



Transcending Towards Sustainability

2019 ANNUAL AND SUSTAINABILITY REPORT



ABOUT THE REPORT

We are pleased to present the first Annual and Sustainability Report (ASR) of Semirara Mining and Power Corporation (SMPC). This concise volume, which combines two public disclosures, provides a holistic view of our financial and non-financial performance, and reflects our commitment to sustainability. In this way, we strengthen our transparency and accountability and make our disclosures more relevant and valuable to our different stakeholders.

This ASR covers the financial and sustainability performance of SMPC's coal and power operations from January 1 to December 31, 2019. As such, the report provides detailed discussion on the economic, environmental, social, and governance performance of SMPC, particularly the Company's significant contributions to the sustainable development of host and neighboring communities in Semirara Island, Antique and in Calaca, Batangas. This report follows the 2018 Integrated Annual Report of SMPC.

Several frameworks informed our integrated reporting practice. This report has been prepared in accordance with the GRI Standards: Core option. It is our first year to prepare a report in accordance with the GRI Standards, taking advantage of the framework's modularity and clarity of structure to address and present our most material issues and most relevant disclosures.

Additionally, this report is also aligned with the Sustainability Reporting Guidelines for Publicly Listed Companies of the Philippines' Securities and Exchange Commission (SEC). The SEC Guidelines builds upon the established principles and metrics of other globally recognized sustainability reporting frameworks, including the GRI Standards.

Guided by these two reporting frameworks, this ASR discloses key information in two parts, namely: (1) topic disclosures, and (2) management approaches.

Topic disclosures represent our most material economic, environmental, and social issues based on the results of SMPC's comprehensive materiality assessment and stakeholder engagement. Presented in quantifiable and measurable terms, topic disclosures provide a summary of our key financial and sustainability achievements for the reporting period.

Meanwhile, management approaches explain how we manage our impacts on the economy, environment, and society. These management approaches may include company policies, processes, projects, programs, and initiatives, as well as commitments, goals, responsibilities, resources management, and grievance mechanisms.

A digital version of this report is available on our website, at http://www.semiraramining.com/company_disclosures. SMPC welcomes feedback and appreciates suggestions on how to make this Report more meaningful and valuable to our different stakeholders.

For comments and suggestions, please contact:

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ABOUT THE COVER

Transcending Towards Sustainability, Semirara Mining and Power Corporation's 2019 Annual and Sustainability Report, redounds to our conscious efforts to rise above challenges and go beyond expectations in our pursuit of sustainability. The theme reflects how we constantly refine our approach to sustainability to achieve a higher level of business excellence.

The cover image reflects the reach and the impact of our sustainable business operations, particularly in our host communities in Semirara Island, Antique, and Calaca, Batangas. Through our different social responsibility programs, especially those geared towards environmental stewardship, capacity building, infrastructure development, and education, we embrace our role as a catalyst for change, thereby helping plant the seeds of self-sufficiency and resilience.

To this end, our focus is to continue to sustain our business through the rational allocation of capital, while staying attuned with the demands and expectations of our changing world. Through this mindful approach, we can grow our business safely, sustainably, and responsibly, for the benefit of all our stakeholders. This is how we aim to transcend towards sustainability,

Cover Image: Aerial shot of the communities in Semirara Island, where our mine site is located.



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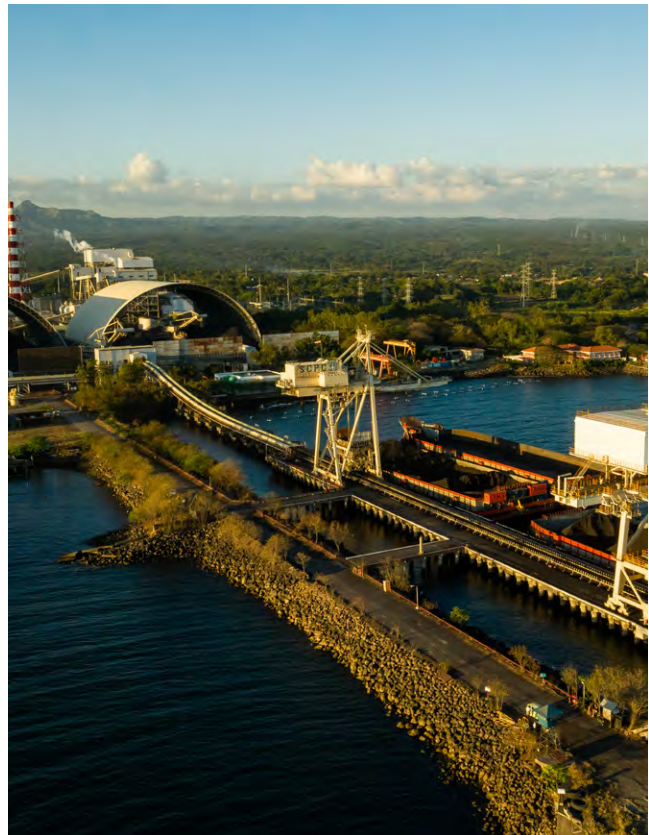
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About Semirara Mining and Power Corporation



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 own power plants, we also supply coal to other power plants, majority of the 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 in order to deliver affordable and reliable energy to millions of Filipinos nationwide.



OUR HISTORY



1980

Semirara Mining and Power Corporation (SMPC), which first began as the Semirara Coal Corporation (SCC), was incorporated in the Philippines on February 26, 1980. The Company, then and now, has exclusive rights to explore, develop, and extract the coal resources in Semirara Island, Antique.



1988

SCC commenced commercial operations in 1988. During the first decade in operation, SCC struggled through low productivity, operational inefficiencies, debt restructuring, falling coal prices, and the devaluation of the Philippine peso.

1997

In April 1997, DMCI Holdings, Inc. (DMCI-HI) acquired a 40% interest in SCC's common shares, including PhP2.5 billion in outstanding loans.



1998

DMCI-HI agreed to a debt-to-equity conversion, and eventually gained a controlling interest in the company when it raised its total interest to 74%.



1999

In August 1999, the newly-appointed management team changed the mining method from continuous mining to the truck-and-shovel conventional method for efficient mining operations. The company name was eventually changed to Semirara Mining Corporation (SMC).



2009

DMCI-HI, Inc. acquired the two 300-megawatt (MW) power plants of the National Power Corporation (NPC) in Calaca, Batangas. DMCI-HI then assigned its rights over the power plant to SMC, transforming the company into the only vertically-integrated power generation enterprise in the country.



2014

After successfully bidding for NPC's 600MW coal-fired power plants in Calaca, Batangas, SMC changed its corporate name to Semirara Mining and Power Corporation (SMPC), as approved by the Securities and Exchange Commission (SEC) on August 18, 2014.



2016

On August 16, 2016, Southwest Luzon Power Generation Corporation (SLPGC), a wholly-owned subsidiary of SMPC, commenced the commercial operations of two 150MW thermal power plants, which grew the Company's power capacity by 50% to 900MW. The new power plants utilize the Circulating Fluidized Bed (CFB), or "clean coal technology."



BUSINESS OVERVIEW

Our Vision

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

Our Mission

- Responsibly and efficiently operate in all sites;
- Empower host communities, contributing to their sustainability;
- Nurture and uphold environmental stewardship; and
- Ensure equitable returns to all stakeholders.

Our Corporate Objectives

- Business Sustainability
- Value Maximization

Our Core Values



COMMITMENT

We are highly focused in realizing our mission without compromising the health and safety of our stakeholders and the environment.



EXCELLENCE

We set high standards for ourselves and our company, and then strive to consistently exceed them.



PROFESSIONALISM

We use our skills, competence, and character to deliver value to our stakeholders.



TEAMWORK

We work together and support each other to achieve our shared goals.



INTEGRITY

We act in a fair, honest, ethical, and responsible manner



LOYALTY

We put a premium on personal commitment over self-interest.

OUR BUSINESS MODEL

Transcending Towards Sustainability

CORPORATE GOVERNANCE

Increase Stakeholder Value

Environmental Clearance Certification • Coal Operating Contract
Drilling Exploration • Mine Safety • Advanced Technology Equipment
Cost Efficiency • Product Quality • Efficient Logistic Support • Plant Safety
Plant Reliability and Efficiency • Competitive Pricing

ORGANIZATIONAL
DEVELOPMENT
AND PEOPLE
EXCELLENCE

HEALTH
AND
SAFETY

VALUE
CHAIN

HELPING BUILD
SUSTAINABLE
COMMUNITIES

LEADING
RESPONSIBLE
VERTICALLY-
INTEGRATED
ENERGY
ENTERPRISE
CONTRIBUTING
TOWARDS
INCLUSIVE
GROWTH

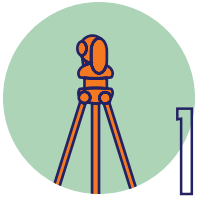
SELF-
SUFFICIENCY
AND MUTUALLY
BENEFICIAL
PARTNERSHIPS

Certified Mineable Reserve • Optimum Production • Customer Satisfaction
Optimum Energy Generation • Contract Energy, WESM

Profitability, Liquidity, Positive Cashflows

ENTERPRISE RISK MANAGEMENT

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.

- Semirara Island in Antique has the largest coal deposit in the Philippines.
- 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.

- We operate the most modern open pit mine in the Philippines. Our truck and shovel operations can produce 14 – 16 million metric tons of coal per year.
- 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.



Stockpiling

Extracted coal is loaded directly into trucks for hauling to the stockpiles. Stockpiling helps stabilize coal supply.

- Prolonged or improper storage could lead to the deterioration of coal quality. To help minimize product deterioration, we have stringent guidelines on stockpile size, time, and storage conditions.

Stockpiling helps ensure a stable supply of quality coal, which results in uninterrupted operations and income stability for our key stakeholders.

Blending

The coal is segregated by quality requirements that meet customer specifications.

- We deliver quality coal to ensure customer satisfaction.
- We aim to satisfy our customers through our product quality.



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 accomplished the fastest large-scale open pit rehabilitation in the country.
- 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-sufficiency, climate action, and biodiversity, among others.



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 conduct the necessary tests and ensure all results pass the agreed customer specification prior to coal loading and shipment for the customer's requirements.
- We provide reliable product, as well as orientation training, on stockpiling safety practices to ensure quality and safety for our customers.



Combustion

- Coal is ground into a 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 remove and collect the ash from the boiler and reuse it for backfilling and sell to industrial customers for use as raw material for concrete and cement, among others.
- 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 have an installed power generation capacity of 900 megawatts (MW), with an option to increase capacity by another 1,050 MW. Greater value is expected to come from our power generation business in the coming years.
- 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.
- By integrating coal mining to power generation, we can lower our operational costs.
- We supply affordable base load power through the Luzon-Visayas grid to support our country's growing economy.

● Process

● Value Proposition

● Stakeholder Value

OUR BUSINESS STRUCTURE



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 provincial 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 Operating Contracts for the area.

CALACA, BATANGAS

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.

OUR MARKET PRESENCE

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

We export to

-  China including Taiwan
-  India
-  Thailand



CALACA, BATANGAS



SEMIRARA ISLAND, ANTIQUE



Message from the Chairman

DEAR STAKEHOLDERS

The year 2019 marks an important milestone for our company: we are publishing the maiden issue of our Integrated Annual and Sustainability Report, which allows us to report on our sustainability performance and practices that matter most to the company and our key stakeholders.

Over the last few years, our external business environment has changed tremendously due to industry regulations, societal expectations,

and market demands. To sustain our business, and strengthen our social license to operate, we need to communicate our positive contributions to the greater society and the environment. We need to show others that, for 22 years under our management since 1997, the company has performed beyond the financial bottom line and upheld the principles of responsible mining and power generation.

UPHOLDING OUR MEANING AND PURPOSE

Our deeply held social meaning and purpose empowers Semirara Mining and Power Corporation (SMPC) to succeed. The unique nature of our integrated business has allowed us to create and share value in a number of ways. By integrating our coal mining and power generation operations, we created a value chain that enables us to transform low-value input into high-value output in an efficient and responsible manner.

In 2019, our company's profitability dropped 20% year-on-year because of weaker coal prices and extended commissioning of SCPC Unit 1, and lower capacity of Unit 2. The impact of unfavorable market condition to overall profitability was mitigated by the upside in coal production and sales. Our power segment contributed 36% to overall profitability at consolidated level, as it benefited from higher prices in the Wholesale Electricity Spot Market (WESM) during the period.

Our cash flow position remained stable despite lower profitability in 2019. We delivered committed returns to our shareholders through cash dividends declared and paid of P1.25 per share, a strong dividend payout ratio of 45% during the year.

As a contractor of the government, we produce coal and affordable fuel from otherwise idle resources. As a baseload power provider,

we help stabilize electricity supply and prices in the Luzon-Visayas grid, whose combined regional output accounts for a large portion of the national economy. We also contribute to the external trade performance of the country by exporting a significant portion of our coal production to nearby countries. In 2019, 66% went to export market because of limitation in local demand of Semirara-grade coal. The cumulative foreign exchange savings from coal exports contributed by the company to the local economy amounted to USD2.5 billion as of end 2019.

We created a value chain that enables us to transform low-value input into high-value output in an efficient and responsible manner.

Our integrated business empowers us to pay taxes and duties, provide employment, and infrastructure to our host and neighboring communities. However, we would like to strengthen our impact by acting as a catalyst for the self-sufficiency of our host and neighboring communities. By imparting the values of education and entrepreneurship, we can help them grow and develop sufficiently apart from the company after the end of mine life.

To sustain our operations, we embrace our role as stewards through judicious use of the natural, human, and financial resources entrusted to us.

SUSTAINABLE GOVERNANCE

We remain committed to sustaining good corporate governance standards and practices throughout the years. In 2019, our company was awarded a three-arrow recognition by the Institute of Corporate Directors (ICD) based on the 2018 ASEAN Corporate Governance Scorecard (ACGS)

Philippines assessment results. The Golden Arrow recognition was given after our company scored 100.35 points. The ICD is the only domestic ranking body appointed by the Securities and Exchange Commission to assess publicly-listed companies on global good governance leading practices.

