates in 2020. 44% of these graduates are employed by the Company and its contractors or have found gainful employment abroad.



**1,178**

STCI graduates since 2007

**Community Skills Trainings in 2020**



Training	Partners	No. of Trainees
Automotive Servicing	STCI, Semirara Island	24
Machine Shop Practice	STCI, Semirara Island	7
Shielded Metal Arc Welding	STCI, Semirara Island	6
Electrical Installation and Maintenance	STCI, Semirara Island	5
Automotive (NC II)	Western Batangas Training and Assessment Center	16
Scaffolding Erection Training (NC II)	DMC Technical Training Center	28
<b>TOTAL</b>		<b>86</b>



**Featured Story**

**Continuing Education in the “New Normal” 203-2**

SMPC has provided its support for the safe opening of classes in some schools in our host communities.

In Semirara Island, we installed 16 handwashing facilities in schools to uphold the hygiene standards laid out by the Interagency Task Force against COVID-19. Campaign posters were put up in the vicinity of the stations for information and education health campaign.

We donated over 200 reams of A4 bond paper to public schools in Semirara Island and Calaca and Balayan, Batangas to support the printed school materials needed for the modular distance learning.

The synergy with our stakeholders allowed for adequate preparation to take place as the communities look forward to a smooth transition to education in the “new normal” setting of the school year.

**COVID-19 Response for Communities** 203-1, 203-2

Amid the threat of COVID-19 and natural calamities, the need for health and wellness support within our communities in Semirara Island and Batangas has grown. SMPC looked beyond securing safety in its workplace and extended aid for its communities and frontline workers.

**COMMUNITY SAFETY AND WELLNESS**

SMPC has continuously invested in healthcare programs through the Semirara Infirmary. The infirmary is a facility that offers primary healthcare to both SMPC employees as well as residents of the island. Apart from providing medical services, the infirmary leads education on wellness for the community, covering topics such as infant care, infection prevention, and nutrition.

Our funded medical missions and blood drives were momentarily discontinued this year due to COVID-19 restrictions. Addressing the urgent needs of the pandemic while ensuring COVID-19 safety became the primary focus of our health programs in 2020.

**PhP 9 million**

**Quarantine facility with 217-bed capacity** in Semirara Island



**PhP 7 million**

**PPE and rapid test kits** donated to Antique hospitals



**PhP 123,450**

**"Share-a-Love" outreach project** for jeepney and tricycle drivers in Makati



203-1, 203-2



**PhP 120,000**

**Prescription medicines** for children donated to RHU-Calaca and Balayan



**PhP 111,540**

**PPE and medical supplies** donated by employees to Semirara Island and Caluya frontliners



**PhP 178,000**

**COVID-19 kits and basic supplies** distributed to Power segment's host and impact communities



**PhP 74,635**

**Handwashing facilities** installed at Semirara Island schools

## Featured Story

### SMPC aids Taal evacuees

SMPC distributed relief packs to some 5,000 evacuees in 19 evacuation sites in Calaca, Batangas. The relief packs included N95 face masks, ready-to-eat food and hygiene products. Sleeping mats and blankets were also turned over to some of the evacuation sites.

SMPC President and COO Maria Cristina C. Gotianun also met with Calaca Mayor Sofronio "Nas" Ona, Jr. to determine the urgent requirements of the local government unit and the Taal evacuees.

In partnership with its affiliate Maynilad Water Services Inc., SMPC transported over 4,000 liters of drinking water to the evacuation sites.

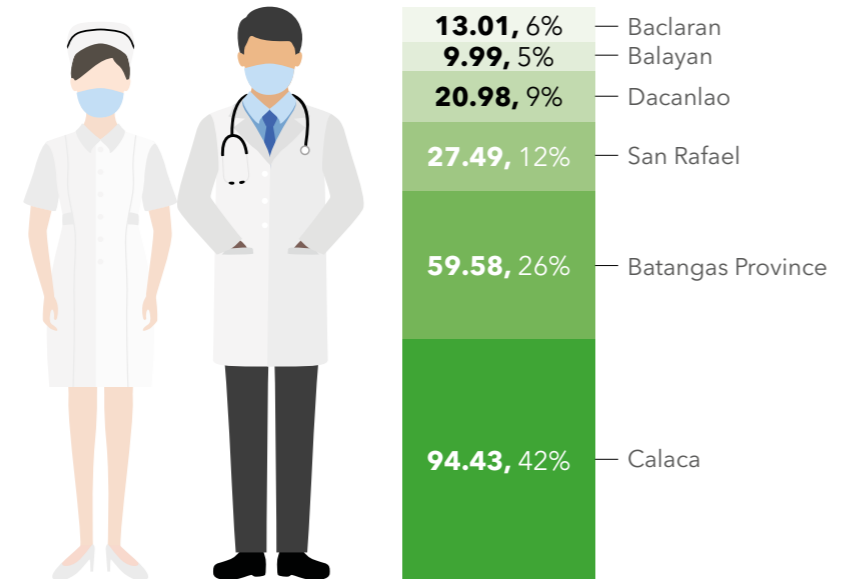


### GREATER CAPACITY FOR HELPING COMMUNITIES

On April 6, 2020, the DOE issued Department Circular No. 2020-04-00080, which laid down rules on the targeted use of the local communities' share in electricity sales for hosting power projects or Energy Regulations 1-94 (ER 1-94) program funds.

With this circular, our communities gain greater capacity in managing the effects of COVID-19 using funding from the indicated shares. Part of this aid is the construction of mass testing facilities and the procurement of proper medical testing kits. By the 4th quarter of 2020, our Power segment issued Php 225.5 million to host communities in Batangas in the pursuit of COVID-19 response measures.

### DOE ER 1-94 Funds for COVID-19 Response (In Php million)



**Php 225.5 million**

DOE ER 1-94 funds remitted to Batangas host communities



## Livelihood Enhancement 413-1

To stimulate local economic growth and social inclusion, we address the need for livelihood development among our host communities by providing them with the knowledge and resources for paving their own business success.

Proactive engagements have informed us of our communities' need for seed capital, training, and infrastructure support in order to secure new sources of livelihood. In providing these needs, SMPC partners with line agencies such as DOST-Batangas, and the DOST Food and Nutrition Research Institute to enhance the technology and systems used by residents in their local businesses.

SMPC provided entrepreneurial training through webinars to help alleviate the pandemic-wrought impacts on the financial situation of Filipinos. Among the webinars held were small business management, food preservation, and sales and marketing awareness.

The Company also continued to act as a customer for various local businesses. The dressmaking and tailor-making communities, in particular, provide our COVID-19 PPE supplies.

### Our Community Partner Organizations 102-13



- **Alegria Seaweeds Planters and Farmers Association, Inc.**
- **Alegria Women's Organization**
- **Asosasyon ng Dacanlao sa Higit na Kaunlaran Producers Cooperative**
- **Community Relations Fishing Association**
- **Integrated Multipurpose Cooperative**
- **Semirara Employees Cooperative**
- **Semirara Fishermen's Association**
- **Semirara Tricycle Operators and Drivers Association**
- **Semirara Women's Organization**
- **Tinogboc Farmers' and Fishermen Association**
- **Villaresis Fishermen's Associations 1 & 2**
- **Villaresis-Pinagpala-Bagong Barrio Fisherfolks Association, Inc.**



## Socio-economic Compliance

Meeting legal obligations is the first requisite for operating as an ethical, legitimate business. By doing so, we mitigate our risks and apply directives for sustainable practices that allow us to work within the mining and power industry for the long-term.

The external mandates we follow touch on the economic, environmental, and social aspects of our business that work jointly with our internal regulatory measures. Our Governance, Risk, and Compliance (GRC) framework works in a fair governance system and robust risk management that becomes the driving force of our business strategy.

We hold regular stakeholder consultations through SMPC's Multi-partite Monitoring Team (MMT) in order to stay up-to-date with the concerns of our key stakeholders. SMPC also provides quarterly reports to the DOE and annual reports to the Energy Regulatory Commission (ERC).

Industry regulators and the DOE provide rules that we follow closely along with our Environmental Compliance Certificate (ECC) issued by the DENR. Incidents of non-compliance are duly recorded and reported to relevant government bodies and regulators.

### INCIDENT OF NON-COMPLIANCE IN 2020 419-1

Our mining safety incident of non-compliance for the year was promptly reported to the DOE.

On July 20, 2020, an incident occurred at the limestone quarry in the area of the Payong-Payong Wall of the West Narra Quarry in Semirara Island. The incident resulted in one fatality.

In response, the DOE issued on August 19, 2020, an order directing SMPC to implement immediate corrective action, including the payment of penalty amounting to PHP20,000.00 for failure to correct unsafe conditions or non-compliance to Rules 3, 8, 417, 425 and 428 of the DOE Department Circular No. DC2018-12-0028, otherwise known as the "Coal Mine Safety and Health Rules and Regulations".

On November 10, 2020, SMPC reported its full compliance with the DOE's corrective measures and directives.

**Status: Closed.**

### UPDATE TO PRIOR NON-COMPLIANCES

#### Quarry Safety Incident

In October 2019, a mudflow incident at the Casay Lake area near the Molave Pit in Semirara Island resulted in one employee fatality. SMPC has fully complied with the DOE directives, including the removal of all liquefiable materials during the year.

**Status: Closed.**

#### Coal Trading Cease and Desist Order 2019

On October 15, 2019, SMPC was cited as having violated DOE Circular No. DC2012-05-0006, also known as the "Guidelines on the Accreditation of Coal Traders and Registration of Coal End-Users". The subsequent imposition of PHP 610,000 penalty fee resulted in the final resolution of the case in 2021.

**Status: Closed.**



## Strengthening Leadership, Enhancing Corporate Governance

At SMPC, we aim for the highest level of performance aligned with the values of accountability, transparency, and fairness. Our integrated systems for corporate governance guide our actions to encourage sustainable decision-making within the interests of our stakeholders and shareholders.

### An Advocate of Good Governance

We sustained our good governance standing by scoring 100.1 points based on the 2020 ASEAN Corporate Governance Scorecard (ACGS) assessment of Philippine publicly-listed companies (PLCs). Our score in this year's ACGS assessment is a further improvement from the 2019 ACGS in which we scored 97.6 points.

The ACGS is an initiative of the ASEAN Capital Markets Forum to assess the corporate governance performance of PLCs in six ASEAN member countries, including the Philippines.

In 2020, SMPC was honored with the ASEAN Asset Class award for being among the top-scoring PLCs in the ASEAN region based on the 2019 ACGS assessment. The recognition was given to PLCs which scored 97 points and higher in the region.

For the 2019 ACGS assessment, SMPC was also accorded the two-Golden Arrow recognition by the Institute of Corporate Directors. The Institute is the SEC's domestic ACGS ranking body at the country level that

gives the Golden Arrow award to PLCs that score 90 to 99 points.

As a company consistently ranking among the Top 100 Philippine PLCs in ACGS since 2015, we stand by the values and pillars embedded in our corporate governance framework.

The Board follows a governance framework that complies with international and SEC-mandated corporate governance recommendations,

namely: (1) The SEC Corporate Governance Code for Publicly Listed Companies, (2) the PSE Corporate Governance Guidelines for Listed Companies, and (3) the ACGS. By adhering to these standards, SMPC encourages governance that is transparent, accountable, and compliant.

### Our Corporate Governance Structure 102-18



## Our Principles of Corporate Governance 102-26

### Responsibilities of the Board

- 1 A competent, working board fosters the long-term success of the organization in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.
- 2 The fiduciary roles, responsibilities and accountabilities of the Board are clearly made known to all directors, to shareholders, and to other stakeholders.
- 3 Board committees ensure and support the effective performance of the Board's functions.
- 4 Directors devote the time and attention necessary to properly and effectively perform their duties and responsibilities.
- 5 The Board endeavors to exercise objective and independent judgment.
- 6 The Board maintains its effectiveness through a regular appraisal process.
- 7 Board members are duty-bound to uphold high ethical standards in the interests of all stakeholders.

### Disclosure and Transparency

- 8 The Company sets corporate disclosure policies and procedures in accordance with best practices and regulatory expectations.
- 9 The Company establishes the appropriate selection and appointment of an external auditor and exercises effective oversight of his independence and audit quality.
- 10 Material and reportable non-financial and sustainability issues are disclosed.
- 11 The Company maintains a comprehensive and cost-efficient communication channel for disseminating relevant information for informed decision-making by investors, stakeholders, and other interested users.

### Strong Internal Controls and Enterprise Risk Management

- 12 The Company has a strong and effective internal control system and enterprise risk management framework to ensure the integrity, transparency, and proper governance of its affairs.

### Stakeholder Relations

- 13 The Company treats all shareholders fairly and equitably.
- 14 The rights of stakeholders established by law, by contractual relations and through voluntary commitments, must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.
- 15 A mechanism for employee participation is established to create a symbiotic environment, realize the Company's goals and participate in its corporate governance processes.
- 16 The Company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

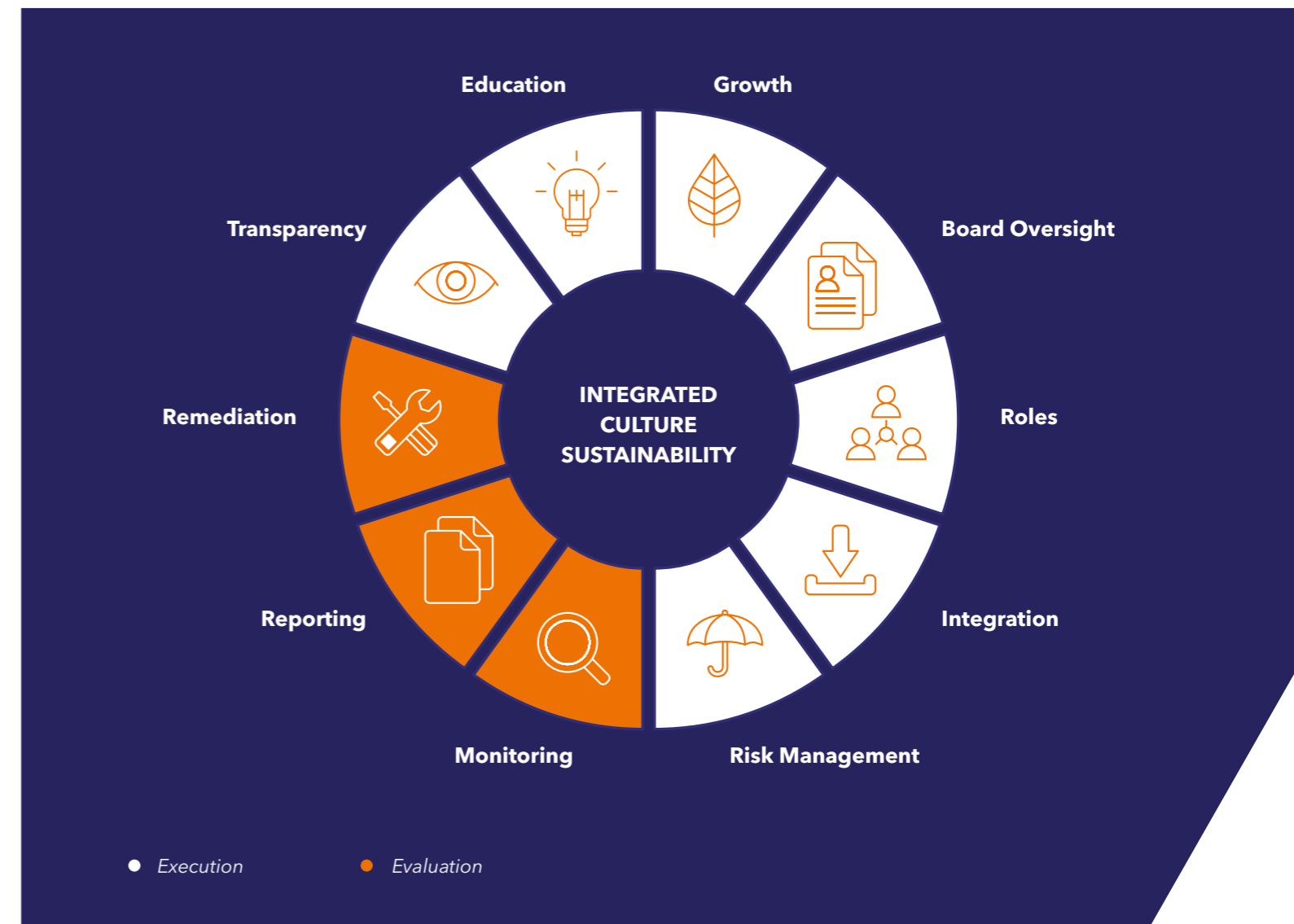
Note: Our detailed policies can be found in our Manual on Corporate Governance and Code of Conduct and Business Ethics at [http://www.semiramining.com/corporate\\_governance](http://www.semiramining.com/corporate_governance).

Our corporate governance is part of a greater Integrated Enterprise Governance, Risk, and Compliance (GRC) Framework that directs the Company towards holistic and sustainable management practices. With this framework, we have successfully

addressed challenges through calculated internal controls, assessment, and independent evaluation. The Board of Directors continues to be guided by this framework alongside our Company's references for good governance, such as our Manual

on Corporate Governance and Code of Conduct and Business Ethics. In 2020, the Company fully complied with the provisions of its Manual on Corporate Governance.

### Our Integrated Enterprise Governance, Risk, and Compliance (GRC) Framework



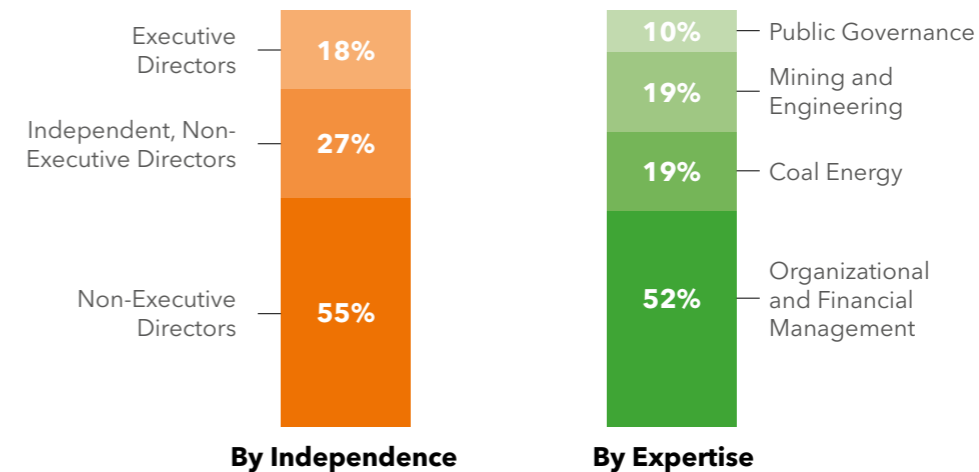
## Leadership: The Board of Directors 102-22

Diversity and competency are defining characteristics of our Board of Directors. Currently, the Board holds an array of experts in the fields of engineering, economics, finance, and management of essential industries. We at SMPC believe that effective decision-making is best supplemented by a breadth of skill sets and perspectives.

SMPC was recently listed as one of the three Philippine companies in the Bloomberg Annual Gender Equality Index (GEI). The GEI recognizes 380 businesses across 50 industries in 44 countries, with the Company joining the list for the first time in 2021. Criteria for the GEI include the presence of female leadership, participation, and

inclusive company policies. The Company continues to commit itself to fair and diverse management capable of upholding sustainability.

### Board Diversity



By Independence

By Expertise

### Board Composition



- Isidro A. Consunji
- Maria Cristina C. Gotianun

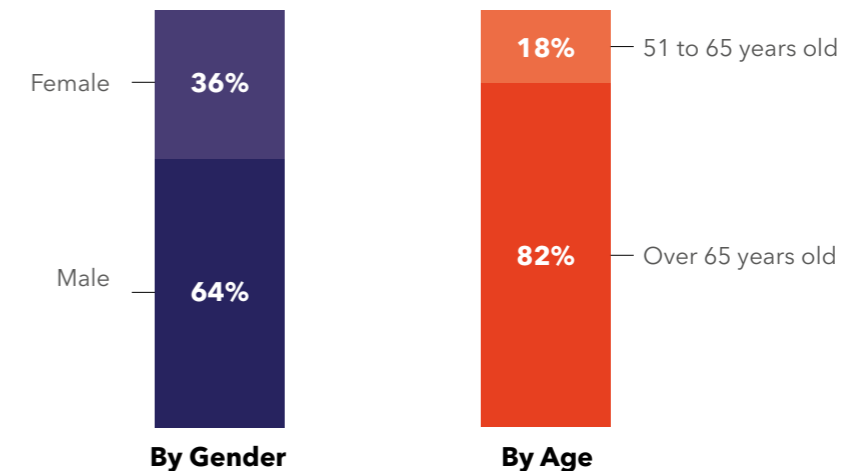
- Cesar A. Buenaventura
- Herbert M. Consunji
- Josefa Consuelo C. Reyes
- Luz Consuelo A. Consunji
- Jorge A. Consunji
- Ma. Edwina C. Laperal

- Rogelio M. Murga, *Lead Director*
- Honorio O. Reyes-Lao
- Antonio Jose U. Periquet Jr.

\* Our Executive Directors did not serve on more than two boards of listed companies outside of our parent company, DMCI Holdings Inc. during the year.

\*\* In 2020, our Non-Executive Director, Cesar A. Buenaventura and Independent Director, Antonio Jose U. Periquet, Jr. held more than five directorships in publicly listed companies. Their concurrent directorships have not affected their effectiveness in exercising their roles and responsibilities.

\*\*\* An Independent Director can be elected to only five companies within the DMCI Group conglomerate



By Gender

By Age

### NOMINATION AND SELECTION 102-24

Directors are nominated to the Board by the Corporate Governance Committee to fill any Board vacancies. During the assessment and nomination process, candidates for board membership are evaluated based on the alignment of their knowledge, competencies, experience and skills with the Company's strategy. Conflicts of interest, potential or otherwise,

are considered during evaluation. Directors are subject to election or reelection during the Annual Stockholders' Meeting (ASM).