TRANSCENDING TOWARD SUSTAINABILITY

What does it mean to transcend? It is a question we reflected on as we developed the theme of this year’s report. For us, to transcend means to rise above limitations and to go beyond what is expected of us as a company. We aim to use our sustainability pillars to reach a higher level of business excellence. This theme also reflects our overall strategy for navigating our ever-changing and increasingly challenging external business environment.

To sustain our operations, we embrace our role as stewards through judicious use of the natural, human, and financial resources entrusted to us. This means balancing the interests of our stakeholders in a way that will allow us to contribute meaningfully to society.

While our obligations preclude us from committing to a low-carbon future, we believe that we can contribute to sustainable development by integrating and aligning environmental

responsibility within our operational structure. As stewards and pillars for our community partners and stakeholders, we take a more proactive approach in shaping and improving the social and environmental impacts of our business.

We have a comprehensive environmental management plan that covers every stage of our operation— from impact monitoring to reforestation, to rehabilitation.

In 2019, the best demonstration of our commitment to the environment is our accelerated rehabilitation of the South Panian pit. We accomplished the fastest large-scale mine rehabilitation initiative in the country. Together with the Department of Energy (DOE), we completed in 21 months the P2.9-billion South Panian mine rehabilitation program in Semirara Island.



OUR JOURNEY TO SUSTAINABILITY

As we progress in our sustainability journey, we would like to thank the DOE, the Department of Environment and Natural Resources, our host and neighboring communities, the SMPC Board of Directors, our employees, and other stakeholders for their continued support to our company. The accomplishments and commitments documented in this Report would not have been possible without your collective effort and support.

It is our hope that our continued partnerships and synergy with external stakeholders, particularly the local government units (LGUs),

will help amplify the impact of our contributions. This will enable and empower us to be a catalyst for inclusive growth and development not just in Semirara Island, but also for the nation.

Through this publication, we hope that our stakeholders will gain a better understanding of our economic, environmental, and social impacts of what our company has done to fulfill our duty as stewards. May this Report also inspire everyone in our company to relentlessly pursue our shared vision of sustainable value creation.

Isidro A. Consunji

*Chairman of the Board
and Chief Executive Officer*

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Message from the President

DEAR STAKEHOLDERS

Change comes with its own set of challenges, but as our company underwent a period of transition, we saw firsthand how our people helped ease the change in leadership. We became stronger as a company this year, facing and overcoming the challenges in our external business environment.

RECORD-HIGH PERFORMANCE AMID UNFAVORABLE MARKET CONDITIONS

In 2019, our coal business saw a record-high production of 15.2 million metric tons (MMT), exceeding our coal production target of 15 MMT. Our coal sales, similarly, reached a record-high shipment of 15.6 MMT, exceeding our coal shipment target of

14 MMT. This also marks a 35% increase from our recorded coal shipment in 2018, which reached 11.6 MMT.

Our power businesses, particularly Units 3 and 4 of our Southwest Luzon Power

Generation Corporation (SLPGC), also had a record-high combined power generation of 2,070 gigawatt hours (GWh). This is just 2% shy of our power generation target for 2019. Unit 1, on the other hand, completed its Life Extension Program (LEP) and was commissioned in October 2019.

However, despite the record-breaking performance of our integrated coal and power operations, the group's financial performance was weighed down by prevailing market conditions in 2019. The low price of coal, coupled with the scheduled shutdown of our older power plants due to their programmed maintenance activities, significantly impacted the group's profitability. As of end-2019, the group's net income after tax reached PhP9.7 billion, while our revenues amounted to PhP44.3 billion.

We consider maintenance under the Life Extension Program (LEP) as an investment rather than a setback, as our newly upgraded power plants, particularly Units 1 and 2 of SEM-Calaca Power Corporation (SCPC), are expected to contribute greatly to the group's profitability in 2020 and will be the primary growth drivers in the future.

We will support this outlook with cost-efficient operations powered by data analytics and business-to-business (B2B) systems for both our coal mining and power operations. We will also continue to improve the management and technical skills of our highly engaged workforce by investing in their training and development.



Ultimately,
we want the
residents of
our host and
neighboring
communities to
become self-
sufficient, even
beyond our
mining activities.

SUSTAINABILITY AS SHARED RESPONSIBILITY

At SMPC, responsible stewardship is integral to our sustainable business aspirations. Anchored on the resilience and cooperation of our management, our people, and our partner-communities, our sustainability roadmap aligns aspects of our corporate goals and strategies with the appropriate regulatory structures and standards.

For 22 years, we have served as an enabler for the sustainable development of our host and neighboring communities in Semirara Island. For us, sustainability means responsible actions that bolster long-term inclusive growth for the stakeholders of the company. To expand our reach and deepen our impact, we partner with public and private organizations who share the same goal.

GROWING WITH THE COMMUNITY

Sustainable development means growing with our host and neighboring communities. Aside from sharing important resources with communities, we also continue to contribute to the development of local economies by paying our dues, creating jobs, sourcing local talent, boosting skills, and supporting community initiatives.

Ultimately, we want the residents of our host and neighboring communities to become self-sufficient, even beyond our mining activities. We believe we can achieve this by providing access to education and developing their entrepreneurial mindset.



Through our partnership with the Department of Energy (DOE), we maintain a holistic Social Development Program (SDP) that covers health and well-being, access to quality education and skills training, livelihood development, technology transfer, infrastructure development, disaster resilience and emergency preparedness, and environmental stewardship.

THE ROAD AHEAD

Now, more than ever, the nature of our business compels us to further examine our role as stewards of the environment. Not only will it be critical to our operational resilience, it will also be crucial to the continued survival of essential land and marine ecosystems.

Our overarching goal now is to properly manage and mitigate our negative environmental impacts across our value chain. We will continue to harness relevant innovation and technology to achieve operational excellence and sustainable mining safety.

Moving forward, we aim to balance short- and long-term interests and integrate economic, environmental, and social

Our close collaboration with the DOE has aided the accelerated rehabilitation of the South Panian mine, with our restoration activities extending beyond compliance to Landscape Function Analysis (LFA), floral biodiversity conservation, and carbon stock assessment.

considerations into our decision-making. The synergy of our people, business strategy, and managed assets will build the momentum we need to navigate the company's growth in the coming years.

We would like to thank our shareholders, our employees, our partners, and our host and neighboring communities for their continued trust and confidence in the company. Rest assured, we are constantly striving to do our best to deliver on our commitments to all of you. And as we face the new decade, it is our hope that we can all work together toward creating a bigger, better, and brighter future for all of us.



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

The synergy of our people, business strategy, and managed assets will build the momentum we need to navigate the company's growth in the coming years.

OUR SUSTAINABILITY PERFORMANCE

PRUDENT FINANCIAL MANAGEMENT AND COST-OPTIMIZATION

We believe that the synergy of financial prudence, cost-efficient operations, and a resilient workforce supported by an integrated governance, risk, and compliance framework empower us to continue creating value for all our stakeholders.

NET INCOME AFTER TAX

PHP9.7 BILLION

CASH POSITION

PHP6.5 BILLION

CAPITAL EXPENDITURES

PHP11.6 BILLION

MARKET CAPITALIZATION

PHP93.5 BILLION

DEBT-TO-EQUITY RATIO

0.63

COAL PRODUCTION

15.2 MMT

COAL SHIPMENT

15.6 MMT

COAL REVENUE

PHP29.1 BILLION

ENERGY GENERATED

3,589 GWH

ENERGY REVENUE

PHP15.2 BILLION

INVESTORS

PHP5.3 BILLION

Total dividends declared
and paid

GOVERNMENT

PHP5.3 BILLION

Taxes paid

EMPLOYEES

PHP2.0 BILLION

Wages and benefits paid

SUPPLIERS

PHP16.8 BILLION

Payments to suppliers

COMMUNITY SPEND

PHP42.0 MILLION

Social Development Program

HOST COMMUNITIES

1,744

Jobs created and sustained

STAKEHOLDER VALUE

We remain cognizant of the potential value we can create and offer to our diverse range of stakeholders. We constantly strive to deliver attractive and sustainable returns to all our shareholders. Through our business activities, which employ people and pay taxes to the government, we make significant and positive contributions to the communities where we operate. We continue to contribute to social development by creating and sustaining jobs, building necessary infrastructure, supporting quality education, and improving access to primary healthcare for our employees and local communities.

ENVIRONMENTAL IMPACTS

Our coal mining and power generation processes result in the unavoidable disturbance of land, extraction of water, and consumption of energy, as well as the production of atmospheric emissions and water discharges. We mitigate our negative environmental impacts by embedding innovative technologies and programs that support our approach to sustainable operations.

Responsible environmental management is not only a major aspect of our industry standards and legal compliance, it also plays a significant role in improving the balance of value from coal energy for our stakeholders. As such, we properly manage our water consumption and discharge, as well as offset our significant emissions. We also recognize the importance of understanding the effects of climate change on our operations, particularly how it will impact our value chain, as we strive to adapt to emerging risks and opportunities.

SOUTH PANIAN MINE REHABILITATION

100%

Accomplishment

CLIMATE ACTION

1.85 MILLION

Inland reforested trees planted to date

644,063

Thriving mangroves planted to date

CARBON STOCK

874

Kilotons in CO₂ equivalent stored in mangroves and forests planted and protected

DIRECT GHG EMISSIONS

4.79 MILLION

tons in CO₂ equivalent

WATER EXTRACTION

922,593

Megaliters

BIODIVERSITY

180,485

Giant clams propagated to date

JOBS GENERATED

3,684

Employees

WORK-RELATED HARM

1

Fatality

TRAINING

73

Average training hours
per employee

TALENT RETENTION

90%

100% minus Attrition rate

DISASTER RESILIENCE

7

Evacuation sheds built and
handed over to communities
to date

WORKFORCE AND COMMUNITY SAFETY AND CAPABILITY

A safe and healthy workplace yields an engaged, motivated, and productive workforce that promotes business continuity and reduces potential legal liabilities. As such, safeguarding the health and safety of our employees, contractors, members of the local community, and other stakeholders is imperative in our business operations.

To deliver on our strategic business objectives, we rely on a capable and engaged workforce that behaves ethically and responsibly. We strive to foster a high-performance and inclusive company culture that cultivates a workforce that is both fit and agile to deliver desired business outcomes. A productive, ethical, and responsible workforce is also essential for us to maintain our social license to operate.

CORPORATE GOVERNANCE

We adhere to good governance principles. Our corporate governance framework reflects our commitment to accountability, responsibility, and stewardship in dealing with our shareholders and stakeholders.

INDEPENDENT DIRECTORS

3

Out of 11 Board Directors

ASEAN CORPORATE GOVERNANCE SCORECARD 2019 ASSESSMENT

20TH

Ranking in Top 100 Philippine
Publicly Listed Companies

97.6

Overall score points

AUDIT COMMITTEE

8

Meetings

BOARD GENDER DIVERSITY

36%

Women Board Members

2019 AWARDS AND RECOGNITION



**ASEAN Corporate Governance Scorecard
Golden Arrow Recognition, Three-Arrow**
Institute of Corporate Directors

Philippines' Best Employer Brand Award
14th Employer Branding Awards,
Employer Branding Institute (Philippines)

Silver Anvil, Public Relations Tool
2017 Integrated Annual Report:
20 Years of Empowering Others
54th Anvil Awards, Public Relations Society of the
Philippines (PRSP)



Asia's Best Employer Brands
10th Asia Employer Branding Awards,
Employer Branding Institute (Singapore)

Quill Award for Merit, Communication Skills
2017 Integrated Annual Report:
20 Years of Empowering Others
17th Philippine Quill Awards, International Association
of Business Communicators (IABC)

**Shariah-compliant Philippine
Publicly Listed Company**
Philippine Stock Exchange (PSE); IdealRatings, Inc.

FORWARD INTEGRATION FOR BUSINESS SUSTAINABILITY

Semirara Mining and Power Corporation (SMPC) stands apart as the only vertically integrated power producer in the country. It mines its own fuel source, coal, thereby allowing it to generate affordable baseload power. By forward integrating our thermal coal extraction with our power generation, we have created a value chain that transforms low-value input into high-value output, thereby making affordable and reliable electricity accessible to more people.

COAL OPERATIONS

SMPC is the largest coal producer in the Philippines, accounting for more than 99% of the country's total coal production. It is also the only power producer in the country that owns and mines its own fuel source, coal. We operate the most modern pit mine in the Philippines, and our truck-and-shovel fleet capacity can produce 16 million metric tons (MMT) of coal a year.

Our surface open cut mining operations is based in Semirara Island, Antique Province. On November 20, 1940, President Manuel L. Quezon issued Proclamation No. 649, which declared the islands of Semirara, Sibay, and Caluya in Antique as coal mining reservations. While coal resources have been discovered at five separate sites in Semirara Island, namely Panian, Himalian, Molave, Narra, and Unong, we currently operate one mine in Molave. Our operations in Unong ceased in December 1999, after 17 years of coal extraction, while the Panian mine was depleted in September 2016. The Department of Energy (DOE) has granted the extension of SMPC's Coal Operating Contract until July 14, 2027.

We continuously seek ways to increase the quantity and quality of our coal production. To this end, we have adopted flexible, cost-effective, and advanced mining methods that further drive efficiency and support our push towards operational innovation. Our coal mining operations continue to conform to international standards, namely, ISO 14001:2015 (Environmental Management System), OHSAS 18001:2007 (Occupational Health and Safety Management System), and ISO 9001:2015 (Quality Management System).

As SMPC's coal is categorized as sub-bituminous-B, it is appropriate for use in a wide range of combustion facilities. SMPC's coal supports the local energy industry by supplying coal to thermal power plants, cement plants, and other small boilers. It is also sold domestically to paper mills, textile-dyeing plants, canneries, and food factories, among other industries.

SMPC successfully forayed into the export market with its maiden shipment to China in 2007. Since then, it has expanded its market base to include India, Hong Kong, Japan, Taiwan, and Thailand.



ACCELERATED SOUTH PANIAN MINE REHABILITATION A MODEL FOR MINE REHABILITATION IN THE PHILIPPINES

Following the depletion of mineable coal reserves in Panian, as certified by the Department of Energy (DOE), the Panian pit was shut down in September 2016. The company has since moved its operations to the Molave mine. In December 2017, DOE Secretary Alfonso Cusi then directed SMPC to expedite the backfilling of the southern portion of its Panian mine. While this is a huge undertaking, SMPC took on the challenge as it can serve as a model for open pit mine rehabilitation in the Philippines.

The scale of this mine rehabilitation requires substantial financial and manpower investment. However, despite the challenges posed on its business operations, SMPC invested heavily to fast-track the mine rehabilitation, a further testament to the company's unwavering dedication to environmental stewardship and responsible mining.

A total of PhP2.9 billion was spent to accelerate the backfilling operations, which lasted from January 2018 to June 2019. Of this amount, PhP1.8 billion was used to acquire dump trucks, excavators, and other support equipment, while

another PhP1 billion was spent on fuel, labor, and other expenses.

SMPC unloaded 170 million bank cubic meters (BCM) of overburden materials into the southern portion of the Panian pit, bringing its current rolling elevation up to +5 to +11 meters above sea level (masl). This is a remarkable improvement from its starting elevation of -260 meters. For comparison, 260 meters is roughly the height of a 78-storey building.

ON COURSE TO FULL REHABILITATION

The backfilling was completed in 16 months, while the reforestation was completed in three months. Altogether, the mine rehabilitation was completed in 21 months. Normally, mine rehabilitation of this scale and complexity would have taken at least five to 10 years to complete. As it stands, the accelerated rehabilitation of the South Panian mine is currently the fastest-completed large-scale mine rehabilitation initiative in the country.

This remarkable feat did not go unnoticed and has received a commendation from the DOE. Donato D. Marcos, Undersecretary of the DOE, attests to SMPC's unwavering commitment to environmental stewardship.

“The rehabilitation of mines is imperative in achieving the optimum beneficial use of land to promote new uses for mined lands. Through this accelerated mine rehabilitation of Semirara, we will demonstrate that, indeed, there is

sustainable and responsible mining,” says Marcos during the ceremonial tree-planting held at the site in September 2019.

On top of the ceremonial tree-planting of 50 narra seedlings, two pairs of spotted doves and emerald doves were also released into the air to symbolize the much-anticipated restoration of biodiversity in the area due to the mine rehabilitation.





A MODEL FOR MINE REHABILITATION

Despite its best intentions and efforts, the mining industry has been perceived as a “dead end” activity, with no rehabilitation plans for its affected sites. As such, Marcos hopes that the accelerated South Panian mine rehabilitation can serve as a role model to end “legacy mines”, or derelict and abandoned mines.

“Even if the mine rehabilitation entails hurdling challenges to our business operations, we will

continue to uphold environmental stewardship to help secure a sustainable future for our host communities and society as a whole,” says Maria Cristina C. Gotianun, President and Chief Operating Officer (COO) of SMPC.

100%
completion

168
hectares
rehabilitated

11
excavators and
other mining
equipment deployed

PHP2.9 B
total spend

44
dump trucks
deployed

Through its wholly owned subsidiaries, Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC), SMPC operates two thermal power plants (Units 1 & 2), and another two thermal units which use the Circulating Fluidized Bed (CFB) technology (Units 3 & 4), respectively, with a total installed capacity of 900 megawatts (MW) in Calaca, Batangas.

SCPC's Units 1 & 2 were plant assets acquired as part of the government's privatization program in 2009. Unit 1 was commissioned in September 1984, while Unit 2 was

commissioned in July 1995. To improve their reliability and capacity, the two units have undergone several rehabilitation programs and equipment upgrades between 2010 and 2017. These resulted to an improved combined average capacity, from 350MW to 530MW, or a 51% improvement in performance post-rehabilitation. SCPC's and SLPGC's operations successfully transitioned to the risk-based ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System), and continue to conform with OHSAS 18001:2007 (Occupational Health and Safety Management System).

LIFE EXTENSION PROGRAM BREATHING NEW LIFE INTO OLD POWER PLANTS

SCPC's Unit 1, which has been in operation for 34 years, is the oldest coal-fired power plant in the Philippines. Its Unit 2, on the other hand, has been in service for the past 23 years. Recognizing that the end of life of these two thermal power plants is near, SCPC embarked on a Life Extension Program (LEP) for both units.

This is a first in the country's power industry and, given the high risk and complexity of the undertaking, all eyes were on SCPC as it executed the program's major scope of works.

For SCPC, breathing new life into Units 1 & 2 makes more business sense versus investing in a new power plant. For a 2x300MW power plant, investment cost can reach approximately USD2.5 million/MW, or a total of USD1.5 billion. On the other



hand, the total investment cost for the LEP is estimated at USD200 million. As such, extending the useful life of the power assets for another 20 to 25 years through the LEP is a more prudent use of the existing resources at SCPC's disposal.

Additionally, the LEP also supports our vision of continued business operations, which will continue to generate employment and capacitate the workforce. Ultimately, we want to continuously supply electricity to the Luzon and Visayas grids in the long term, at competitive energy prices. This also supports our business sustainability goals of sharing value to our different stakeholders to promote inclusive growth.

The LEP was executed in two phases, from end of 2018 to 2019, and involved one plant asset at a time.

LEP 1 started in December 2018 and involved the replacement of Unit 1's high-pressure/intermediate-pressure (HP/IP) turbine and generator with new

original equipment manufacturer (OEM) components. Ninety percent of the boiler system's heating surface was also replaced, including the air heater, boiler feed pump, transformers, and the control cable system and power cables. Unit 1 went back online to the grid in October 2019.

LEP 2, on the other hand, started in October 2019. Similarly, Unit 2's generator, transformers, and low-pressure (LP) turbine were replaced with new parts from their OEM. Unit 2 is expected to be back in operations by March 2020.

The successful LEP of Units 1 & 2 now serves as our model for extending the life of old power assets to conserve resources and achieve business sustainability.

RESULTS OF OPERATIONS

In 2019, Semirara Mining and Mining Corporation (SMPC) continued to transition under new leadership, responding to multiple challenges and uncertainties, and transcending these by addressing gaps, strengthening stakeholder collaborations and partnerships, and by strongly recognizing the transformative impact of sustainable practices in the company's long-term growth.

Net income after tax (NIAT) declined by 20% to PhP9.7 billion from PhP12.0 billion the previous year. After other comprehensive income (loss), our total comprehensive income stood at PhP9.6 billion in 2019 against PhP12.1 billion in 2018.

Profitability declined because of economic and operational factors. Effective average coal prices dropped significantly by 22%, which was tempered by our record-high coal production. Units 1 & 2 of Sem-Calaca Power Corporation (SCPC) underwent Life Extension Program (LEP), bringing its total plant availability down to 41%, its lowest in the past 10 years. Likewise, total plant average load went down due to condenser issues of Unit 2. The commercial operations of Unit 1 commenced in the latter part of the third quarter of 2019 only, primarily due to delays encountered during its commissioning.

NET INCOME AFTER TAX

IN PHP BILLION

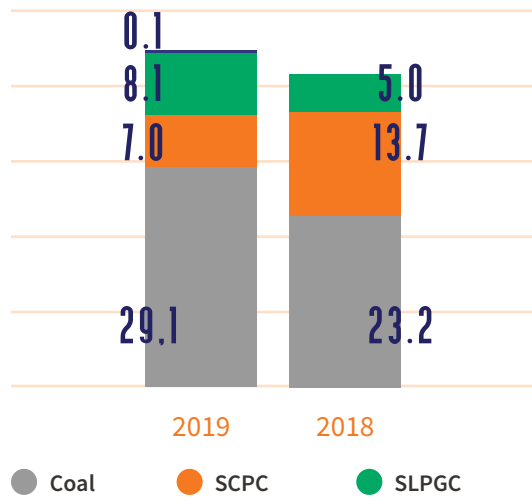


Consolidated gross revenue went up by 5% year-on-year, to PhP44.3 billion in 2019 from PhP42.0 billion in 2018. Of this amount, our coal segment contributed 66%, or PhP29.1 billion, while our power segment contributed PhP15.2 billion. This year, the contribution of our power segment went down to 34% of the sales mix from 45% in 2018, primarily due to lower sales from power generation.

Gross profit ratio stood at 40% in 2019, compared to 50% in 2018. It was comparatively lower due to plummeting coal prices. However, our strong operating performance, which delivered 15.6 million metric tons (MMT) in coal shipments, a 35% increase from 2018, cushioned the impact of lower coal prices. Thus, our NIAT dropped by only 20% in 2019.

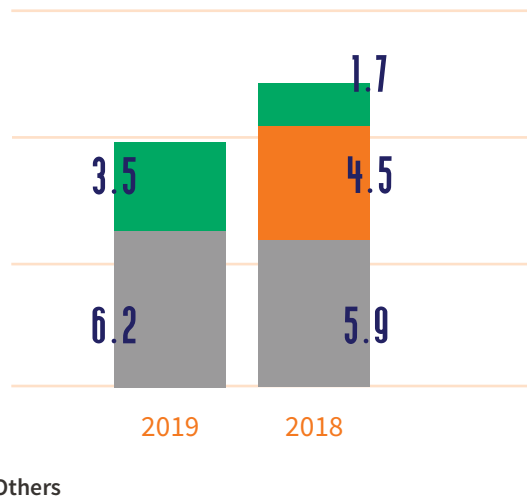
CONSOLIDATED REVENUES

IN PHP BILLION



CONSOLIDATED NIAT

IN PHP BILLION





COAL SEGMENT

The company's overall performance in 2019 improved from the previous year, despite shifting macro-economic, industry, regulatory, and climate challenges.

Our coal mining operations took advantage of the increased capacity and favorable weather during the first three quarters of 2019. Total coal production reached record-high performance at 15.2 MMT, up by 17% from 12.9 MMT in 2018. Materials moved increased by 13%, to 185.5 million bank cubic meters (BCM) in 2019 from 164.3 million BCM in 2018. This is attributed to additional fleet capacity and better aggregate strip ratio, which improved to 11.5 from 12.0.

MATERIALS MOVED

IN MILLION BCM



COAL PRODUCTION

IN MILLION MT



Despite the suspension of our coal mining operations on November 20, 2019, which lasted for more than 30 days, our coal production still hit record-high performance and softened the impact of lower coal prices.

COAL SALES

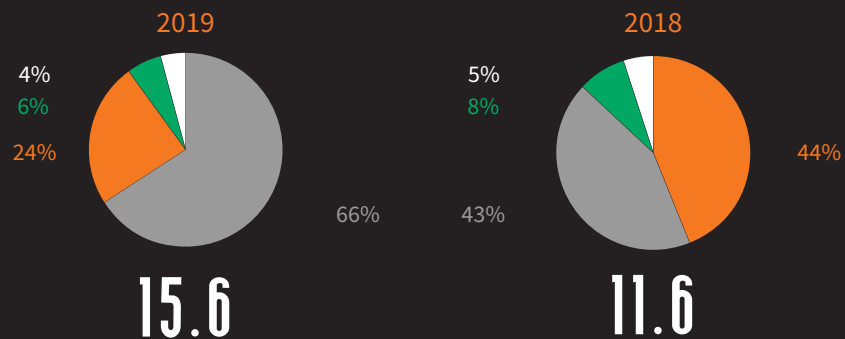
Our revenue from the sales of coal increased by 5% only, to PhP32.3 billion in 2019 from PhP30.7 billion in 2018, despite the 35% increase in sales volume. The average selling price (ASP) of coal went down by 22% due to declining global prices, but this was offset by higher sales volume.

Our coal exports rose by 108% year-on-year, to 10.4 MMT in 2019 from 5.0 MMT in 2018. In the domestic market, our sales to power plants went down by 25%. This was primarily driven by the low offtake of our own power assets, Units 1 & 2 of SCPC, due to the planned outages for their Life Extension Program (LEP). Deliveries to cement manufacturers and other industries remained flat.

COAL SALES MIX

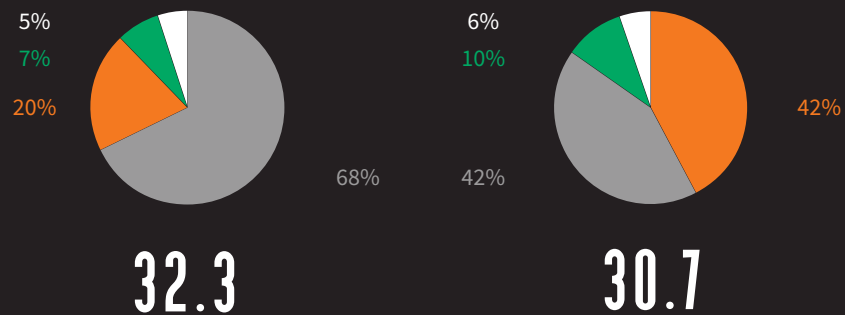
VOLUME

IN M TONS



REVENUE

IN PHP BILLION



ASP/MT

IN PHP

2,074

2,655

● Export ● Power ● Cement ● Others

POWER SEGMENT

Our power segment continued to experience operational challenges which weighed on this year's performance.

SEM-CALACA POWER CORPORATION (SCPC)

SCPC Units 1 & 2 posted a 45% decrease in volume sold attributable to lower total power generation. Unit 1 began operating commercially mid-October of 2019 after undergoing its Life Extension Program (LEP), which began on December 30, 2018. Moreover, the higher replacement power cost and the decrease in average selling prices (ASP) due to a weaker outlook for global coal prices further pulled down profitability.

Units 1 & 2's gross power generation decreased by 54% year-on-year, to 1,519 gigawatt hours (GWh) in 2019 from 3,281 GWh in 2018. Unit 1 was unavailable until mid-October of 2019 due to its LEP, while Unit 2 was down for a total of 79 days during the first three

quarters of 2019 due to tube leak repairs and other maintenance activities.