### ATTENDANCE AND DIRECTORSHIP IN OTHER BOARDS 405-1

The Board had seven (7) meetings, including its organizational meeting in 2020. All Directors fully complied with the SEC's minimum Board

meeting attendance requirement of 50%. Details of our Board and Board Committee meeting attendance are disclosed in our SEC 17-A.

The Chairmen of our Audit Committee, Risk Committee and Corporate Governance Committee attended our virtual Annual Stockholders' Meeting on July 3, 2020, to address possible shareholder queries on Committee matters.

## REMUNERATION

The remuneration of the Board of Directors consists of an annual retainer fee, per diem, reimbursement of allowances and, when appropriate, short-term cash incentive for regular Executive Directors.

Our Board Charter on Good Governance Guidelines does not allow personal loans or extensions of credit to Directors unless approved by the Board. No such loans were granted in 2020.

### Total Annual Compensation Package Limit (Including bonuses)

**10%**

of the Company's net income before tax during the previous year

## Remuneration Summary

Executive Director	Non-Executive Director and Independent Director
Fixed Retainer Fee PhP240,000 per annum*	Fixed Retainer Fee PhP150,000/month (or PhP1,800,000 per annum)**
Fixed Meeting Per Diem PhP20,000/Committee Meeting attended*	Fixed Meeting Per Diem PhP20,000/Committee Meeting attended*

\* Date of Shareholder approval - May 4, 2009

\*\* Date of Shareholder approval - May 4, 2015

Note: Details of Directors' individual remuneration in 2020 are disclosed in our SEC 17-A Annual Report.

## PERFORMANCE AND EVALUATION

As the highest governing body, Board members are responsible for maintaining their capacity for effective corporate governance. To directly provide the Board with opportunities for enhancing their knowledge and skills, SMPC promotes participation through the Director Development Program while bringing new Directors up-to-date through an orientation covering the Company's financial, operational, and governance aspects.

The Board is evaluated through the annual Board Performance Assessment. This is a self-assessment designed to cover the entire Board, its committees, and the individual. The Corporate Governance

Committee reviews the results of the assessments and coordinates with the Board to craft strategies for improvement. In 2020, performance assessments were facilitated by the Castillo Laman Tan Pantaleon & San Jose Law Firm, a third party.

## SUCCESSION PLANNING

Sustainable corporate governance is anchored on effective management across terms. SMPC's Executive Succession Plan duly accounts for the smooth transition between leaders, providing the process for succession for key positions. Candidates are trained and developed through SMPC's leadership program to prepare them for positions of greater responsibility in the future.

## Board Committees 102-22

### Corporate Governance Committee

Chairman	Members
<b>Honorio O. Reyes-Lao</b> - Independent Director	<b>Rogelio M. Murga</b> - Independent Director <b>Maria Cristina C. Gotianun</b> - Executive Director
Main Oversight	
<ul style="list-style-type: none"> <li>Nomination and selection process and criteria for directorship</li> <li>Board and Director performance and development</li> <li>Board and executive succession planning</li> <li>Key officers appointment and movement</li> <li>Corporate governance</li> </ul>	

Note: The Corporate Governance Committee's accomplishments for the year are disclosed in our SEC 17-A Annual Report and I-ACGR.

### Risk Committee

Chairman	Members
<b>Rogelio M. Murga</b> - Independent Director	<b>Honorio O. Reyes-Lao</b> - Independent Director <b>Isidro A. Consunji</b> - Executive Director
Main Oversight	
<ul style="list-style-type: none"> <li>Enterprise-wide risk management framework</li> <li>Risk governance</li> <li>Risk management practices and policies</li> </ul>	

Note: The Risk Committee's accomplishments for the year are disclosed in our SEC 17-A Annual Report and I-ACGR.

### Audit Committee

Chairman	Members
<b>Antonio Jose U. Periquet Jr.</b> - Independent Director	<b>Rogelio M. Murga</b> - Independent Director <b>Honorio O. Reyes-Lao</b> - Independent Director <b>Herbert M. Consunji</b> - Non-Executive Director
Main Oversight	
<ul style="list-style-type: none"> <li>Financial reporting process and integrity of the financial statements</li> <li>Internal control environment</li> <li>External and internal audit performance</li> <li>Related party transactions</li> <li>Compliance with legal and regulatory requirements</li> </ul>	

Note: The Audit Committee Annual Report to the Board of Directors is included in our SEC 17-A, as well as our I-ACGR.



## Assurance

### MONITORING OUR COMPLIANCE TO POLICIES AND STANDARDS

SMPC conducts self-monitoring, alongside industry best practices, with the rigorous discipline required of a responsible power and mining company.

#### INTERNAL AUDITS

Regular surveillance audits are conducted by internal auditors to ensure a strong enterprise-wide compliance system and culture.

#### INTERNAL MONITORING

Our Environmental Unit, together with concerned groups, regularly assesses the effectiveness of our environmental programs to identify areas for improvement.

#### EXTERNAL AUDITS

External assurance parties and local regulators are invited to assess our compliance with government regulations, industry guidelines and conformance to internationally recognized standards.

#### MULTI-SECTORAL MONITORING

Composed of government representatives and various stakeholder groups, a Multi-Partite Monitoring Team (MMT) oversees and evaluates the Company's compliance with ECC conditions, applicable laws, rules and regulations on a quarterly basis.

### COMPLIANCE TO PHILIPPINE REGULATIONS

We work closely with the Department of Energy (DOE) and regulators, aligning our policies and processes with relevant government laws and standards.

We also comply with the specific measures and conditions set forth in the Environmental Compliance Certificate (ECC) issued by the Philippine Department of Environment and Natural Resources (DENR).

### CONFORMANCE TO GLOBAL SAFETY STANDARDS AND SUSTAINABLE BEST PRACTICES

Our Coal operations have been ISO and OHSAS-certified for the past twelve years. In 2020, Occupational Safety and Health (OSH) system successfully migrated to ISO 45001:2018. On the other hand, our Power subsidiaries, Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC) continue to be certified to the same international standards on Quality, Environment, and OSH management systems in the past four years.

### COMMUNICATION BEYOND COMPLIANCE

We wish to set the standard for reporting and transparency within the industry. With the understanding that the best way to relay our operations to our stakeholders is through complete, timely, and balanced information, we have consistently complied with SEC and PSE mandates. SMPC continues to find ways to improve its reporting practice, looking not only at what is required, but also at international standards that can better frame our disclosures.

Currently, our company disclosures include the following:

- Board Attendance and Changes
- Quarterly Financial Reports
- Changes in Shareholdings of Directors, Principal Officers and Beneficial Owners
- List of Top Shareholders
- Compliance Report on Corporate Governance

We implement an Information Policy that secures the provision of information to our investment partners and relevant stakeholders. These disclosures include our financial performance, operating highlights, growth prospects, potential risks, and non-financial issues.

### INVESTOR RELATIONS

Our Investor Relations (IR) unit is centralized under our parent company, DMCI Holdings, Inc.'s (DMC) group-wide IR function to enhance alignment of the group's investor relations strategy and engagement.

Our IR contact information  
Email: [Investor\\_Relations@semirarampc.com](mailto:Investor_Relations@semirarampc.com);  
Telephone: +632 8888-3000

### Investor Engagement Platforms

<b>Annual Stockholders' Meeting</b>	July 3, 2020
<b>Analyst-Media Briefings</b>	<ul style="list-style-type: none"> <li>• Joint SCC-DMC Media Briefing July 14, 2020</li> <li>• Joint SCC-DMC H1 2020 Analysts' Briefing August 10, 2020</li> <li>• SCC 9M 2020 Analysts' Briefing October 29, 2020</li> </ul>
<b>Local Investor Conference</b>	<ul style="list-style-type: none"> <li>• Maybank Kim Eng Invest ASEAN 2020 August 14, 2020</li> <li>• Jefferies and Regis Partners Corporate Access October 14, 2020</li> </ul>

2020 ANNUAL STOCKHOLDERS' MEETING  
3 JULY 2020



ISIDORO A. CONSUNJI  
Chairman and Chief Executive Officer



## Equitable Treatment of Shareholders

Our corporate governance framework protects minority shareholders from principal risks brought by controlling shareholders at SMPC. Both minority and foreign shareholders are entitled to equitable treatment and the absolute provision of basic shareholder rights embedded in our Principles of Corporate Governance.

### **“ONE common share, ONE vote”**

#### **PROPORTIONATE VOTING**

We uphold a share structure of “one vote per one common share”. SMPC has no current practice that awards disproportionate voting rights to select shareholders.

#### **SHARE REPURCHASE**

All shareholders are treated equally and fairly regarding share repurchases.

#### **VOTING RIGHTS**

We uphold our shareholders’ right to be informed, to participate, and to vote on important matters during the ASM.

#### **MATTERS OF FUNDAMENTAL IMPORTANCE**

- Amendments to the Company’s constitution and similar governing documents
- Appointment and re-appointment of external auditor
- Authorization of additional shares
- Election of Directors, done individually
- Extraordinary transactions, including transfer or sale of all or substantially all of the Company’s assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company’s assets
- Nomination by non-controlling shareholders of candidates for Board Directors
- Remuneration (per diem, fees) of Directors

#### **ANNUAL STOCKHOLDERS’ MEETING**

The Annual Stockholders’ Meeting is held on the first Monday of May each year. It is an opportunity for Board members to interact with the Company’s partners and investors, and relay the current standing of the Company across relevant areas of concern. As the main engagement platform between SMPC’s Board and shareholders, the ASM serves as our way of assuring shareholders by being transparent with our operations and inclusive in our decision-making.

In light of the pandemic and avoidance of unnecessary physical contact, SEC allowed for the Annual Stockholders’ Meeting this year to be held online. Shareholders virtually attended the rescheduled ASM on July 3, 2020. Precautions were taken and systems were installed to reinforce shareholder protection during the meeting.

During the 2020 ASM, the following were present to address possible shareholder queries: the Chairman of the Board and Chief Executive Officer, Board Directors, President and Chief Operating Officer, Chief Finance Officer, Corporate Secretary, Investor Relations Officer, other Key Officers, and the external auditor SGV & Co.

#### **Agenda of the Meeting**

- Approval of the minutes of the previous year’s ASM held on May 6, 2019, and rationale thereof
- Approval of Management Report for 2019 and rationale thereof
- Ratification of the acts of the Board and Management in 2019 and until the date of the ASM, and rationale thereof
- Re-appointment of SGV & Co. as independent external auditor, with details of name, qualification, and details thereof
- Election of Board Directors individually, with information on individual profile of nominees for election to the Board with the following details: age, education, experience, position, type of directorship, other directorships in listed and non-listed companies, Board Committee memberships, beneficial share ownership and Board meetings attended
- Other matters

## POLL VOTING

As we uphold equality among our shareholders, we provide equal opportunity for shareholders to vote in person, electronically, or in absentia.

The following procedures were adopted for the virtual 2020 ASM:

- Poll voting was conducted for all resolutions rather than a show of hands.
- Votes were cast and counted for each agenda item.
- Voting results were presented for each agenda item during the meeting to inform the participants of such outcome.

- SGV & Co. was appointed as the independent body to count and validate the votes from poll casted by the shareholders for items stated in the agenda requiring approval and/or ratification.

## DECISION-MAKING

Shareholder concerns are given audience at the ASM. Decisions discussed in the ASM include the nomination of Board members and other matters of fundamental importance.