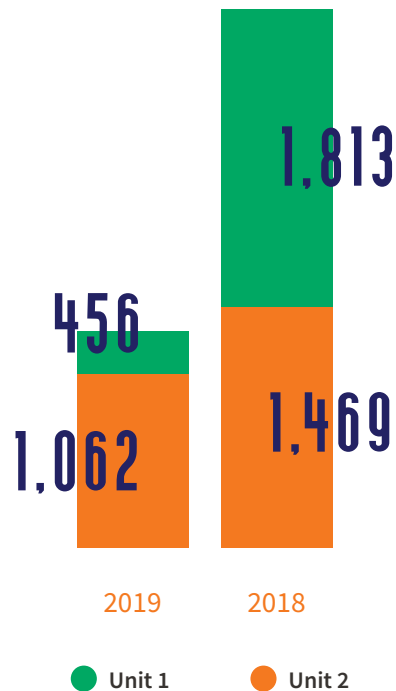
Unit 2 also ran at a lower capacity of 200 megawatts (MW) since it was running with one condenser only. Unit 2 was originally scheduled for a planned shutdown starting July 2019; however, this was postponed due to the delays encountered with the repair works and the commissioning of Unit 1.

Total plant availability for Units 1 & 2 went down significantly to 47% year-on-year. As such, SCPC's gross power generation declined to 1,519 GWh in 2019, down by 54% from 3,281 GWh in 2018.



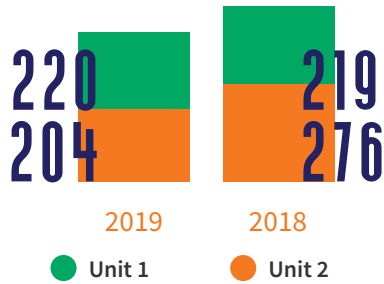
GROSS GENERATION, TOTAL PLANT

IN GWH



AVERAGE CAPACITY, TOTAL PLANT

IN MW



The Life Extension Program (LEP) is expected to give a new useful life to Units 1 & 2 for another 20 to 25 years. Major replacements were made for the main equipment, such as the installation of a new turbine and generator, major rehabilitation of the boiler and condenser, and the re-cabling and replacement of other auxiliaries.



SOUTHWEST LUZON POWER GENERATION CORPORATION (SLPGC)

SLPGC's improved performance is attributed to higher availability and average load compared to the previous year, pushing profitability upward.

On a positive note, SLPGC's gross power generation posted a record-high performance of 2,070 GWh in 2019, from 1,368 GWh in 2018, up by 51% year-on-year.

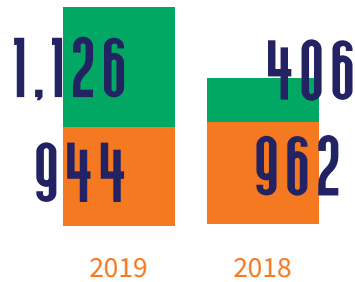
The total downtime of Unit 3 in 2019 was only 42 days, compared to 207 days in 2018, which accounts for the 51% increase in its gross power generation and 45% increase in its volume sold.

Units 3 & 4's combined operating hours increased by 40% year-on-year, mainly attributed to the successful repair of Unit 3's high-intermediate pressure (HIP) rotor in September 2018, resulting to higher availability and average load.

Average capacity for Unit 3 was at 145 MW in 2019, from 125 MW in 2018, while Unit 4 was at 141 MW in 2019 compared to 136 MW in 2018. Combined capacity factor for both power plants went up by 52% in 2019.

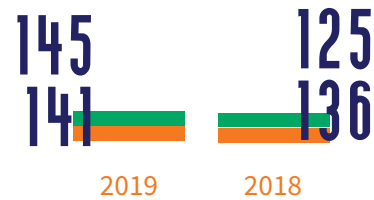
GROSS GENERATION, TOTAL PLANT

IN GWH



AVERAGE CAPACITY, TOTAL PLANT

IN MW



● Unit 3 ● Unit 4

POWER SALES

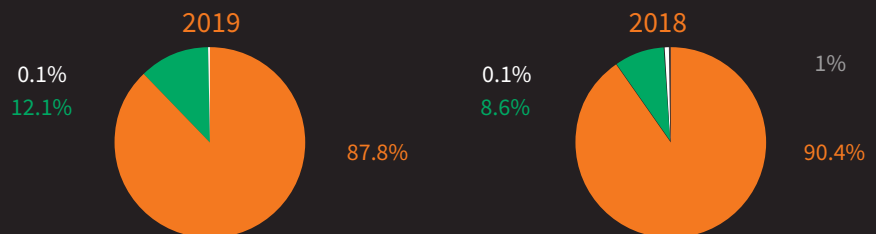
SCPC's total energy sold declined by 45%, to 1,848 GWh in 2019 from 3,342 GWh in 2018. Composite average price per kilowatt-hour (KWh) decreased by 8%, to PhP3.78 in 2019 from PhP4.11 in 2018. Total revenue went down by 49% at PhP7.0 billion in 2019,

versus PhP13.7 billion in 2018. The decline in revenue was primarily due to the lower power generation brought about by the long shutdown schedules of the power units to give way for their Life Extension Program (LEP).

SCPC ENERGY SALES MIX

VOLUME

IN GWH

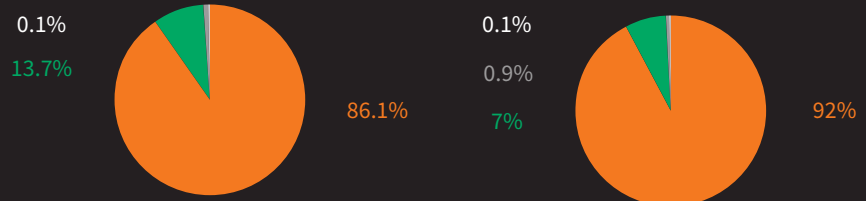


1,848

3,342

REVENUE

IN PHP BILLION



6.99

13.74

- MPOWER
- SPOT
- BATELEC
- OTHERS



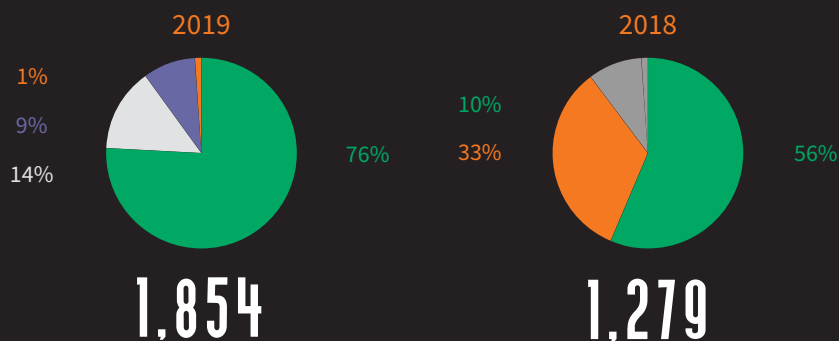
Meanwhile, SLPGC generated PhP8.1 billion in revenues in 2019, a 61% increase from PhP5.0 billion in 2018, primarily driven by 1,854 GWh of energy sold at a composite average price of PhP4.36 per KWh. The major power supply contracts of Units 3 & 4 of SLPGC expired in June and December 2018; however, higher prices in the Wholesale Electricity Spot Market (WESM) lifted the earnings of SLPGC.

Thus, the profitability driver of SLPGC is the higher WESM prices, coupled with higher power generation. Average spot prices went up to PhP4.59 in 2019 from PhP3.04 in 2018. Spot sales make up 80% of SLPGC's energy sales mix.

SLPGC ENERGY SALES MIX

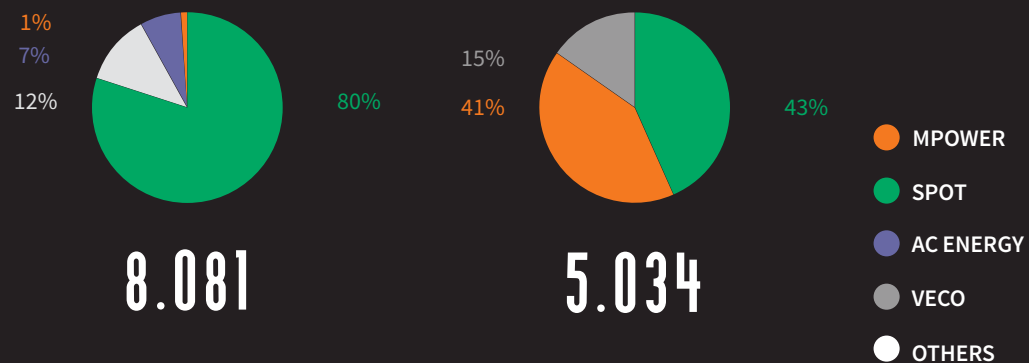
VOLUME

IN GWH



REVENUE

IN PHP BILLION





FINANCIAL CONDITION

Consolidated net income after tax (NIAT) decreased by 20% year-on-year, to PhP9.7 billion in 2019 from PhP12.0 billion in 2018. Consolidated earnings per share (EPS) registered at PhP2.28 in 2019, down by 19% from PhP2.83 in 2018. Net contributions to the bottom line by the coal segment, Sem-Calaca Power Corporation (SCPC), and Southwest Luzon Power Generation Corporation (SLPGC), after eliminations, are at PhP6.2 billion, -PhP55.0 million, and PhP3.5 billion, respectively.

Before eliminations, the coal segment's core NIAT is at PhP7.4 billion, a 25% decrease year-on-year, from PhP10 billion in 2018. Government shares or royalties for 2019 amounted to PhP3.9 billion, higher by 8% compared to 2018. Coal profitability was modest due to the decrease in the average selling price (ASP) of coal.

On a stand-alone basis, SCPC posted net loss of PhP755 million in 2019, down by 161% from PhP1.2 billion in 2018. Volume sold went down by 45% due to lower plant availability and average loads. Declining global coal prices resulted to an 8% decline in the average selling prices (ASP) of coal and a 29% decline in power generation cost.

Meanwhile, SLPGC recorded a stand-alone NIAT of PhP2.9 billion in 2019, a significant increase of 182% from PhP1.0 billion in 2018. This commanding performance is attributable to higher availability and capacities, resulting to a 45% increase in the volume of energy sold. Notably, the 11% increase in ASP reflects the higher prices in the Wholesale Electricity Spot Market (WESM).

RESULTS OF FINANCIAL CONDITION

Consolidated total assets grew by 2%, to PhP72.2 billion in 2019 from PhP71.0 billion in 2018. Liabilities decreased by 10%, to PhP27.9 billion in 2019 from PhP31.1 billion in 2018, due to the debt servicing of the coal segment and the SLPGC offset through financing incurred by SCPC for its continuing Life Extension Program (LEP).

Equity was at PhP44.2 billion in 2019, a 11% increase from PhP40.0 billion in 2018, after payment of regular and special cash dividends of PhP5.3 billion.

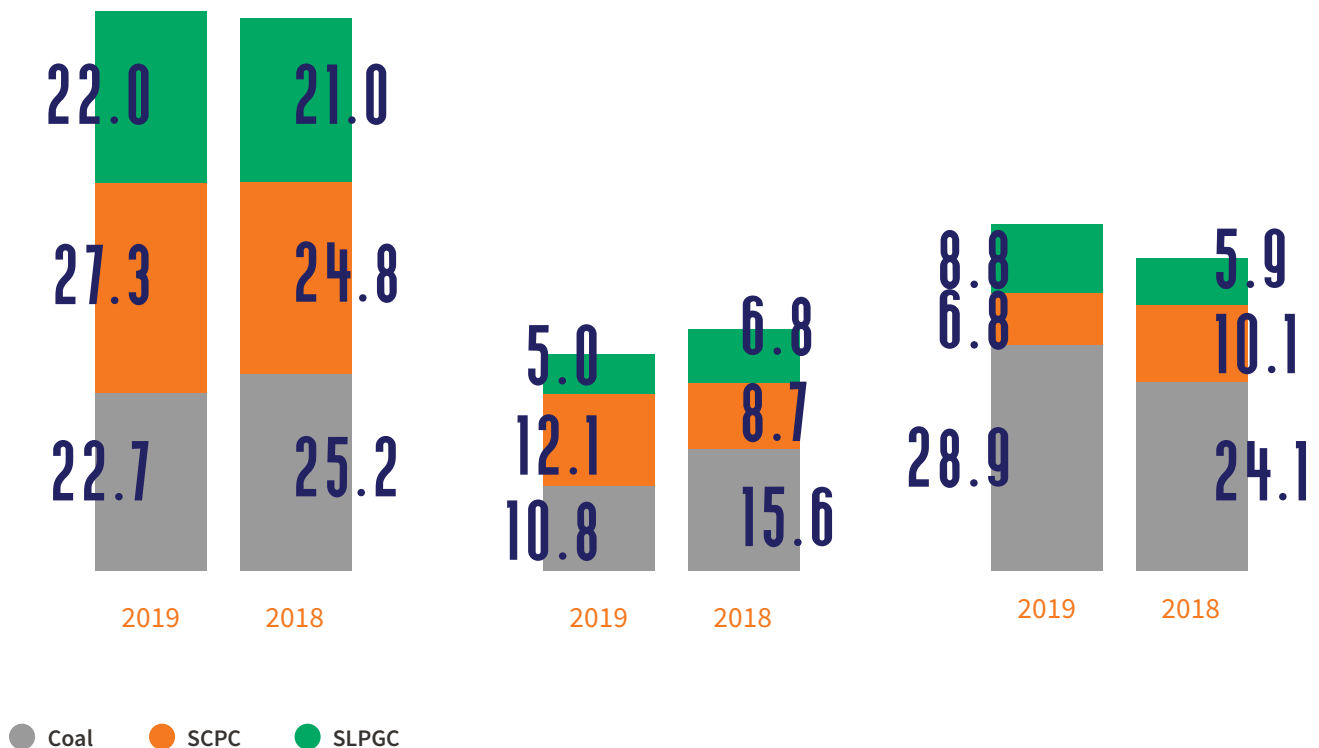
CONSOLIDATED FINANCIAL POSITION

AS OF 31 DECEMBER 2019 AND 2018 - IN BILLION PHP

ASSETS

LIABILITIES

EQUITY





Net debt decreased by 26% year-on-year, to PhP21.5 billion in 2019 from PhP29.2 billion in 2018.

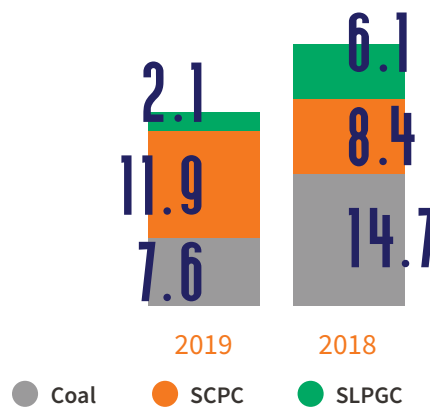
SCPC's interest-bearing loans has a net increase of PhP3.1 billion after availing of PhP7.7 billion in debt. Total loans closed at P9.7 billion as at the end of the period.

SLPGC's outstanding loan continues to decline as it continues to service the amortization schedule of its project finance debt.

The coal segment's interest-bearing loans decreased by 38%, to PhP4.9 billion in 2019 from PhP7.9 billion in 2018. The remaining balance are all peso denominated.

NET DEBT PROFILE

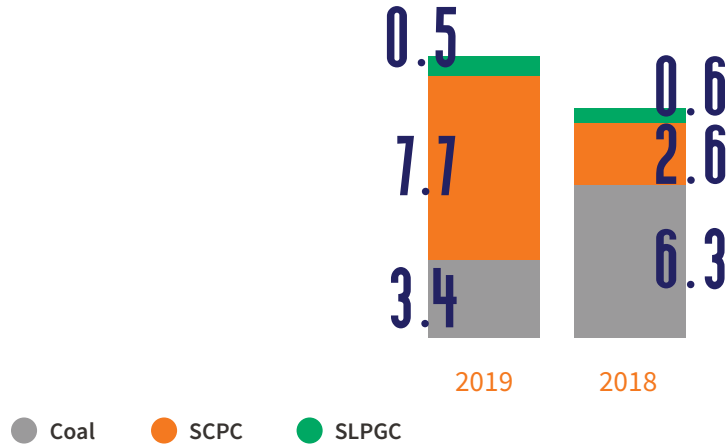
IN BILLION PHP



Capital expenditures (CAPEX) spending increased by 22% year-on-year, to PhP11.6 billion in 2019 from PhP9.5 billion in 2018.

CAPITAL EXPENDITURES

AS OF 31 DECEMBER 2019 - IN BILLION PHP



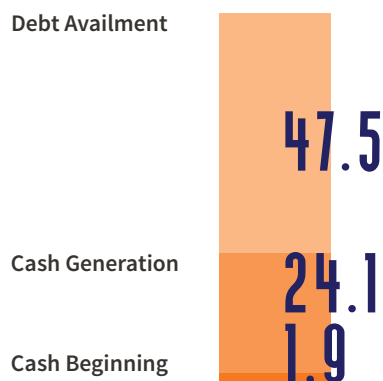
Total consolidated cash available for the current year stood at PhP73.4 billion, comprised of cash generated from operations, loan availments, and beginning balance. Of the available cash, PhP49.4 billion was spent on debt repayments,

PhP5.3 billion was used to pay cash dividends, and another PhP12.4 billion was used to fund major CAPEX. Ending cash available closed at PhP6.5 billion, a 239% increase from the beginning cash available.

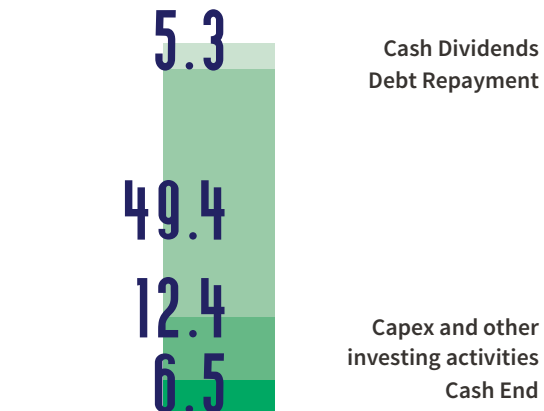
CONSOLIDATED CASH GENERATION AND UTILIZATION

AS OF 31 DECEMBER 2019 - IN BILLION PHP

GENERATION



UTILIZATION



In 2019, overall financial condition remains strong despite the decline in profitability. Consolidated current ratio and debt-to-equity (D/E) ratio stood at 1.54x and 0.63x, respectively.

FINANCIAL SCORECARD

Grow income

T A R G E T

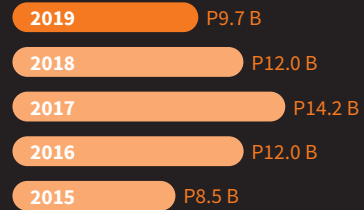
Deliver consistent income growth

O U T C O M E

Consolidated net income after tax (CNIAT) remains strong. However, NIAT is down by **20%** to **PhP9.7 billion** in 2019, from PhP12.0 billion year on year.

In 2019, we posted record-high coal production and sales from increased capacities. However, coal prices dropped by **22%**. Likewise, the life extension program (LEP) of our power units affected total plant availability and power generation.

N I A T



Generate attractive dividend yield

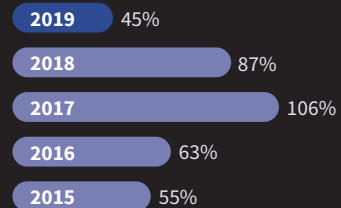
T A R G E T

Strong dividend payout

O U T C O M E

The Company remained committed to its shareholders and paid regular cash dividends of **PhP1.25** per share in 2019.

P A Y O U T R A T I O



Exercise financial prudence

T A R G E T

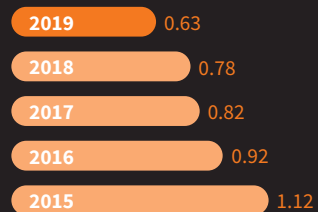
Maintain debt-to-equity (D/E) ratio of less than 2:1

O U T C O M E

Cash generated from strong operations allowed the overall decrease in total debts in 2019.

D/E ratio improved to **0.63x** in 2019, from 0.78x year on year.

N I A T



Generate strong margins

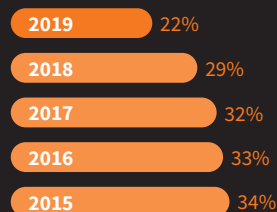
T A R G E T

Robust profit margins

O U T C O M E

Weak coal prices and lower power generation affected net profit margins. However, these were cushioned by record-high coal production and sales, and by higher average prices in the Wholesale Electricity Spot Market (WESM). NIAT dropped by **20%**.

N E T P R O F I T
M A R G I N



Maintain high liquidity

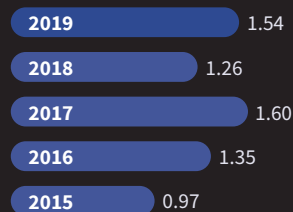
T A R G E T

Keep current ratio to at least 1

O U T C O M E

Cash position remains healthy despite cash dividend payments. Current ratio improved by **22%** at **1.54** in 2019.

C U R R E N T R A T I O





SUSTAINABILITY AT SEMIRARA MINING AND POWER CORPORATION

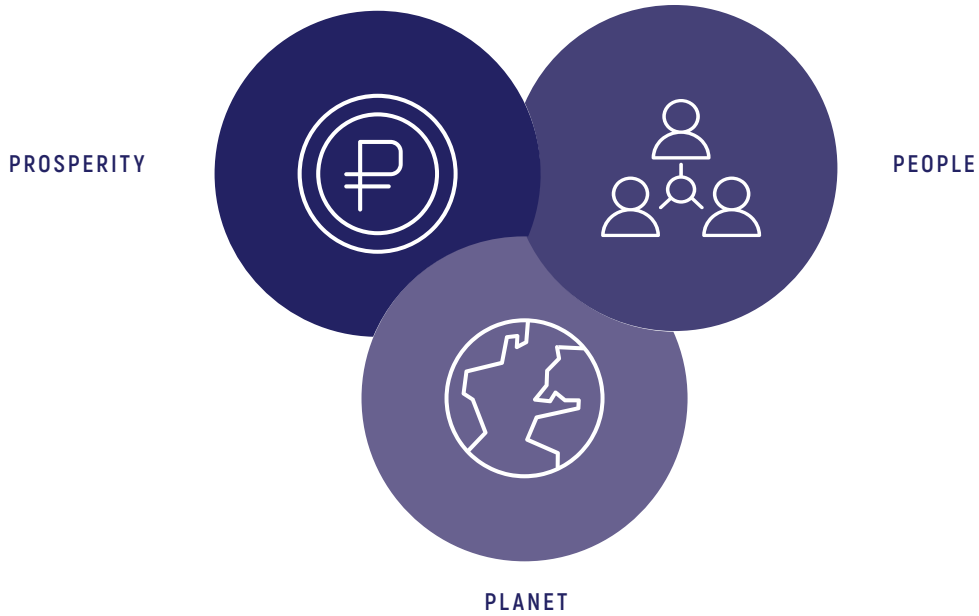
As an integrated responsible coal energy company, Semirara Mining and Power Corporation (SMPC) has the unique opportunity to be more proactive and mindful in its approach to sustainability.

As a publicly listed company in the Philippines, we aim to generate gainful economic returns for our shareholders. At the same time, we must also mitigate and manage the negative impacts of our business operations on the environment and on the communities within our areas of operation. We remain committed to improving our sustainability performance while addressing pertinent regulatory and commercial requirements.

Our different stakeholders, from our shareholders to our employees and host communities, expect and demand greater accountability and transparency from us.

With responsible mining and conscientious power generation at the core of our business strategy, we have identified three pillars upon which our sustainability framework is firmly anchored on.

OUR SUSTAINABILITY FRAMEWORK



PROSPERITY

We seek to make positive economic contributions on a national level through our business operations, and through our prompt and correct fiscal and regulatory payments. We also recognize our responsibility to share economic growth with our host communities and greater society.

PLANET

We strive to manage and reduce the environmental impact of our operations. Through our programs in reforestation and marine biodiversity conservation, and through our specific initiatives to rehabilitate the depleted South Panian Mine, we commit to the care and restoration of the planet.

PEOPLE

Alongside our goal of leading energy supply and production in the Philippines, we continue to bolster people empowerment. Beyond our responsibilities and commitments to our employees, we also care for our host and neighboring communities through high-value programs that focus on education, skills training, and health.

OUR STAKEHOLDER ENGAGEMENT

We continue to cultivate and strengthen our relationships with our different stakeholders. Our ability to identify and understand the diverse issues and concerns of our different stakeholders, coupled with our capacity to respond to these issues and concerns in a timely manner, has informed our approach to sustainability.

We maintain open communications with all our stakeholders through various modes of engagement. We promote the use of dispute resolution processes and a conflict resolution environment that will minimize conflicts or differences with our key stakeholders. We conduct open consultations and early dialogues to arrive at a fair, efficient, and equitable resolution of issues. Concerns raised, if any, are documented, monitored, and then reported.



OUR STAKEHOLDER GROUPS CONSULTED



Corporate Office

Shareholders
Department heads and supervisors
Customers
Suppliers and business partners
Regulators



Coal and Power Operations Sites



Rank-and-file employees
Department heads and supervisors
Contractors
Community members
Local government units (LGUs)
Regulators

STAKEHOLDER GROUPS AND MODES OF ENGAGEMENT

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

Modes of Engagement

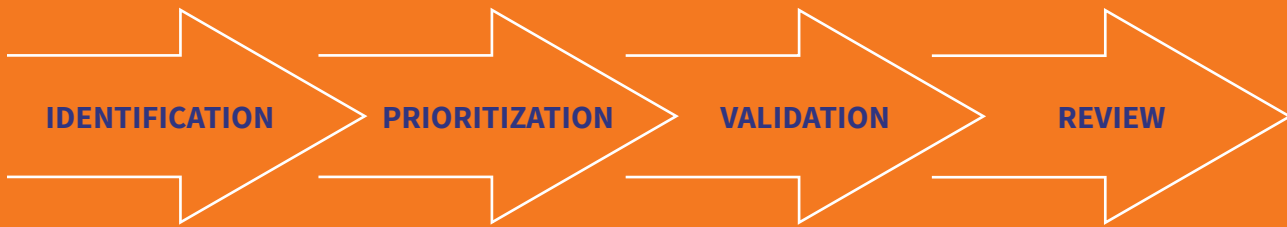
- SC** Safety Committee meetings
- IMS** Integrated Management System (IMS) meetings
- MMT** Multi-partite Monitoring Team (MMT)
- IHW** Integrity hotline and whistleblowing
- FGD** Focus group discussions (FGDs), consultations
- TM** Toolbox meetings, town halls
- IAS** Impact assessment and studies
- SVT** Site visits, tours, and inspections
- CM** Consultations, meetings
- IBC** Investor briefings, conferences
- ASM** Annual Shareholders' Meeting (ASM)
- IEC** Information, Education, and Communication campaigns (IEC)
- IC** Internal communication (Postman email and text blast)

We engaged the Center for Social Responsibility of the University of Asia and the Pacific (UA&P-CSR), a third-party sustainability reporting specialist, to help us facilitate a stakeholder engagement. This activity is one of the key processes involved in the preparation of a sustainability report in accordance with the GRI Standards.

This stakeholder engagement activity covered not only our Corporate Office in Makati City, Metro Manila but also our on-site coal operations in Semirara Island, Antique and our power plant site in Calaca, Batangas. A total of 145 respondents participated in the stakeholder engagement activity to review and rank a list of topics indicated in the GRI Standards.

OUR MATERIALITY ASSESSMENT

After consulting our different stakeholders, the UA&P-CSR then assisted us in conducting a materiality assessment process in accordance with the GRI Standards. This process entailed identifying and prioritizing relevant topics, and then validating and reviewing these topics through workshops with our different stakeholder groups, to draw out our most material issues on sustainability.



Part of this process is conducting a statistical analysis to determine which topics and disclosures are material. These material topics have been identified with our key stakeholders, and with due consideration of the Department of Energy (DOE)’s directive. As part of this activity, the respondents ranked different topics to come up with a list of 18 topics that they consider the most material and relevant to the company’s sustainability performance.