## DISCLOSURE

The tally and results of shareholder votes (approving, dissenting, and/or abstaining) for all resolutions are publicly disclosed to the SEC and PSE within five working days. This information is also publicly available on the Company website within the day of disclosure.

The full Minutes of the 2020 ASM, including the attendance of Board Directors and key officers present and the Certification of Quorum during the ASM are disclosed and uploaded in the website within the prescribed five days following the ASM.

## SHAREHOLDERS PARTICIPATION

After the Management Report was delivered by the President and Chief Operating Officer, Maria Cristina C. Gotianun, shareholders and attendees were given the opportunity to raise questions regarding the Management Report and company performance. None were raised during the 2020 ASM.

## Our Duties to Stakeholders

As we recognize the mutual support between our Company and stakeholders, we remain responsible for addressing their concerns and contributing to their growth. Our specific duties to our stakeholders are identified in our policies and Code of Conduct and Business Ethics. SMPC continues to protect the rights of our stakeholders through constant engagement and fair treatment processes integrated into our corporate governance framework.

## HUMAN RIGHTS

Our Code of Conduct and Business Ethics, stakeholder policies on occupational safety and health, anti-harassment, anti-discrimination, child labor, forced labor, environmental, as well as employee compensation and benefits program, and community relations programs are designed to respect, protect and fulfill human rights at the workplace and communities where we operate.

Through our formal Expectations of Suppliers, Contractors and Business Partners, we communicate and expect suppliers and business partners to uphold responsible and ethical supply chain management and corporate citizenship, including compliance with the principles of human rights and fair play. We may elect to not work with or cease business relationships with partners who do not meet our expectations or are unwilling to take corrective action on noncompliance to ensure we do business the right sustainable way.

<b>Code of Conduct and Business Ethics</b>	Policies, soft controls, and assurance procedures promoting openness, probity, and accountability within the organization
<b>Alternative Dispute Resolution Policy</b>	Alternative dispute resolution processes for settling corporate governance disputes and shareholder/stakeholder differences
<b>Whistleblowing and Hotline Reporting Mechanisms</b>	Secure reporting venue for stakeholders to raise valid complaints and confidential concerns such as fraud, questionable, and unethical transactions in good faith
<b>Gift and Entertainment Policy</b>	Prohibition for employees receiving gifts, benefits, or interest from suppliers, customers, or business partner that could reasonably be interpreted as inducing favoritism over others
<b>Conflict of Interest Policy</b>	Directors, officers, and employees are required to submit a single transaction Disclosure Statement of indirect financial interest in contract or purchase proposed to be entered into by Company



## EMPLOYEES

- Safety, Health and Welfare Policy
- Training and Development
- Workplace and Contractor Safety
- Employee Engagement Programs

We are responsible for upholding the growth and safety of our people. Our programs and policies are designed with their development, health, and wellbeing in mind. Employees are given multiple avenues for enhancing their technical and soft skills while being provided with concrete and behavioral mechanisms for safety in the workplace.

## CUSTOMERS

- Customer Welfare Policy

Customer welfare is supported through a policy framework that protects their right to information and quality service from SMPC. Our consumers are protected from the unlawful and unethical use of customer data through our principle of responsible marketing and Code of Conduct. Transparency is upheld through proper nominations and declarations protocol, while resolutions and complaints about services rendered are addressed by our team.

## SUPPLIERS AND CONTRACTORS

- Supplier and Contractor Policy

SMPC strictly adheres to contractual commitments and obligations to our suppliers and contractors. We build business relationships that are sustainable, high-quality, and bring benefit to our stakeholders through sustainability accreditation, monitoring of our procurement practices, and supplier review and selection.

## CREDITORS AND BUSINESS PARTNERS

- Safeguarding Creditors' Rights Policy

We commit to the timely repayment of our obligations to our creditors and business partners. To honor all debt covenants, SMPC enacts operational and fiscal management measures to secure the financial standing of the Company and maintain capacity for repayment. Creditors are protected by our policy for fair dealings and observance of confidentiality of proprietary non-public information.

## GOVERNMENT

- Integrated Management Policy

As our regulators and partners in development, we foster a working relationship with government bodies through constant engagement and by meeting obligations. We continue to encourage transparency and collaboration by adhering to government regulations and following an integrated management approach.

## COMMUNITIES AND ENVIRONMENT

- Social Development Program
- Environmental Policy
- Climate Change Policy
- Environmental Stewardship Program

SMPC commits itself to building sustainable systems for our local communities. We initiate several social development and environmental programs to provide greater access to education, livelihood, and a healthy ecosystem. As one of the groups most affected by the environmental impacts of our operations, our communities are encouraged to communicate their concerns with us while we stay on track with the rehabilitation and reforestation of local ecosystems.

## Transaction Policies

Corporate governance at SMPC benefits and grows from policies that maintain healthy business practices through regulation and ethical transactions. The following policies reflect our no-compromise for upholding good conduct within the Company.

	Coverage	2020 Compliance
<b>Policy on Insider Trading</b>	<ul style="list-style-type: none"> <li>• Prohibits insider trading among Directors, officers, and employees</li> <li>• Requires prior Stock-Trading reporting protocol for Directors and officers to notify the Legal Department</li> </ul>	There was no insider trading case violation reported.
<b>Related Party Transactions (RPT) Policy</b>	<ul style="list-style-type: none"> <li>• Requires Directors, officers, and key management personnel to notify Audit Committee or Corporate Counsel of an immediate family member's past, present, or potential RPT</li> <li>• Requires Independent Directors' review of material RPTs</li> </ul>	All actual RPTs were conducted in arms-length terms.
<b>Material Related Party Transactions Policy</b>	<ul style="list-style-type: none"> <li>• Requires two-thirds approval vote of the Board with at least a majority of the Independent Directors, of all transactions of SMPC and subsidiaries meeting the materiality threshold of RPTs amounting to 10% or higher of SMPC's Total Consolidated Assets based on its latest audited consolidated financial statements</li> </ul>	There was no material related party transaction that breached the prescribed SEC materiality threshold during the year.





## Assessing Risks, Adapting towards Resiliency

SMPC recognizes the function of thorough risk management practices in driving business growth and sustainability. We account for our operational, regulatory, and financial risks with systems that are ISO-certified and government-regulated. Our risk management approach is geared towards long-term value creation, meeting compliance obligations, and reinforcing our business resiliency.

### Our Risk Governance

The Board of Directors establishes the risk appetite of the organization following definition, analysis, and evaluation. This risk level is determined by the Board and attributed depending on specific business functions.

Overseeing the effectiveness of the overall risk management strategy is the Risk Committee, which reports on significant and emerging risks to the Board. The President and COO acts as the Company's Chief Risk Officer (CRO), leading the improvement and implementation of the ERM framework.

## OUR PANDEMIC RESILIENCY IN 2020

### Business

- Cash preservation and optimization of working capital
- Conservative debt position
- Reduced Capex spend to PhP 4.6 billion, or 25 percent lower from PhP 6.3 billion
- Disposal of non-core assets approximately PhP 547 million
- Short-term and replacement power contracts to mitigate impact of low spot prices
- Robust supply chain for indent critical parts/supplies and local support
- Advanced supply order for diesel fuel to optimize cost due to lower price induced by the pandemic
- Upgraded IT infrastructure and systems to support communications and digitization of processes

### People

- Online daily health monitoring tool system
- Work-from-home and flexible work arrangements
- Personal protective equipment, alcohol and Vitamin C
- Rapid and RT-PCR tests conducted (as needed)
- Hand sanitation stations, acrylic barriers, signages, foot bath mats, etc.
- 217-bed quarantine facility at Semirara Island for employees and community
- Transport and bike loan assistance

### Our COVID-19 Risk Management

As the disruption created by COVID-19 has significantly changed the business landscape during the year, we took this as an opportunity to understand and address weak areas and leverage strengths.

We focused on renewed risk assessments and more frequent communication and collaboration among our Board and risk management leaders to align with our business objectives. We accelerated digital transformation through

the adoption of new systems and technologies and upgrading of infrastructure to ensure the unimpeded delivery of our products and services, productivity, and safety and health of our workforce.



## Our Business Continuity Management 102-15

Our Business Continuity Management ensures that critical business processes remain at a level of resiliency with minimal business disruption and uncompromising safety of employees. SMPC progresses as it makes investments towards the overall sustainability of the Company.

## Our Risk Management Performance in 2020 102-15

Key Business Risk	Measures	Risk Management	Coal	Power
<b>Safety and Health</b>	<ul style="list-style-type: none"> <li>Zero fatality</li> <li>Reduced non-lost time Injury</li> <li>Reduced non-lost time accident</li> <li>Reduced fire incidents</li> <li>Reduced equipment accidents</li> <li>Reduction of occupational illnesses</li> </ul>	<ul style="list-style-type: none"> <li>Proactive hazard identification and risk reduction measures</li> <li>Pit safety controls</li> <li>Incident management</li> <li>Occupational safety and health program</li> <li>COVID-19 protocols and measures</li> <li>Flexible and work-from-home arrangements</li> <li>Safety culture employee engagement program</li> </ul>	●	●
<b>Price Volatility &amp; Supply/ Demand Balance; Power Regulations, Competition and Commodity Trading</b>	<ul style="list-style-type: none"> <li>Financial targets</li> </ul>	<ul style="list-style-type: none"> <li>Global price index monitoring</li> <li>Wholesale Electricity Supply Market (WESM) price monitoring</li> <li>Contracts management</li> <li>Optimization of market opportunities</li> </ul>	●	●
<b>Asset Performance</b>	<ul style="list-style-type: none"> <li>Equipment and/or Power Plant availability, reliability, and utilization</li> <li>Power Net Generation</li> <li>Strip Ratio and BCM/HR</li> <li>Cost per metric ton (MT)</li> <li>Fuel efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Coal fleet optimization</li> <li>Maintenance management</li> <li>Power asset management program</li> <li>Power fuel management and other cost savings initiatives</li> <li>Project management</li> </ul>	●	●
<b>Natural Hazards &amp; Physical Security</b>	<ul style="list-style-type: none"> <li>Business continuity</li> <li>Major physical security breach</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity Management system</li> <li>Inventory and resource management</li> <li>Physical Security Management</li> <li>Partnerships with local government and private institutions</li> <li>Disaster preparedness program</li> </ul>	●	●

102-15

Key Business Risk	Measures	Risk Management	Coal	Power
<b>People &amp; Talent</b>	<ul style="list-style-type: none"> <li>Retention rate</li> <li>Succession management</li> </ul>	<ul style="list-style-type: none"> <li>Talent management and retention program</li> <li>Succession management</li> <li>Calibrated learning and development program</li> </ul>	●	●
<b>Compliance &amp; Reputation</b>	<ul style="list-style-type: none"> <li>Full compliance</li> <li>Fulfillment of community commitments</li> </ul>	<ul style="list-style-type: none"> <li>Impact assessment and implementation of new or emerging rules and regulations</li> <li>Compliance monitoring and reporting system</li> <li>Proactive community engagement and relations program</li> <li>Information, Education and Communication program</li> </ul>	●	●
<b>Procurement &amp; Inventory Management</b>	<ul style="list-style-type: none"> <li>On-time delivery</li> <li>Availability of critical parts</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Streamlining delivery process</li> </ul>	●	●
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>Zero digital operational disruption</li> </ul>	<ul style="list-style-type: none"> <li>Disaster Recovery Plan</li> <li>Incident Response Management</li> <li>Continual enhancement of information technology (IT) security solutions and upgraded network appliances</li> <li>Upgraded or new operational technologies and systems</li> <li>Access to satellite communications</li> </ul>	●	●

● Achieved ● Partially Achieved ● Not Achieved

# Board of Directors



**ISIDRO A. CONSUNJI, 72**  
Filipino, Executive Director,  
Chairman and Chief Executive Officer,  
2020 Risk Committee, Member

#### Board Appointment

- First appointment as Chairman, *November 2014*
- First appointment as a director, *May 2001*
- Last re-election as a director, *July 3, 2020*

#### Present Directorship in Listed Companies

- DMCI Holdings, Inc. (within Company Group)
- Atlas Consolidated Mining and Development Corporation

#### Other Directorships within Company Group

- Dacon Corporation
- DMCI Masbate Power Corporation
- DMCI Mining Corporation
- DMCI Project Developers, Inc.
- ENK Plc (U.K.)
- M&S Company Inc.
- Maynilad Water Services
- Sem-Cal Industrial Park Developers Inc.
- Sem-Calaca Power Corporation
- Semirara Cement Corporation
- Semirara Claystone Inc.
- Semirara Energy Utilities Inc.
- Southeast Luzon Power Generation Corporation
- Southwest Luzon Power Generation Corporation
- St. Raphael Power Generation Corporation
- Toledo Mining Corporation Plc (U.K.)