OUR MATERIAL TOPICS



PROSPERITY ECONOMIC

- Economic Performance
- Market Presence
- Indirect Economic Impacts



PLANET ENVIRONMENTAL

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents and Waste
- Supplier Environmental Assessment
- Mine Rehabilitation



PEOPLE SOCIAL

- Employment
- Labor-Management Relations
- Occupational Health and Safety
- Training and Education
- Local Community
- Customer Health and Safety
- Socio-Economic Compliance

We are in the business of generating power—power which lights up homes, drives industries, and transforms lives. Our growth story is deeply intertwined with our early efforts to incorporate sustainability into our business operations. Through this, we can support our long-term growth goals while driving progress to various sectors, from producers, end-users, partners, communities, and other stakeholders.

OUR JOURNEY OF SUSTAINABILITY



1980



Incorporation of Semirara Coal Corporation (SCC)

1984

Start of commercial production at Unong Mine operations

1992

SCC becomes profitable

1997

DMCI Holdings, Inc. (DMCI-HI) acquires 40% stake in SCC through Voest Alpine shares purchased

1999

DMCI-HI takes over the management of SCC and its mine operations, with annual production capacity of 700,000 metric tons (MT)

Start of Electrification project in Semirara Island through local electric cooperative at subsidized rate

Operations shift to truck-and-shovel mining method

Unong Mine operation is closed

2000

Start of reforestation and inland rehabilitation of Unong Mine

Founding of Semirara Fishing Association (SEMFA)

2003

Establishment of partnership with the Divine Word School of Semirara Island, Inc. (DWSSII)

Upgrading of all-weather roads in Barangays Semirara and Alegria

Switching on of “O Ilaw” electrification project in Semirara Island

2004

Establishment of partnership with the Divine Word School of Semirara Island, Inc. (DWSSII) High School

2005

Launching of second public offering of 89.9 million shares

Construction of 12-classroom building for the Semirara National High School

2006

Cash dividends are paid for the first time

150 giant clams are re-seeded along the Semirara Island coastline

Start of partnership with the Semirara Training Center, Inc. (STCI), a vocational institution accredited by the Technical Education and Skills Development Authority (TESDA)

Initiation of humic acid production for soil conditioning of reforestation projects

Launching of reforestation program, which aimed to plant one million trees and 250 hectares of mangroves by 2012

Construction of a 25-tonne ice plant to support local fishing livelihood

Initiation of brick production from clay overburden for use in construction projects

2007

Start of coal export to China and India for the first time

Caluya achieves first-class municipality status thanks to SCC's remittances of government royalties



2008

Coal segment secures certifications for ISO 9001:2000 (Quality Management System), ISO 14001:2004 (Environmental Management System), and OHSAS 18001:2007 (Health and Safety Management)

Organization of the Villaresis Fishermen's Association and the Bagong Barrio Association

Sponsorship of the training of local teachers under the Applied Academics for Excellence (APEX) Program of SEAMEO INNTECH

Completion of reforestation at Unong Mine

Coal operations contract is extended up to July 14, 2027

2009

Acquisition of 2x300-megawatt (MW) Calaca power plants

Support the training of 90 barangay health workers in Semirara Island with the UP Philippine General Hospital (UP-PGH)

Support the professional development of science and math teachers of Semirara Island with the UP National Institute for Science and Mathematics Education Development (NISMED)

Investment in 2x300MW Calaca power plants by way of assignment from DMCI-HI to SCC's wholly owned subsidiary SEM-Calaca Power Corporation (SCPC)

2010

Start of major rehabilitation of Calaca Units 1 & 2

Launch of stock rights offering of 59.375 million shares

Establishment of Semirara Marine Hatchery Laboratory (SMHL), which spearheads marine rehabilitation efforts in Semirara Island

Purchase of a bioreactor to produce organic fertilizer from solid waste

Completion of a new public market in Barangay Semirara

2011

Investment in additional power capacity of 2x150MW Circulating Fluidized Bed (CFB) power plants

Spawning and re-seeding of endangered giant clams

2012

Construction of 2x150MW CFB power plants

Completion of planting 1.2 million trees on Semirara Island

2013

Incorporation of two new subsidiaries for power capacity expansion

Partnership with the Adopt-An-Estero/Water Body Program of the Environmental Management Bureau of the Department of Environment and Natural Resources (DENR-EMB), for the benefit of the Dacanlao and Cawong Rivers in Batangas

2014

Change of SCC's name to Semirara Mining and Power Corporation (SMPC)

Launching of coral transplantation marine biodiversity project

Completion of 196.3 hectares of mangrove plantation around Semirara Island

Launching of first stock split (200% stock dividends)

2015

Calaca Power Units 1 & 2 achieve record-high energy generation of 3,961 gigawatt hours (GWh)

Start of commercial operations of 15MW CFB power plant in Semirara Island

2016

Start of commercial operations of subsidiary, Southwest Luzon Power Generation Corporation (SLPGC), and its 2x150MW CFB coal-fired power plants

Completion of building 203 classrooms to date for host communities in Semirara Island and Calaca, Batangas



2017

Sem-Calaca RES Corporation (SCRC) secures license to operate from the Energy Regulatory Commission (ERC)

Record-high consolidated net income of PhP14.2 billion, coal production of 13.2 million MT, and coal sales volume of 13.1 million MT

Record of 122,341 surviving giant clams

1.7 million trees have been planted to date

Over 5 million kilowatt hours (kwh) of host community power demand in Semirara Island

Special cash dividends are paid for the first time

300% stock dividend has been paid

2018

Ranked 15 in the Top Philippine Publicly Listed Companies (PLCs) during the 2018 ASEAN Corporate Governance Scorecard (ACGS) Assessment Run

Increase in coal offtake by 12% for cement customers, and by 11% for customers from other industries, year-on-year

Commissioning of a desalination plant for use of mining operations



2019

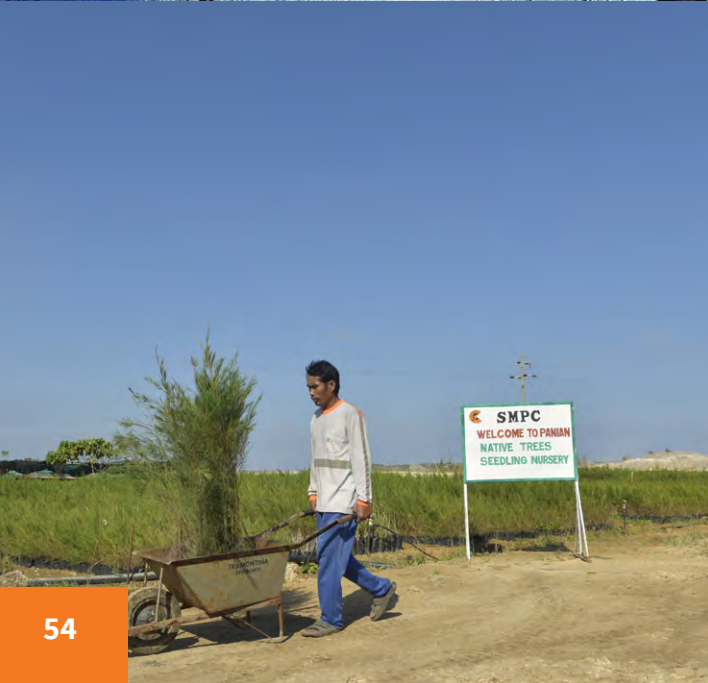
Commissioning and launching of the commercial operations of SCPC Power Plant Unit 1 after undergoing its Life Extension Program (LEP)

Completion of Phase 1 of the accelerated rehabilitation plan for the depleted South Panian Mine, backfilling from -260 meters below sea level (mbsl) to +5 – +11 mbsl

Launching of the Restoration Beyond Compliance Study in partnership with the University of the Philippines Los Banos Foundation, Inc. (UPLBFI)

Total of PhP25.3 billion in government royalties from 1997 to date





OUR CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT

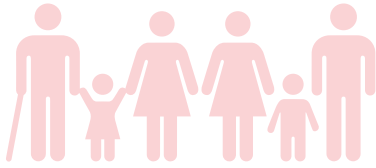
Our sustainability framework also highlights our significant contributions towards the attainment of the Sustainable Development Goals of the United Nations (UN SDGs), which represents the world's plan of action for social inclusion, environmental sustainability, and economic development. The UN SDGs, also known as the Global Goals, were adopted in 2015 as a universal call to action to end poverty, protect the environment, and ensure that all people enjoy peace and prosperity by 2030.

It is our shared belief that the mining and power industries have an unprecedented opportunity and potential to mobilize significant human, physical, technological, and financial resources to advance and positively contribute to all 17 SDGs.

All the 17 UN SDGs are integrated. As such, an action in one area impacts the outcomes of another, which highlights the reality that development must balance social, economic, and environmental sustainability. To amplify our reach and impact, we prioritize the following contributions towards the attainment of the following goals in the conduct of our business operations.

01 NO POVERTY

End poverty in all its forms



Mining activities generate significant revenues through taxes, royalties, and dividends for local and national governments to invest in economic and social development. It also provides numerous opportunities for employment and livelihood development locally.

At SMPC, we champion inclusive employment and leverage local procurement for our operations. In 2019, our royalties to the local and national governments amounted to PhP3.9 billion. Since 1997, we have contributed a total of PhP25.3 billion in royalties.

03 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages



We champion occupational health and safety. We also offer and encourage preventive care both to our employees and the residents of our host communities.

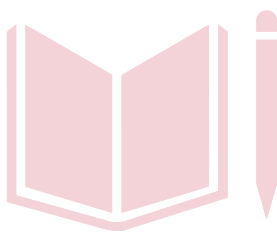
dental, and pharmacy. In 2019, the infirmary provided medical consultation and services to 28,735 patients from the company (49%) and its host communities (51%).

We operate the sole 15-bed private infirmary in Semirara Island, which is licensed with the Department of Health (DOH). It offers complete ancillary services such as a laboratory, X-ray,

We also mounted various medical missions and consultation clinics in Barangay Baclaran in Balayan, Batangas, and in Barangay Pantay and the Aeta Community in Calaca, Batangas.

04 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning



We help assess and upgrade the local skills base, and then train and educate the workforce accordingly. We also work with schools to help the youth in our host communities stay in school and secure better opportunities.

continue their professional development. Since 2018, 183 teachers have graduated from the program.

To promote quality education in Semirara Island, we partner with the Divine Word School of Semirara Island, Inc. (DWSSI). Since 2003, the school has produced 2,594 graduates.

We also continue our partnership with the Semirara Training Center, Inc. (STCI), a technical-vocational school accredited with the Technical Education and Skills Development Authority (TESDA). The center is open to residents of Semirara Island, and the fees for tuition and technical materials are waived. The center has produced 1,360 graduates to date, 465 of whom have been employed in SMPC.

We also offer a free Master of Arts in Education Program for teachers in Semirara Island who are interested to

06 CLEAN WATER AND SANITATION



Ensure availability and sustainable management of water and sanitation for all

We manage our water use holistically. We strive to conserve water and regularly monitor our water quality.

In Semirara Island, we invested PhP216 million to establish our own desalination plant, which supplies clean water for our industrial requirements and the

household use of our employees based in company housing. This also helps reduce our consumption of shared groundwater resources with our host communities.

In 2019, we organized and participated in seven river clean-ups and four coastal clean-ups.

07 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable, and modern energy for all

In our business operations, we strive to improve our energy efficiency. We also share the benefits of our energy infrastructure to our host communities and the Luzon-Visayas grid, and then integrate our business into rural electrification schemes.

We partnered with the Antique Electric Cooperative (ANTECO) to install transmission lines in Semirara Island. We continue to subsidize PhP2.50 per kilowatt-hour (kWh) cost of consumption to provide our host communities with an affordable and reliable source of electricity. Semirara Island has one of the lowest average electricity rates in the country, at PhP5.00/kWh.

08 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

We communicate opportunities and continue to drive economic growth through local procurement.

We currently employ a total of 3,684 individuals for our integrated mining

and power businesses. We are the single biggest employer in Semirara Island and its nearby areas, providing jobs to over 3,073 individuals for our mine site operations and reporting PhP2.04 billion in payroll for 2019.

09 INDUSTRY, INNOVATION, AND INFRA-STRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

We share vital infrastructure with our host communities.

We invested more than PhP7.1 million to maintain the 31-kilometer road network that connects Barangays Semirara, Alegria, and Tinogboc in Semirara Island. We also invested another PhP3.8 million for the construction of the Pinagpala Flyover.

Working with the local government, we provided the necessary dredging works to complete the Pinagpala Public Seaport, which is now open to passenger boats and fishing vessels plying their trade to and from Semirara Island to nearby Mindoro.

We operate the MV Maria Cristina, an inter-island boat which provides



alternative passage to and from Semirara Island and the nearby municipalities of Bulalacao, Mindoro Oriental and San Jose, Mindoro Occidental. Since 2015, the MV Maria Cristina has transported 101,870 passengers, including 36,211 passengers in 2019. We also provide free bus transportation to around 1,600 employees, students, and other residents of our host communities.

Through our partnership with Globe Telecom, Inc., we help facilitate cashless transactions with food court vendors, wet market sellers, and sari-sari store owners in Semirara Island.

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient, and sustainable

We plan our land use carefully, with the life-of-mine in mind. We collaborate with local governments, industry regulators, and national agencies in the rehabilitation of our decommissioned mines.

We maintain strong partnerships with the local governments that host our business operations so that we can support each other's environmental concerns, emergency preparedness, and disaster response efforts.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

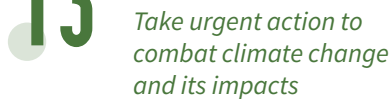


Ensure sustainable consumption and production patterns

We strive to minimize our use of water, energy, land, chemicals, as well as minimize our production of waste, effluents, and emissions. Sustainable procurement is a vital part of our supplier accreditation process.

We also maintain an Integrated Management System (IMS) and continue to conform to global standards such as ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environmental Management Systems), and OHSAS 18001:2007 (Occupational Health and Safety Management Certification).