#### Education

- BS Civil Engineering  
*University of the Philippines Diliman*
- Master of Business Economics  
*Center for Research & Communication (now University of Asia and the Pacific)*
- Master of Business Management  
*Asian Institute of Management*
- Advanced Management  
*IESE School, Barcelona, Spain*



**MARIA CRISTINA C. GOTIANUN, 66**  
Filipino, Executive Director, President,  
Chief Operating Officer, and Chief Risk Officer  
2020 Corporate Governance  
Committee, Member

#### Board Appointment

- First appointment as a director, *May 2006*
- Date of last re-election as a director, *July 3, 2020*

#### Present Directorship in Listed Companies

- DMCI Holdings, Inc. (within Company Group)

#### Other Directorships within Company Group

- Dacon Corporation
- Divine Word School of Semirara Island, Inc.
- DMCI Masbate Power Corporation
- DMCI Power Corporation
- Sem-Cal Industrial Park Developers Inc.
- Sem-Calaca Power Corporation
- Semirara Claystone Inc.
- Semirara Energy Utilities Inc.
- Semirara Training Center, Inc.
- Southeast Luzon Power Generation Corporation
- Southwest Luzon Power Generation Corporation
- St. Raphael Power Generation Corporation

#### Education

- BS Business Economics  
*University of the Philippines Diliman*



**CESAR A. BUENAVENTURA, 91**  
Filipino, Non-Executive Director

#### Board Appointment

- First appointment as a director, *May 2001*
- Date of last re-election as a director, *July 3, 2020*

#### Present Directorship in Listed Companies

- Concepcion Industrial Corporation
- DMCI Holdings, Inc. (within Company Group)
- International Container Terminal Services, Inc.
- iPeople, Inc.
- PetroEnergy Resources Corporation.
- Pilipinas Shell Petroleum Corporation

#### Other Directorships within Company Group

- DM Consunji, Inc.

#### Education

- BS Civil Engineering  
*University of the Philippines*
- Master's Degree Civil Engineering  
Major in Structures,  
*Lehigh University, Bethlehem, Pennsylvania (Fulbright Scholar)*

#### Special Recognition

- Honorary Officer,  
*Order of the British Empire by Her Majesty Queen Elizabeth II*



**JORGE A. CONSUNJI, 69**  
Filipino, Non-Executive Director

**Board Appointment**

- First appointment as a director, *May 2001*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- DMCI Holdings, Inc. (within Company Group)

**Other Directorships within Company Group**

- Cotabato Timberland Co., Inc.
- D.M. Consunji, Inc.
- Dacon Corporation
- DMCI Masbate Power Corporation
- DMCI Mining Corporation
- DMCI Power Corporation
- DMCI Project Developers, Inc.
- Eco-Process & Equipment Phils. Inc.
- M&S Company, Inc.
- Maynilad Water Services, Inc.
- Royal Star Aviation, Inc.
- Sem-Cal Industrial Park Developers Inc.
- Sem-Calaca Power Corporation
- Semirara Claystone Inc.
- Semirara Energy Utilities Inc.
- Sodaco Agricultural Corporation
- Southeast Luzon Power Generation Corporation
- Southwest Luzon Power Generation Corporation
- St. Raphael Power Generation Corporation

**Education**

- BS Industrial Management Engineering  
*De La Salle University, Manila*
- Advanced Management Program Seminar  
*University of Asia and the Pacific*
- Top Management Program  
*Asian Institute of Management*



**HERBERT M. CONSUNJI, 68**  
Filipino, Non-Executive Director,  
2020 Audit Committee, Member

**Board Appointment**

- First appointment as a director, *May 2001*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- DMCI Holdings, Inc. (within Company Group)

**Other Directorships within Company Group**

- DM Consunji, Inc.
- DMCI Mining Corporation
- DMCI Power Corporation
- DMCI Project Developers, Inc.
- DMCI-MPIC Water Company Inc.
- Sem-Cal Industrial Park Developers Inc.
- Sem-Calaca Power Corporation
- Semirara Claystone Inc.
- Southwest Luzon Power Generation Corporation
- Subic Water & Sewerage Corp.

**Education**

- BS Commerce, Major in Accounting  
*De La Salle University*
- Top Management Program  
*Asian Institute of Management*



**MA. EDWINA C. LAPERAL, 59**  
Filipino, Non-Executive Director

**Board Appointment**

- First appointment as a director, *May 2007*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- DMCI Holdings, Inc. (within Company Group)

**Other Directorships within Company Group**

- Artregard Holdings, Inc.
- D.M. Consunji, Inc.
- Dacon Corporation
- DFC Holdings, Inc.
- DMC Urban Property Developers, Inc.
- DMCI Project Developers, Inc.
- Sem-Calaca Power Corporation
- Southwest Luzon Power Generation Corporation

**Education**

- BS Architecture  
*University of the Philippines*
- Master in Business Administration  
*University of the Philippines*
- Executive Certificate for Strategic Business  
Economics Program  
*University of Asia and the Pacific*



**JOSEFA CONSUELO C. REYES, 73**  
Filipino, Non-Executive Director

**Board Appointment**

- First appointment as a director, *March 2015*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- Nil

**Other Directorships within Company Group**

- Manila Herbal & Essential Oils Co., Inc.
- Sem-Calaca Power Corporation
- Southwest Luzon Power Generation Corporation

**Education**

- AB Economics  
*University of British Columbia, Vancouver, Canada*
- Strategic Business Economics Program  
*University of Asia and the Pacific*





**LUZ CONSUELO A. CONSUNJI, 67**  
Filipino, Non-Executive Director

**Board Appointment**

- First appointment as a director, *May 2017*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- DMCI Holdings, Inc. (within Company Group)

**Other Directorships within Company Group**

- Dacon Corporation
- Sem-Calaca Power Corporation
- South Davao Development Co.
- Southwest Luzon Power Generation Corporation
- Zanorte Palm-Rubber Corp.

**Education**

- B.S. Commerce, Major in Management  
*Assumption College*
- Master in Business Economics  
*University of Asia and the Pacific*



**ROGELIO M. MURGA, 86**  
Filipino, Lead Independent Director,  
2020 Risk Committee, Chair;  
2020 Audit Committee, Member;  
2020 Corporate Governance Committee, Member

**Board Appointment**

- First appointment as a director, *November 2014*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- Nil

**Other Directorships within Company Group**

- Sem-Calaca Power Corporation  
(Independent Director)
- Southwest Luzon Power Generation Corporation  
(Independent Director)

**Education**

- BS Mechanical Engineering  
*University of the Philippines*
- Senior Management Program  
*Harvard Business School in Vevey, Switzerland*
- Honorary Degree of Doctor of Science –  
Honoris Causa  
*Feati University (2004)*



**HONORIO O. REYES-LAO, 76**  
Filipino, Independent Director,  
2020 Corporate Governance Committee, Chair;  
2020 Audit Committee, Member  
2020 Risk Committee, Member

**Board Appointment**

- First appointment as a director, *May 2007*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- DMCI Holdings, Inc. (Independent Director, within Company Group)
- Philippine Business Bank

**Other Directorships within Company Group**

- DMCI Project Developers, Inc.  
(Independent Director)
- Sem-Calaca Power Corporation  
(Independent Director)
- Southwest Luzon Power Generation Corporation  
(Independent Director)

**Education**

- BA Major in Economics  
*De La Salle University*
- BS Commerce, Major in Accounting  
*De La Salle University*
- Master in Business Management  
*Asian Institute of Management*
- Banking Operation  
*Philippine Banking Institute*



**ANTONIO JOSE U. PERIQUET, JR., 60**  
Filipino, Independent Director,  
2020 Audit Committee, Chair

**Board Appointment**

- First appointment as a director, *August 2019*
- Date of last re-election as a director, *July 3, 2020*

**Present Directorship in Listed Companies**

- DMCI Holdings, Inc. (Independent Director, within Company Group)
- ABS-CBN Corporation
- Ayala Corporation
- Bank of the Philippine Islands
- Max's Group of Companies
- Philippine Seven Corporation

**Other Directorships within Company Group**

- Sem-Calaca Power Corporation  
(Independent Director)
- Southwest Luzon Power Generation Corporation  
(Independent Director)

**Education**

- AB Economics  
*Ateneo de Manila University*
- Master of Science in Economics  
*Oxford University, UK*
- Master in Business Administration  
Darden Graduate School of Business  
Administration  
*University of Virginia, USA*



# Key Officers

102-23



**ISIDRO A. CONSUNJI**  
Chairman of the Board  
and Chief Executive Officer



**MARIA CRISTINA C. GOTIANUN**  
President, Chief Operating Officer  
and Chief Risk Officer



**JUNALINA S. TABOR**  
Vice President  
and Chief Finance Officer



**ATTY. JOHN R. SADULLO**  
Vice President, Legal,  
Corporate Secretary and  
Counsel; and Corporate  
Information Officer



**RUBEN P. LOZADA**  
Vice President,  
Mining Operations  
and Resident Manager



**JOSE ANTHONY T. VILLANUEVA**  
Vice President,  
Marketing for Coal



**ANDREO O. ESTRELLADO**  
Vice President, Power Market  
and Commercial Operations



**NENA D. ARENAS**  
Vice President,  
Chief Governance Officer  
and Compliance Officer



**CARLA CRISTINA T. LEVINA**  
Vice President,  
Chief Audit Executive



**JOJO L. TANDOC**  
Vice President,  
Human Resources  
and Organization Development



**KARMINE ANDREA S.J. CHING**  
Assistant Vice President,  
Corporate Planning



**JAIME B. GARCIA\***  
Vice President,  
Procurement and Logistics



**ANTONIO R. DELOS SANTOS\***  
Vice President,  
Treasury

## Other Corporate Officers

**LEAH ANNE A. AGDUYENG**  
Manager, Internal Audit

**J. SAMSON L. CLEMENTE, JR.**  
Manager, Treasury

**LEANDRO D. COSTALES, JR.**  
Head, Accounting  
and Controllership

**NIÑO ODELON R. DE LUMBAN**  
Manager, Supply Chain  
Management

**RICARDO ERVIN R. DULDOCO**  
Manager, Market Analysis  
and Regulatory

**RAMEL CELINO S. MANGUBAT**  
Manager, Risk Advisory  
and Data Protection Officer

**ARIS V. POLICARPIO**  
Manager, Power Market  
and Commercial Operations

**JOSEPH D. SUSA**  
Manager, Internal Audit

**JESUS G. VILLAVICENCIO, JR.**  
Manager, Energy Trading

**REX C. VILLARIAS**  
Officer-in-Charge, Information  
and Communications Technology

**GILBERT M. ALLAM**  
Assistant Manager, Network  
Technical and Infrastructure

**MA. REBECCA T. RAMOS**  
Assistant Manager,  
Import and Export

**ANDY D. RAYMUNDO**  
Assistant Manager, Functional  
Applications

**RAFAEL L. ANTONIO**  
Officer,  
Corporate Communications

**CHRISTOPER E. FERNANDEZ**  
Officer, Administrative  
and General Services

**MELINDA V. REYES**  
Officer, Property Risk  
and Insurance

**RANDICRIS J. TIBAYAN**  
Officer, Environmental, Social, and  
Governance

\*Retired Dec 31, 2020

# Operations Management

## COAL



**RUBEN P. LOZADA**  
Vice President, Mining Operations and Resident Manager



**ROWENA A. HORNALES**  
Head, Materials Control



**LETO T. MACLI-ING, JR.**  
Head, Mine Truck and Shovel Operation



**VICENTE CESAR V. MALIG**  
Manager, Administrative Division



**CRESLITO D. BANGALAO**  
Head, Mine Operations Audit



**MARK LOUIS A. BENTAYO**  
Head, Product



**JOBBER A. MALSI**  
Manager, Accounting



**RODANTE Q. MOLINA**  
Head, Mechanical Services



**MARK C. MUNAR**  
Head, Civil Works and Facilities Management and Energy Manager



**HAROLD HENRY G. CABANILLA**  
Head, Safety and Integrated Management System



**JERRY O. CELO**  
Head, Electrical Services



**JANESTO S. DIAZ, JR.**  
Head, Environmental and Pollution Control



**DANILO S. TIRONA, JR.**  
Head, Geology



**ALMAR G. VALDEMAR**  
Head, Human Resources



**JOSE LEO S. VALDEMAR**  
Head, Power Plant



**EDNA A. GAYONDATO**  
Head, Analytical Laboratory



**AGUSTIN D. GONZALES**  
Manager, Ship Repair and Maintenance



**RENE C. GONZALES**  
Head, Mobile Maintenance



**BERNARD M. CADIGAL**  
Officer, Social Development



**RACHELLE ANN N. LAURICIO**  
Officer, Information, Education and Communication



**ANNA LIZA F. PATINGAN**  
Officer, Occupational Health



**DENEL C. MATEO**  
Assistant Vice President, Plant Manager  
and Data Protection Officer,  
Sem-Calaca Power Corporation (SCPC)  
Officer-in-Charge, Calaca Power Complex



**CHARLIE V. ROBLES**  
Plant Manager and Data Protection Officer,  
Southwest Luzon Power Generation  
Corporation (SLPGC)

**POWER**



**BERNARD I. CARPIO**  
Officer-in-Charge, Maintenance  
Manager, SLPGC



**RANDEE M. DELOS SANTOS**  
Manager, Accounting, SCPC



**MARCELA D. ELLAO**  
Controller, SCPC



**VERMOND PAULO D. LAINEZ**  
Manager, Operations, SLPGC



**ADOLFO M. MENDOZA**  
Manager, Operations, SCPC



**JOSEPHINE G. OLARTE**  
Head, Finance and Accounting,  
SLPGC



**NOEL N. SALAMAT**  
Manager, Maintenance, SCPC

**Power Shared Services**



**EDGARDO V. ARAYA**  
Officer-in-Charge,  
Support Services



**GAYLORD B. ARROYO**  
Officer-in-Charge,  
Fire and Safety



**RENE N. CORDERO**  
Manager, Performance  
and Engineering



**CHRISTIAN P. DOLOR**  
Manager, Human Resources



**RICHARD V. ENDAYA**  
Superintendent,  
Asset Management



**HARVEY B. LUCY**  
Superintendent,  
Environmental Section



**EDGAR C. MARIANO**  
Superintendent,  
General Services



# Our Financial Statements

## Statement of Management’s Responsibility for Consolidated Financial Statements

The management of SEMIRARA MINING AND POWER CORPORATION (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this 3rd day of March 2021.

  
**Isidro A. Consunji**

Chairman of the Board and Chief Executive Officer

  
**Junalina S. Tabor**  
Chief Finance Officer

## Statement of Board of Directors’ Responsibility for Internal Controls & Risk Management Systems

The Board of Directors (“Board”) of SEMIRARA MINING AND POWER CORPORATION (the Company) is responsible for the internal controls and risk management systems. The Board’s Audit Committee assists in the oversight of the internal controls, financial reporting process, internal audit, external audit and compliance functions, while the Risk Committee assists in the oversight of the risk management process.

During the year, Management has established adequate and effective internal controls and risk management systems to provide reasonable assurance that:

- financial transactions are properly authorized, recorded and maintained to enable the preparation of financial statements that give a true, fair and transparent view of the Company’s financial position and operating results; and
- governance processes and internal controls are strengthened, and significant risks are managed to ensure the achievement of the Company’s business objectives.

Based on the assurance work performed by the internal and external auditors and the oversight duties performed by the Board’s Audit Committee and Risk Committee, the Board is of the opinion that the Company’s internal controls and risk management systems are adequate and effective.

March 3, 2021

  
**Isidro A. Consunji**  
Chairman and Chief Executive Officer

  
**Antonio Jose U. Periquet, Jr.**  
Audit Committee Chairperson

  
**Rogelio M. Murga**  
Risk Committee Chairperson

## Audit Committee Report to the Board of Directors

For the Year Ended December 31, 2020

The Audit Committee ("Committee") assists the Board of Directors ("Board") in fulfilling oversight of the following matters consistent with its Board-approved Audit Committee Charter:

- Internal control environment,
- financial reporting process and integrity of the financial statements including disclosures,
- external audit function,
- internal audit function, and
- compliance with reporting, legal and regulatory requirements.

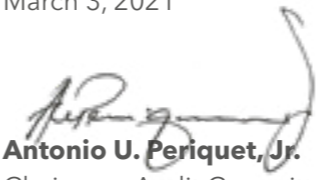
In 2020, the Audit Committee accomplished the following in compliance with its Charter:

1. The members of the Audit Committee are composed of four (4) Board members, three (3) of whom are Independent Directors and one (1) Non-Executive Director.
2. The Chairman of the Audit Committee is an Independent Director.
3. The Committee had five (5) full Committee meetings on January 27, February 26, May 5, August 4, and October 27, 2020, which included a private session (without management) with the external audit SGV Partner on February 26, 2020.
4. Recommended to the Board the reappointment of SGV & Co. as external auditor in 2020 based on SGV's performance, independence, qualifications and with due regard of Management's feedback.
5. Discussed with SGV Partner Dhonabee Señeres in a private session without the presence of Management, the audit areas of emphasis, related party transactions, and fraud, if any.
6. Reviewed and approved SGV's 2020 SGV engagement plan, scope, and fees.
7. Discussed with SGV and Management significant financial reporting issues, audit observations, audit engagement plan and overall quality of the financial reporting process as well as regulatory updates in financial and tax reporting.
8. Reviewed, approved and endorsed for Board approval the quarterly unaudited and annual audited consolidated financial statements of Semirara Mining and Power Corporation and its Subsidiaries as of and for the year ended December 31, 2020, ensuring that financial statements are in accordance with the required accounting and reporting standards
9. Reviewed, deliberated and resolved the significant accounting policies and estimates affecting the financial statements.
10. Reviewed significant related party transactions (RPT) are conducted at arms-length and meet the guidelines of the RPT Policy, Material RPT Policy and thresholds per Securities and Exchange Commission (SEC) rules and regulations.
11. Discussed with Internal Audit (IA) in a private session the assurance results with emphasis on the results of the analytics reviews and fraud risk matters.

12. Reviewed and discussed IA's 2019 annual report and results of assurance engagement work done during the period.
13. Reviewed and approved IA's 2020 risk-based Annual Plan for SMPC Group, work activity, budget and resources including subsequent revisions.
14. Reviewed IA's assurance work activities and monitoring of management action plans.
15. Conducted evaluation of the internal audit function and the Chief Audit Executive's performance for improvement and effectiveness; and noted the 2019 Attestation of Internal Controls and Compliance and IA's 2020 Organizational Confirmation Independence.
16. Reviewed the adequacy and effectiveness of the internal controls and risk management system based on reports provided internal and external auditors, and from Management's assessment of internal controls.
17. Exercised oversight and review of Management's governance and compliance issues and updates with potential financial impact.
18. Conducted a self-assessment of the Committee's performance based on SEC's Guidelines on Audit Committee's effectiveness and disclosed such assessment results.
19. The Committee Chairman and members attended the virtual Annual Stockholders' Meeting on July 3, 2020.

Based on the reviews and discussions referred to above, and subject to the limitations on the Committee's roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors the inclusion of the Company's audited consolidated financial statements as of and for the year ended December 31, 2020 in the Company's Annual Report to the Shareholders and for filing with the Securities and Exchange Commission.

March 3, 2021

  
**Antonio U. Periquet, Jr.**  
Chairman, Audit Committee



## Independent Auditor's Report

### The Board of Directors and Stockholders Semirara Mining and Power Corporation

#### Opinion

We have audited the consolidated financial statements of Semirara Mining and Power Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion,, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### Estimation of Provision for Decommissioning and Mine Site Rehabilitation Costs

The Group has recognized provision for decommissioning and mine site rehabilitation costs for the open pit mines of its coal mining activities amounting to ₱254.53 million as of December 31, 2020. This matter is important to our audit because the amount involved is material and the estimation of the provision requires the exercise of significant management judgment and estimation, including the use of assumptions, such as the costs of backfilling, reforestation, and maintenance of the rehabilitated area, inflation rate, and discount rate.

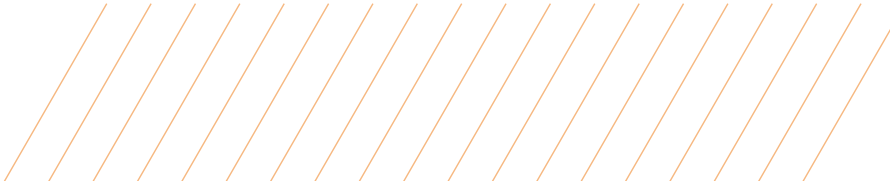
Relevant information on the provision for decommissioning and mine site rehabilitation costs are disclosed in Notes 3 and 16 to the consolidated financial statements.