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts

We measure and report on our direct and indirect emissions. We strive to offset our emissions by improving our energy efficiency and carbon sequestration efforts.

Through our partnership with local government units, we also help build climate change resilience, which includes strengthening the emergency preparedness and disaster response plans of both the company and our host communities.

In Semirara Island, we planted 644,063 mangroves in 196.4 hectares of the island's coastal area to help it withstand storm surges, flooding, and hurricanes. In preparation for disasters and other emergencies, we have also turned over seven evacuation sheds to the Municipality of Caluya.

14 LIFE BELOW WATER

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development



We incorporate life under water into our environmental impact assessments. We also assess the impact of our business operations on fishing and other marine-based livelihoods. We help protect marine life and minimize habitat disturbance by properly disposing of our effluents and other waste.

We maintain a giant clams propagation project. It has since propagated 180,485 endangered giant clams to date, 84,778 of which have been reseeded. Around 36 giant clams from this project have been spawned along the shoreline of our power operations in the Municipality of Calaca.

15 LIFE ON LAND

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



We recognize the dynamic nature of habitats. We conduct comprehensive environmental impact assessments to help avoid or minimize our impacts to critical habitats. We also strive to offset our biodiversity impacts in a bid to preserve vital ecosystem services.

Panian mine rehabilitation; it is now on its reforestation phase.

In 2019, we completed the backfilling operations of our accelerated South

Through our continuing reforestation initiatives in Semirara Island, we have planted a total of 1,853,774 endemic, ornamental, and fruit-bearing trees to date. Of this number, 1,013,141 trees are planted within the mine site, while another 840,633 trees are planted outside our mining complex.

16 PEACE, JUSTICE, AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels



We help prevent and pre-empt conflict by listening and responding to stakeholder concerns, and by establishing formal and accessible complaint and grievance mechanisms.

We facilitate peaceful working environments and good community relationships. We conduct our businesses in accordance with our Code of Conduct and Business Ethics and our corporate governance policies.

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalize the global partnership for sustainable development



We engage in meaningful public-private partnerships that help mobilize financial resources and technology

transfer. We also facilitate trust between the company, the national and local governments, and our host communities.



OUR PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

We encourage and promote effective public-private and civil-society partnerships. Our strong and lasting partnerships with key organizations and government agencies allow us to build on each other’s knowledge, experience, and resourcing strategies to better contribute to sustainable development.

Partner Organization	Activity
Department of Trade and Industry (DTI) – Antique	Our partnership promotes continued skills training and livelihood development in our host communities in Semirara Island. In 2019, we hosted a financial awareness and business marketing workshop for the benefit of the fisherfolk and women in Barangays Alegria, Semirara, and Tinogboc.
Department of Science and Technology (DOST) – Batangas	Our partnership promotes continued skills training, cooperative formation, and livelihood development in our host communities in Calaca, Batangas. In 2019, we hosted a training workshop on women empowerment and livelihood projects for our impact barangays in Batangas. Topics included food processing, bricks making, cooperative formation, and capacity building, just to name a few.
Cooperative Development the Authority (CDA)	Our partnership promotes continued cooperative development in our host communities. In 2019, we arranged a cooperative formation seminar for the residents of Barangay Baclaran, Balayan, Batangas. The seminar provided the participants with the skills required to start and maintain a cooperative; it also allowed them to pre-register their cooperatives with the government agency.
Philippine National Police (PNP) – Caluya	Our partnership helps uphold law enforcement and maintain public safety in Semirara Island. In 2019, we hosted a law enforcement training for the Barangay Tanods of Barangays Alegria, Semirara, and Tinogboc.
Bureau of Fisheries and Aquatic Resources (BFAR), Department of Agriculture (DA)	Our partnership keeps the coastal waters around Semirara Island safe and secure. In 2019, we conducted a fisheries law enforcement training for the benefit of various fishermen’s associations in Barangays Alegria, Semirara, and Tinogboc.
Philippine Coast Guard (PCG), Coast Guard District Western Visayas, Sub-Station Semirara	Our partnership keeps the coastal waters around Semirara Island safe and secure. In 2019, in partnership with the Department of Energy (DOE) and the local governments of Caluya and Barangay Semirara, we inaugurated the Coast Guard Sub-Station (CGSS) Semirara at the Pinagpala Pier.
University of the Philippines Los Baños Foundation, Inc. (UPLBFI)	Our partnership helps us improve our mine rehabilitation and restoration initiatives. In 2019, we initiated our Restoration Beyond Compliance Study. The study helped determine the survival rate of the trees planted within the rehabilitation areas. The study also involved a floral biodiversity assessment and a carbon stock assessment. Through a Landscape Function Analysis (LFA), we also assessed the ecosystem functions and vegetation within the rehabilitation areas.



BOLSTERING ECONOMIC GROWTH AND DEVELOPMENT

At Semirara Mining and Power Corporation (SMPC), corporate sustainability is anchored on the development and implementation of well-balanced and functional solutions that translate to inclusive growth for our different key stakeholders. Wherever we operate and do business, we serve as a catalyst for economic growth and development.

Our coal mining operations in Semirara Island, Antique, together with our power plant operations in Calaca, Batangas, spur economic activities in our immediate communities by providing a living wage to locals and by helping local micro, small, and medium enterprises (MSMEs) flourish.

Stakeholder inclusion and partnerships with local governments allow us to bolster economic progress and social development in our host and neighboring communities.

Our goal, ultimately, is to leave our host communities and their local governments better than when we found them when we started our business operations. We strive to contribute to the prosperity of national and local economies through gainful employment, a robust and sustainable supply chain, growth in local businesses and commerce, and a dynamic and collaborative approach to regional development.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

2019 in Million PhP

Direct Economic Value Generated	
Revenue	44,252
Interest Income	283
Other Income	197
Economic Value Distributed	
Operating cost, including payments to suppliers worth PhP16.8 billion	26,849
Employee benefits and wages	2,037
Payment to providers of capital	6,597
Payment to government	5,283
Community investments	42
Economic Value Retained	
	3,924

We strive to sustain our profitability so that we can continue to share the wealth with our host communities and the nation. We meet our compliance obligations and conduct our business through responsible corporate citizenship. Additionally, we work closely with our industry regulators, local government units (LGUs), and host communities to conduct health impact assessments and environmental impact studies for our mining and power operations, as well as to develop programs that achieve a balance of social, ethical, and environmental solutions that benefit all our stakeholders.

We nurture the communities around our areas of operation by delivering real economic benefits through employment generation, tax remittances, and social investments. The economic impact of our business operations is significantly felt in Barangay Semirara, and in a wider scale the municipality of Caluya, which includes the islands of Semirara, Caluya, and Sibay.

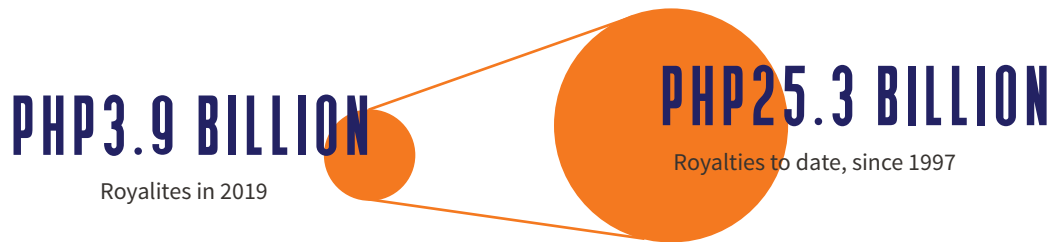
Through our strong partnerships with the Department of Energy (DOE) and the local government units (LGUs), we invest in and prioritize high-impact infrastructure and social programs that enable our communities to transform their own lives and progress towards self-sufficiency.

ROYALTIES

SMPC has been instrumental to the economic development of the Municipality of Caluya. From being a fourth-class municipality, Caluya became a first-class municipality in 2004, primarily due to the royalty payments of the company. Despite its geographical isolation and distance from key economic areas, Caluya ranked third in the Top Ten Municipalities with the Highest Amount of Total Revenue in the country

in 2018, according to a report from the Commission on Audit (COA).

Similarly, royalty payments to Barangay Semirara make it one of the most prosperous barangays in the country.



1ST CLASS

Classification of Caluya municipality based on its average annual income since 2004

5.79%¹

Poverty incidence at Barangay Semirara compared to Antique (19.6%) and the Philippines (16.6%)²

3RD RANKING³

Caluya municipality among the Top 10 Municipalities with the Highest Amount of Total Revenue

ROYALTIES REMITTED SINCE 1997

BY GOVERNMENT ALLOCATION - IN BILLION PHP



- Philippine Government
- Province of Antique
- Municipality of Caluya
- Barangays Semirara and Tinogbok

¹ Based on 2015 data of the Municipal Social Welfare Office (MSWO)

² Based on 2018 data from the Philippine Statistics Authority (PSA)

³ Based on the Philippine Commission on Audit (COA) 2018 Annual Financial Report to the Local Government, Volume 1

COMMUNITY INVESTMENTS

On top of royalties that help bolster economic growth, we also have community investments significantly felt through our holistic Social Development Program (SDP) geared towards environmental stewardship, electrification, education, infrastructure development, livelihood support, and access to health services and transportation, just to name a few.

We continue to refine these social programs to better address the needs of our host communities through public-private partnerships for long-term capacity building and self-sufficiency. Through our holistic SDP, we helped transform a once impoverished and geographically isolated island in Antique into a first-class municipality with a thriving local economy for its residents.

Currently, we serve as the main provider of employment and electricity, as well as the biggest private contributor of infrastructure, in Semirara Island. Sustainability, particularly community self-sufficiency and resilience, remains a primary concern, especially once we have mined out our assigned areas and our coal operating contract expires in July 2027.

To help address this concern, we have partnered with the DOE and the local governments to invest in programs and infrastructure that will build the long-

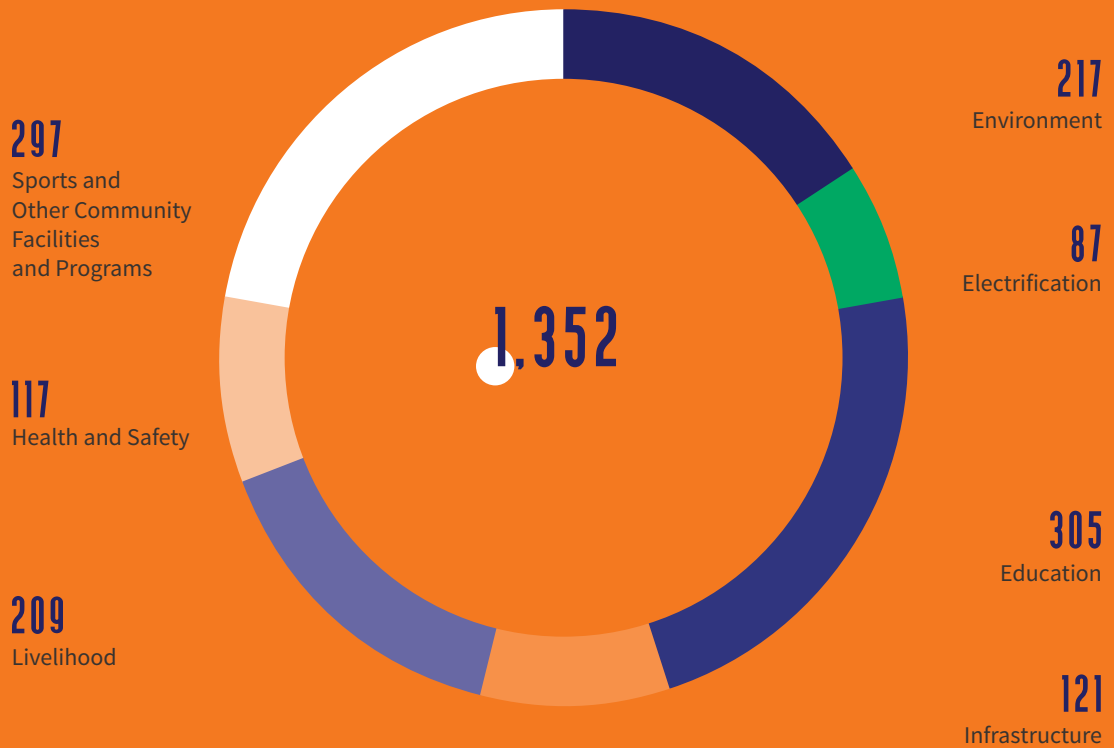


term capacity of our host communities. By enabling residents to develop high-value products and skills, we can help them secure meaningful employment and livelihood opportunities.

To help improve the quality of life in Semirara Island, we support schools and maintain vital services such as an airport, thermal power plants, and an infirmary. In partnership with the local government units, we also constructed road networks, a seaport, and a flyover bridge, among others. We also partner with telecommunications companies to provide our host communities access to consumer mobile technologies and reliable digital connectivity.