#### Audit response

We obtained an understanding of and performed test of controls of management's processes and controls in the estimation of future decommissioning and mine site rehabilitation costs. We evaluated the competence, capabilities and objectivity of the mine site engineers and reviewed the relevant mine rehabilitation plan prepared by the Group's Mine Planning and Exploration Department and its Environment Department. We inquired of changes in the mine plan and in the cash flow assumptions, including management's bases for identifying and estimating the costs for various mine rehabilitation and closure activities, such as backfilling, reforestation and maintenance of the rehabilitated area. We compared the timing of the expected cash flows with reference to the rehabilitation plan for the open pit mines. We compared the cost estimates to billings, invoices and official receipts. We also evaluated the discount and inflation rates used by comparing these external data.

#### Recoverability of Property, Plant and Equipment with Indicators of Impairment

The Group has yet to obtain a supply agreement for its gas turbine plant with a carrying value of ₱1,073.94 million as of December 31, 2020. Also, the joint venture agreement for the development of a thermal power plant, with a carrying value of ₱282.71 million was terminated during the year. These conditions are impairment indicators for which the Group is required under PFRSs to test the recoverability of the relevant items of property, plant and equipment.



This is a key audit matter because the amounts are material to the consolidated financial statements and the assessment of recoverability requires significant judgement and involves estimation and assumptions about future electricity demand and supply, as well as external inputs such as electricity and coal prices, diesel costs, inflation rate and discount rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast.

The relevant information on this matter are disclosed in Notes 3, 8, 10 and 29 to the consolidated financial statements.

#### **Audit response**

We involved our internal specialist in evaluating the methodology and the assumptions used in the estimation of recoverable amounts. With respect to future electricity demand, we tested the reasonableness of the inputs to the forecasted revenue based on current and historical dependable capacity, electricity prices and growth rate, taking into consideration the impact associated with the coronavirus pandemic. We compared the electricity prices, coal prices, diesel costs and inflation rate with externally published data.

We tested the parameters used in the determination of the discount rates against the discount rates of comparable companies.

In addition, we reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment.

#### **Estimation of Mineable Ore Reserves**

The Group's coal mining properties totalling to ₱5,160.28 million as of December 31, 2020 are amortized using the units-of-production method. Under this method, management is required to estimate the volume of mineable ore reserves for the remaining life of the mine which is a key input to the amortization of the coal mining properties. This matter is significant to our audit because the estimation of the mineable ore reserves of the Group's coal mines requires use of assumptions and significant estimation from management's specialists.

The related information on the estimation of mineable ore reserves and related coal mining properties are discussed in Notes 3 and 10 to the consolidated financial statements.

#### **Audit response**

We obtained an understanding of and performed test of controls on management's processes and controls in the estimation of mineable ore reserves. We evaluated the competence, capabilities and objectivity of management's internal specialists engaged by the Group to perform as assessment of the ore reserves. We

reviewed the internal specialists' report and obtained an understanding of the nature, scope and objectives of their work and basis of estimates, including the changes in the reserves during the year. We also tested the application of the estimated ore reserves in the amortization of mining properties.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of the auditor's report.

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

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

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

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

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

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

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

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is Dhonabee B. Señeres.

SYCIP GORRES VELAYO & CO.

**Dhonabee B. Señeres**

Partner

CPA Certificate No. 97133

SEC Accreditation No. 1196-AR-2 (Group A),

October 18, 2018, valid until October 17, 2021

Tax Identification No. 201-959-816

BIR Accreditation No. 08-001998-098-2020,

November 27, 2020 valid until November 26, 2023

PTR No. 8534366, January 4, 2021, Makati City

March 3, 2021

## Consolidated Statements of Financial Position

ASSETS	December 31	
	2020	2019
<b>Current Assets</b>		
Cash and cash equivalents (Notes 4, 30, 31 and 32)	₱8,084,589,496	₱6,457,084,709
Receivables (Notes 5, 19, 30 and 31)	3,669,234,219	3,641,501,084
Inventories (Notes 7, 10 and 21)	10,740,142,357	10,219,569,761
Other current assets (Notes 6, 9 and 29)	805,492,732	1,284,979,604
<b>Total Current Assets</b>	<b>23,299,458,804</b>	<b>21,603,135,158</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment (Notes 10 and 12)	45,792,738,168	47,630,629,428
Right-of-use assets (Note 11)	156,848,975	175,979,686
Investment in a joint venture (Note 8)	-	45,217,497
Deferred tax assets - net (Note 26)	854,996,538	888,181,062
Other noncurrent assets (Notes 6, 9, 12, 30 and 31)	1,041,682,098	1,865,980,855
<b>Total Noncurrent Assets</b>	<b>47,846,265,779</b>	<b>50,605,988,528</b>
	<b>₱71,145,724,583</b>	<b>₱72,209,123,686</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 15, 19, 30 and 31)	₱8,306,875,283	₱8,451,093,045
Short-term loans (Notes 13, 30 and 31)	5,425,000,000	2,070,000,000
Current portion of long-term debt (Notes 14, 30 and 31)	2,775,355,754	3,459,433,544
Current portion of lease liabilities (Notes 11, 30 and 31)	13,923,691	14,171,369
<b>Total Current Liabilities</b>	<b>16,521,154,728</b>	<b>13,994,697,958</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Notes 14, 30 and 31)	11,673,716,060	13,067,601,460
Lease liabilities - net of current portion (Notes 11, 30 and 31)	89,095,024	93,366,249
Provision for decommissioning and site rehabilitation costs (Notes 3 and 16)	279,202,621	522,804,859
Pension liabilities (Note 20)	397,545,236	294,753,397
<b>Total Noncurrent Liabilities</b>	<b>12,439,558,941</b>	<b>13,978,525,965</b>
<b>Total Liabilities</b>	<b>28,960,713,669</b>	<b>27,973,223,923</b>
<b>Equity</b>		
Capital stock (Notes 17 and 30)	4,264,609,290	4,264,609,290
Additional paid-in capital (Note 30)	6,675,527,411	6,675,527,411
Retained earnings (Notes 18 and 30):		
Unappropriated	26,807,243,576	28,833,678,689
Appropriated	5,300,000,000	5,300,000,000
Net remeasurement losses on pension plan (Notes 20 and 30)	(122,842,685)	(98,388,949)
Treasury shares (Notes 17 and 30)	(739,526,678)	(739,526,678)
<b>Total Equity</b>	<b>42,185,010,914</b>	<b>44,235,899,763</b>
	<b>₱71,145,724,583</b>	<b>₱72,209,123,686</b>

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Comprehensive Income

	December 31		
	2020	2019	2018
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 33)			
Coal	₱16,488,547,162	₱29,085,433,388	₱23,185,658,133
Power	11,761,821,344	15,166,671,920	18,782,854,690
	<b>28,250,368,506</b>	<b>44,252,105,308</b>	<b>41,968,512,823</b>
<b>COST OF SALES</b> (Notes 21 and 33)			
Coal	12,280,311,958	17,783,785,669	12,262,084,112
Power	7,419,105,537	8,863,373,331	8,582,086,177
	<b>19,699,417,495</b>	<b>26,647,159,000</b>	<b>20,844,170,289</b>
<b>GROSS PROFIT</b>	<b>8,550,951,011</b>	<b>17,604,946,308</b>	<b>21,124,342,534</b>
<b>OPERATING EXPENSES</b> (Notes 22 and 33)	<b>(4,554,061,716)</b>	<b>(7,364,921,176)</b>	<b>(7,775,795,327)</b>
<b>INCOME FROM OPERATIONS</b>	<b>3,996,889,295</b>	<b>10,240,025,132</b>	<b>13,348,547,207</b>
<b>OTHER INCOME (CHARGES) - Net</b>			
Finance income (Notes 24 and 33)	45,872,939	282,983,032	129,168,367
Finance costs (Notes 23 and 33)	(1,094,820,551)	(1,316,867,512)	(942,934,975)
Foreign exchange gains (losses) - net (Note 33)	154,685,877	(8,674,131)	(388,310,437)
Other income - Net (Notes 25 and 33)	316,719,609	186,198,604	608,411,854
	<b>(577,542,126)</b>	<b>(856,360,007)</b>	<b>(593,665,191)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,419,347,169</b>	<b>9,383,665,125</b>	<b>12,754,882,016</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Notes 26 and 33)	<b>132,597,757</b>	<b>(295,125,686)</b>	<b>729,500,958</b>
<b>NET INCOME</b>	<b>3,286,749,412</b>	<b>9,678,790,811</b>	<b>12,025,381,058</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Item not to be reclassified to profit or loss in subsequent periods</b>			
Remeasurement gains (losses) on pension plan (Note 20)	(34,933,908)	(89,133,039)	71,775,630
Income tax effect	10,480,172	26,739,912	(21,532,689)
	<b>(24,453,736)</b>	<b>(62,393,127)</b>	<b>50,242,941</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱3,262,295,676</b>	<b>₱9,616,397,684</b>	<b>₱12,075,623,999</b>
<b>Basic/Diluted Earnings per Share</b> (Note 27)	<b>₱0.77</b>	<b>₱2.28</b>	<b>₱2.83</b>

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Changes in Equity

	Capital Stock (Note 17)	Additional Paid-in Capital	Retained Earnings		Net Remeasurement Loss on Pension Plan (Note 20)	Treasury Shares (Note 17)	Total	
			Unappropriated (Note 18)	Appropriated (Note 18)				
For the Year Ended December 31, 2020								
<b>Balances as of January 1, 2020</b>	<b>₱4,264,609,290</b>	<b>₱6,675,527,411</b>		<b>₱28,833,678,689</b>	<b>₱5,300,000,000</b>	<b>(₱98,388,949)</b>	<b>(₱739,526,678)</b>	<b>₱44,235,899,763</b>
Comprehensive income								
Net income	-	-		3,286,749,412	-	-	-	3,286,749,412
Other comprehensive loss	-	-		-	-	(24,453,736)	-	(24,453,736)
Total comprehensive income (loss)	-	-		3,286,749,412	-	(24,453,736)	-	3,262,295,676
Cash dividends declared (Note 18)	-	-		(5,313,184,525)	-	-	-	(5,313,184,525)
<b>Balances as of December 31, 2020</b>	<b>₱4,264,609,290</b>	<b>₱6,675,527,411</b>		<b>₱26,807,243,576</b>	<b>₱5,300,000,000</b>	<b>(₱122,842,685)</b>	<b>(₱739,526,678)</b>	<b>₱42,185,010,914</b>
For the Year Ended December 31, 2019								
<b>Balances as of January 1, 2019</b>	<b>₱4,264,609,290</b>	<b>₱6,675,527,411</b>		<b>₱20,468,072,403</b>	<b>₱9,300,000,000</b>	<b>(₱35,995,822)</b>	<b>(₱739,526,678)</b>	<b>₱39,932,686,604</b>
Comprehensive income								
Net income	-	-		9,678,790,811	-	-	-	9,678,790,811
Other comprehensive income	-	-		-	-	(62,393,127)	-	(62,393,127)
Total comprehensive income (loss)	-	-		9,678,790,811	-	(62,393,127)	-	9,616,397,684
Cash dividends declared (Note 18)	-	-		(5,313,184,525)	-	-	-	(5,313,184,525)
Reversal of appropriations (Note 18)	-	-		4,000,000,000	(4,000,000,000)	-	-	-
<b>Balances as of December 31, 2019</b>	<b>₱4,264,609,290</b>	<b>₱6,675,527,411</b>		<b>₱28,833,678,689</b>	<b>₱5,300,000,000</b>	<b>(₱98,388,949)</b>	<b>(₱739,526,678)</b>	<b>₱44,235,899,763</b>
For the Year Ended December 31, 2018								
<b>Balances as of January 1, 2018</b>	<b>₱4,264,609,290</b>	<b>₱6,675,527,411</b>		<b>₱18,013,400,740</b>	<b>₱9,300,000,000</b>	<b>(₱86,238,763)</b>	<b>(₱487,919,538)</b>	<b>₱37,679,379,140</b>
Acquisition of treasury shares	-	-		-	-	-	(251,607,140)	(251,607,140)
Comprehensive income								
Net income	-	-		12,025,381,058	-	-	-	12,025,381,058
Other comprehensive income	-	-		-	-	50,242,941	-	50,242,941
Total comprehensive income	-	-		12,025,381,058	-	50,242,941	-	12,075,623,999
Cash dividends declared (Note 18)	-	-		(9,570,709,395)	-	-	-	(9,570,709,395)
<b>Balances as of December 31, 2018</b>	<b>₱4,264,609,290</b>	<b>₱6,675,527,411</b>		<b>₱20,468,072,403</b>	<b>₱9,300,000,000</b>	<b>(₱35,995,822)</b>	<b>(₱739,526,678)</b>	<b>₱39,932,686,604</b>

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Cash Flow

	Years Ended December 31		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱3,419,347,169	₱9,383,665,125	₱12,754,882,016
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 12, 21 and 22)	6,280,597,948	6,923,044,039	7,784,475,344
Finance costs (Note 23)	1,094,820,551	1,316,867,512	942,934,975
Provision for impairment losses (Notes 10 and 22)	157,196,754	166,474,665	-
Pension expense, net of contributions (Note 20)	70,889,130	692,535	60,980,688
Net unrealized foreign exchange gains (losses)	68,737,670	139,226,570	(53,699,447)
Equity in net earnings of joint venture (Note 8)	(306,874)	(690,954)	(380,459)
Gain on sale of equipment (Notes 10 and 25)	(67,002,889)	(12,000,005)	(22,683,458)
Finance income (Note 24)	(45,872,940)	(282,983,032)	(129,168,367)
Unrealized loss (gain) on financial asset at FVPL (Note 6)	-	245,443,777	(25,775,773)
Provision for decommissioning and site rehabilitation (Note 21)	-	-	436,522,946
Operating income before changes in operating assets and liabilities	10,978,406,519	17,879,740,232	21,748,088,465
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	(47,706,197)	3,513,775,127	(825,846,621)
Other current assets	479,486,872	2,666,679,312	(2,033,777,003)
Inventories	(221,480,470)	2,769,576,176	(5,557,602,875)
Decrease in trade and other payables	(312,307,323)	(1,486,026,563)	(780,257,360)
Decrease in provision for decommissioning and site rehabilitation costs	-	(14,543,926)	(1,598,420,875)
Cash generated from operations	10,876,399,401	25,329,200,358	10,952,183,731
Interest received (Note 24)	75,968,005	282,983,032	129,168,367
Income taxes paid	(78,615,783)	(193,027,854)	(729,088,556)
Interest paid	(1,043,688,003)	(1,270,024,784)	(841,687,302)
Pension settlement (Note 20)	(13,348,477)	(11,071,731)	(7,417,414)
Net cash provided by operating activities	₱9,816,715,143	₱24,138,059,021	₱9,503,158,826

	Years Ended December 31		
	2020	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Property, plant and equipment (including borrowing cost) (Notes 10 and 32)	(₱5,483,531,298)	(₱11,634,346,801)	(₱9,528,471,843)
Computer software (Note 12)	(4,562,479)	(10,326,053)	(10,640,402)
Investment in a joint venture (Note 8)	(56,500,000)	-	-
Proceeds from sale of equipment (Note 10)	546,586,932	12,000,005	158,610,324
Decrease (increase) in other noncurrent assets (Notes 11 and 12)	(818,116,520)	(742,661,592)	808,263,986
Net cash used in investing activities	(4,179,890,325)	(12,375,334,441)	(8,572,237,935)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from avilment of loans (Notes 13, 14 and 32)	4,980,000,000	47,494,250,000	7,859,848,705
Payments of:			
Loans (Notes 13, 14 and 32)	(3,702,514,285)	(49,417,912,229)	(5,526,691,188)
Principal portion of lease liabilities (Notes 11, 30 and 31)	(5,245,912)	(10,868,143)	-
Dividends (Notes 18 and 32)	(5,313,211,592)	(5,313,293,707)	(9,571,357,480)
Acquisition of treasury shares (Notes 17 and 32)	-	-	(251,607,140)
Net cash used in financing activities	(4,040,971,789)	(7,247,824,079)	(7,489,807,103)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	31,651,757	39,232,685	(9,070,942)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,627,504,787	4,554,133,186	(6,567,957,154)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	6,457,084,709	1,902,951,523	8,470,908,677
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	₱8,084,589,496	₱6,457,084,709	₱1,902,951,523

See accompanying Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

[http://www.semiramining.com/uploads/files/AFS/SMPCS\\_CFS1220.pdf](http://www.semiramining.com/uploads/files/AFS/SMPCS_CFS1220.pdf)



# GRI Content Index <sup>102-55</sup>

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



Standard	Disclosure	Page Number and/or direct answer	Omission
<b>GRI 101: FOUNDATION 2016</b>			
<b>GRI 102: General Disclosures 2016</b>			
<b>Organizational Profile</b>			
GRI 102-1	Name of the organization	4	
GRI 102-2	Activities, brands, products, and services	4	
GRI 102-3	Location of headquarters	2	
GRI 102-4	Location of operations	9	
GRI 102-5	Ownership and legal form	9	
GRI 102-6	Markets served	4, 7	
GRI 102-7	Scale of the organization	7	
GRI 102-8	Information on employees and other workers	69	
GRI 102-9	Supply chain	67	
GRI 102-10	Significant changes to the organization and its supply chain	No changes to our supply chain in 2020.	
GRI 102-11	Precautionary Principle or approach	44	
GRI 102-12	External initiatives	34	
GRI 102-13	Membership of associations	34, 90, 102	
<b>Strategy</b>			
GRI 102-14	Statement from senior decision-maker	10-13, 14- 17	
GRI 102-15	Key impacts, risks, and opportunities	122-123	
<b>Ethics and integrity</b>			
GRI 102-16	Values, principles, standards, and norms of behavior	5	
<b>Governance</b>			
GRI 102-18	Governance structure	105	
GRI 102-22	Composition of the highest governance body and its committees	108, 111	
GRI 102-23	Chair of the highest governance body	13, 130	
GRI 102-24	Nominating and selecting the highest governance body	109	
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	106	
GRI 102-27	Collective knowledge of highest governance body	110	
GRI 102-28	Evaluating the highest governance body's performance	110	
GRI 102-35	Remuneration policies	110	
GRI 102-36	Process for determining remuneration	110	
GRI 102-37	Stakeholders' involvement in remuneration	110	
GRI 102-38	Annual total compensation ratio	110	
GRI 102-39	Percentage increase in annual total compensation ratio	110	

## 102-55

Standard	Disclosure	Page Number and/or direct answer	Omission
<b>GRI 101: FOUNDATION 2016</b>			
<b>GRI 102: General Disclosures 2016</b>			
<b>Reporting Practice</b>			
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	20	
GRI 102-40	List of stakeholder groups	19	
GRI 102-41	Collective bargaining agreements	80	
GRI 102-42	Identifying and selecting stakeholders	19	
GRI 102-43	Approach to stakeholder engagement	19	
GRI 102-44	Key topics and concerns raised	20-21	
GRI 102-45	Entities included in the consolidated financial statements	9	
GRI 102-46	Defining report content and topic Boundaries	2	
GRI 102-47	List of material topics	20-21	
GRI 102-48	Restatements of information	26, 50, 52, 53, 67	
GRI 102-49	Changes in reporting	2	
GRI 102-50	Reporting period	2	
GRI 102-51	Date of most recent report	2	
GRI 102-52	Reporting cycle	2	
GRI 102-53	Contact point for questions regarding the report	2	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	2	
GRI 102-55	GRI content index	152-155	
GRI 102-56	External assurance	None.	

GRI Standard	Disclosure Number	Disclosure Title	Page Number/ Direct Answer	Reason for Omission
<b>GRI 200: Economic Standards Series 2016</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	34, 39	
	103-2	The management approach and its components	34, 38-40	
	103-3	Evaluation of the management approach	34, 39	
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	26	
	201-2	Financial implications and other risks and opportunities due to climate change	43-47	
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	39	
	202-2	Proportion of senior management hired from the local community	39	
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported	36, 37, 98-99	
	203-2	Significant indirect economic impacts	38-41, 95-99	

GRI Standard	Disclosure Number	Disclosure Title	Page Number/ Direct Answer	Reason for Omission
<b>GRI 300: Environmental Standards Series 2016</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	48, 51, 54, 56, 57, 60, 61, 67	
	103-2	The management approach and its components	48, 49, 50, 51, 52, 54, 56, 57, 60, 61, 67	
	103-3	Evaluation of the management approach	48, 49, 51, 52, 54, 56, 57, 60, 61, 67	
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	56	
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	48	
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	51	
	303-2	Management of water discharge related impacts	52	
	303-3	Water withdrawal	51, 52	
	303-4	Water discharge	53	
	303-5	Water consumption	53	
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	60,66	
	304-2	Significant impacts of activities, products, and services on biodiversity	60, 61	
	304-3	Habitats protected or restored	60	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	60, 62, 65	
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	50	
	305-2	Energy indirect (Scope 2) GHG emissions	50	
	305-4	GHG emissions intensity	50	
<b>GRI 306: Effluents and Waste 2016</b>	306-2	Waste by type and disposal method	57	
	306-4	Transport of hazardous waste	57	
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	67	
<b>GRI 400: Social Standards Series 2016</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	68, 75, 85, 95	
	103-2	The management approach and its components	68, 71, 75, 85, 95	
	103-3	Evaluation of the management approach	72, 75, 85	

GRI Standard	Disclosure Number	Disclosure Title	Page Number/ Direct Answer	Reason for Omission
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	71, 72, 73	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74	
<b>GRI 402: Labor/ Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	80	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	85	
	403-2	Hazard identification, risk assessment, and incident investigation	85	
	403-3	Occupational health services	85	
	403-4	Worker participation, consultation, and communication on occupational health and safety	86	
	403-5	Worker training on occupational health and safety	89	
	403-6	Promotion of worker health	81, 88	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	92	
	403-9	Work-related injuries	92, 93	
	403-10	Work-related ill health	87	
	<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	76
404-2		Programs for upgrading employee skills and transition assistance programs	75, 77, 79	
404-3		Percentage of employees receiving regular performance and career development reviews	75	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	69, 70, 109	
	405-2	Ratio of basic salary and remuneration of women to men	74	
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken		None.
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	95, 102	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	93	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		None.
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area	103	