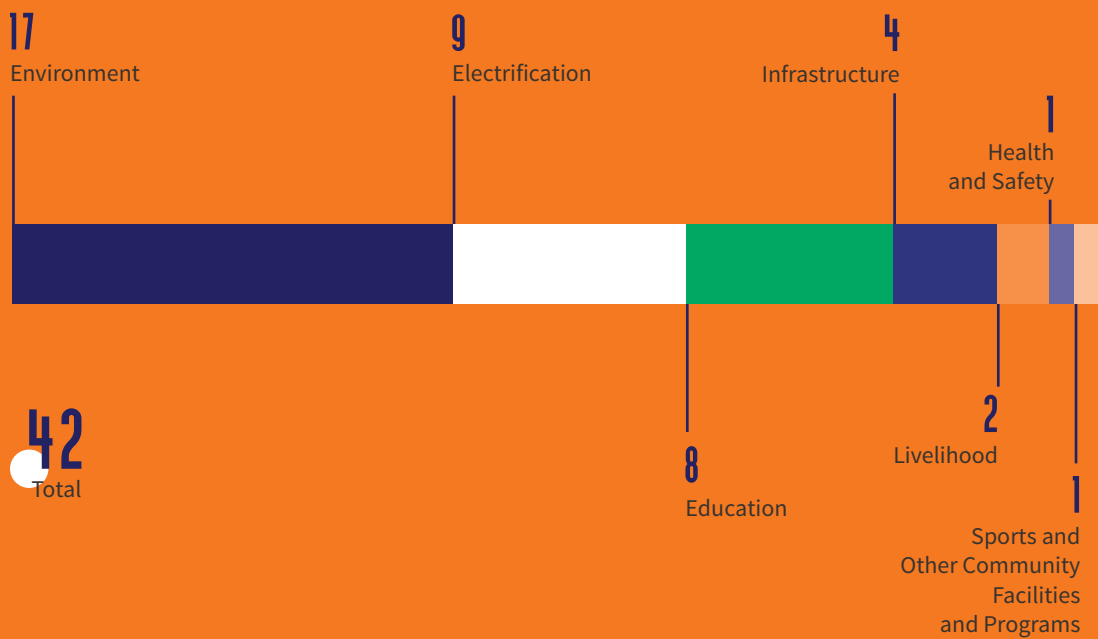
COMMUNITY INVESTMENTS SINCE 1997

BY PROGRAM - IN MILLION PHP



COMMUNITY INVESTMENTS IN 2019

BY PROGRAM - IN MILLION PHP



ELECTRIFICATION

We help light up homes and brighten lives in Semirara Island through our electrification programs and electricity subsidy. We continue to provide our host communities with an affordable and stable supply of electricity, a vital resource which has allowed its households and local businesses to thrive over the years.

In partnership with the Antique Electric Cooperative (ANTECO), we started the electrification of Semirara Island in July 1999, when we provided the necessary infrastructure and hardware to install transmission lines for rural electrification.

Since then, we have provided Semirara Island with the most affordable electricity rates in the country. Our continuing subsidy of PhP2.50 per kilowatt-hour (kWh) translates to over 50% savings compared to the standard electricity rates in Antique. Currently, generation cost is approximately PhP7.50/kWh. ANTECO charges consumers PhP4.00/kWh to PhP6.00/kWh, which is

at least PhP3.00 lower than the country's highest electricity rate.

By 2005, the entirety of Semirara Island had access to electricity. In 2014, we commissioned an additional 1x15-megawatt (MW) coal-fired power plant to support our electrification projects in Semirara Island.

In June 2017, to help ensure road safety in the island, the Barangay Semirara Council started installing solar street lights along the road networks that connect Barangays Semirara, Alegria, and Tinogboc. The Council invested more than PhP100 million for the project, which was primarily funded through the 20% electrification allocation from the royalty payments of SMPC to Barangay Semirara. The solar street lights, procured from Equator Energy Corporation, cost PhP80,000 each to install and each unit has a five-year warranty. To date, 1,310 solar street lights have been installed all over Semirara Island.

PHP2.50/KWH

Continuing subsidy through the Antique Electric Cooperative, Inc. (ANTECO), giving residents an affordable electricity rate



OUR POWER GENERATION CAPACITY IN SEMIRARA ISLAND

2 X 7.5MW
Old Thermal Power Plant

28.9 MW
Diesel Power Plant

1 X 15MW
Additional Thermal Power Plant (2014)

1 MW & 1.5 MW
Portable Generator

INFRASTRUCTURE

We continue to develop the necessary infrastructure to spur economic activity in Semirara Island. This includes the maintenance of roads, the construction of a flyover, and providing access to land and sea transportation.

Since 2015, we have operated the 200-seater passenger boat MV Maria Cristina, which has daily trips scheduled to and from Semirara Island; San Jose, Occidental Mindoro; and Bulalacao, Mindoro. Aside from providing alternative transportation options for students, parents, and employees who have business in Manila and Mindoro, the MV Maria Cristina is also utilized as a means of carrying cargoes and supplies to and from Semirara Island.

In 2019, we provided dredging works for the completion of the Pinagpala Public Seaport, which is now open to passenger boats and fishing vessels plying to and from Semirara Island. Additionally, in partnership with the DOE and the local governments of Caluya and Barangay Semirara, we also launched the Coast Guard Sub-Station (CGSS) Semirara at the Pinagpala Pier on October 21, 2019. Through this sub-station, the Philippine Coast Guard can better protect the coastal waters surrounding Semirara Island.

On top of marine transport, we also provide free land transportation to employees, students, and other residents of our host communities through scheduled bus trips. Eight bus trips are scheduled at regular intervals to travel the 22-kilometer Semirara – Alegria route daily. Around 1,600 of our personnel use this bus service daily, and we spend more than PhP500,000 annually to operate the transport service.



PHP7.1 MILLION

Road maintenance in Barangays Semirara, Alegria, and Tinogboc

31 KILOMETERS

Length of main road network maintained

EDUCATION

We believe that education and skills training can help secure a better future for the youth of Semirara Island. As such, we provide access to education through continuing partnerships with the Divine Word School of Semirara Island, Inc. (DWSSII), and technical-vocational skills training through the Semirara Training Center, Inc. (STCI). Additionally, through our free Master of Arts (MA) in Education Program for teachers, we also help improve the skills and competency of public and private school teachers in Semirara Island. Launched in 2018, the program continues to attract teachers who want to continue their professional development. For a complete discussion of our education programs, please see page 105-112.

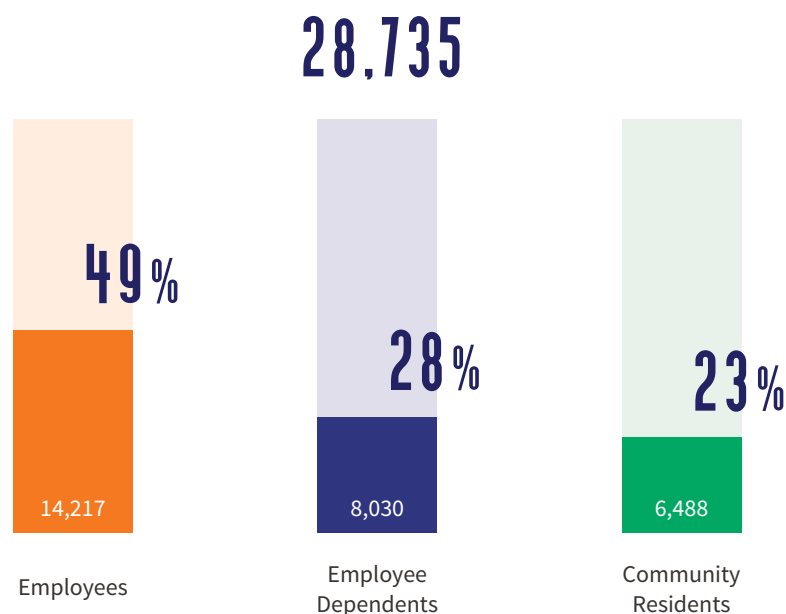
HEALTH AND SAFETY

A healthy community is a thriving community. As such, we continue to provide access to relevant health services through the Semirara Infirmary. We built and operate the Semirara Infirmary to provide primary health care services not just to our workforce, but to the residents of our surrounding communities as well. To provide primary medical services, the Semirara Infirmary currently employs four physicians, two dentists, three medical technologists, one radiologic technologist, one midwife, and 11 nurses. Ultrasound services for the employees, their dependents, and other members of the community are also provided through monthly visits of radiologists to the mine site. For a complete discussion of our health and safety programs, please see page 124.

15

Number of beds in the SMPC infirmary

PATIENTS SERVED IN 2019



LOCAL EMPLOYMENT PRESENCE

As part of our thrust to promote inclusive growth, we prioritize sourcing and hiring qualified talent from our host communities and nearby municipalities and provinces. Currently, SMPC is the single biggest employer in Semirara Island. In 2019, our total workforce reached 3,684 employees. Of this number, 1,505 employees, or 47% of our 3,229 employees in the mine site, are either from Semirara Island or the Municipality of Caluya. As such, our mine site payroll amounted to PhP1.88 billion in 2019.

Reflecting the wider geographical reach and impact of our operations, more than 54% of the mine site employees accounted for are from the provinces of Aklan, Antique, Capiz, Iloilo, and Mindoro. Meanwhile, 75% of our

power plant site employees are from our two host municipalities in Batangas, namely Calaca and Balayan. In the areas where we operate, we comply with the mandated wage, with an average pay ratio of 1:1 compared to the local minimum wage.

A significant proportion of our senior management is also hired from the local community. In our power operations, 20 out of the 34 management positions, or 54%, are held by residents of Batangas. All members of our Board of Directors and all our key officers are Filipino citizens.

For a complete discussion of our hiring and employment data, please see page 92-103.

EMPLOYEES BY ORIGIN

Segment	No. of Employees	Aklan, Antique, Capiz, Iloilo, and Mindoro	Calaca and Balayan, Batangas
COAL	3,229	54%	
POWER	455		75%
Total	3,684	48%	9%



ENTREPRENEURSHIP AND LIVELIHOOD SUPPORT

Local micro, small, and medium enterprises (MSMEs) thrive in a robust economy driven by our mining and related activities. To help build the capacity of aspiring entrepreneurs in Semirara Island, we work closely with the LGUs and other relevant government agencies, such as the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), and the Cooperative Development Authority (CDA), just to name a few, to organize workshops on financial literacy, business marketing, and entrepreneurial competency.

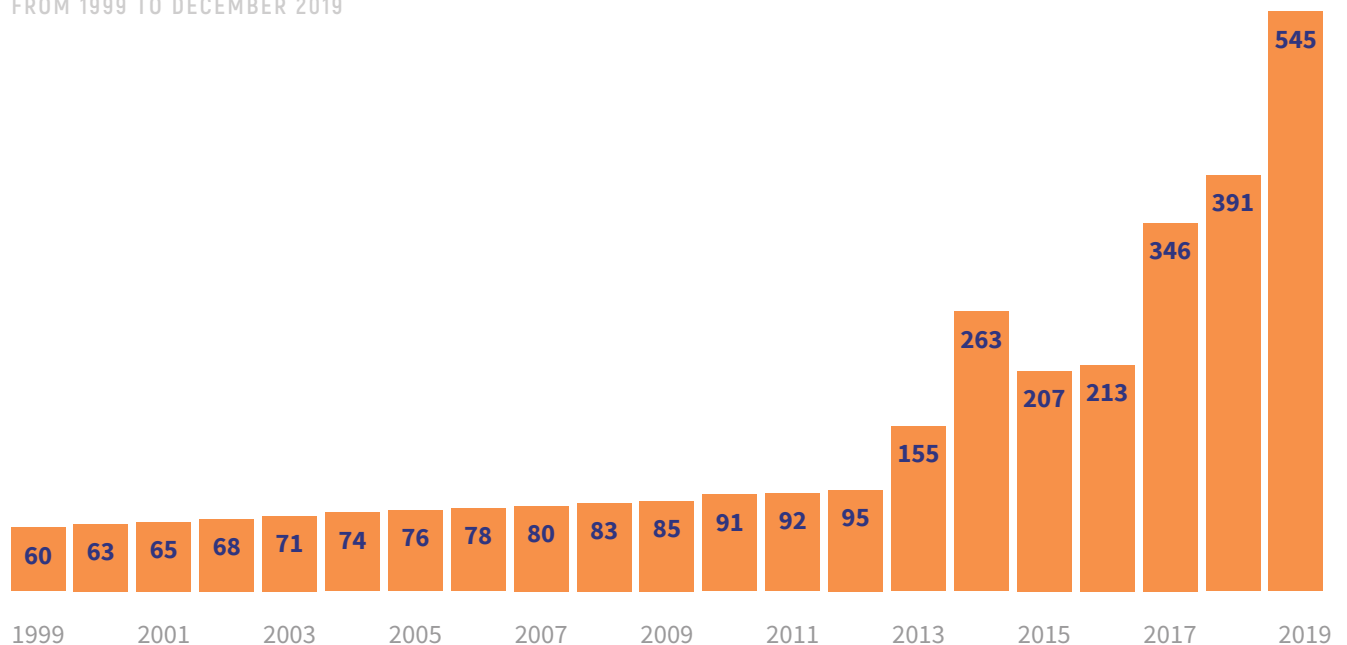
Barangay Semirara, our direct impact community, accounted for the majority of the total registered business establishments in Semirara Island in 2019. Barangay

Semirara posted 283 business renewal permits and 181 new business permits in 2019, for a total of 464 registered businesses, or 85% of the MSMEs in Semirara Island. The top six businesses registered in Semirara Island were (1) sari-sari stores; (2) fish, meat, and vegetable dealers; (3) boarding houses; (4) ready-to-wear (RTW) and other garments retailers; (5) food refreshments, restaurants, and bars; and (6) motor parts, welding, and vulcanizing shops.

From having only 60 registered businesses back in 1999, Semirara Island now boasts of as many as 545 business establishments in operation. For a complete discussion of our entrepreneurship and livelihood support programs, please see page 113-116.

NO. OF REGISTERED ESTABLISHMENTS IN SEMIRARA ISLAND

FROM 1999 TO DECEMBER 2019





EMBRACING ENVIRONMENTAL STEWARDSHIP

Mining activities have significant impacts on the environment, especially when not pursued in a responsible manner. The negative impacts of prolonged mining activities may include water depletion, deforestation, pollution, and increased greenhouse gas (GHG) emissions.

Therefore, it is critical for Semirara Mining and Power Corporation (SMPC) to mitigate and manage the environmental impacts of its coal mining and power operations. In all aspects of our operations, we strive to implement best practices in environmental stewardship that adhere with the principles of responsible mining and conscientious power generation.

Due to the extractive nature of our operations, the proper management

of natural resources forms part of our business ethics and is integrated in our overall approach to management. We implement a comprehensive environmental stewardship program that addresses all aspects of our operations, from mine development, mining operations, power generation, to mine rehabilitation.

Our comprehensive environmental stewardship program covers initiatives related to the management of land resources, water resources, solid waste and effluents, carbon emissions and air quality, as well as biodiversity conservation. In our pursuit of environmental stewardship, we work closely with the Department of Energy (DOE) and the Department of Environment and Natural Resources (DENR), particularly the Environmental Management Bureau (EMB).

LAND RESOURCES MANAGEMENT

Mining companies implement standard practices, such as reforestation and other engineering measures, to help stabilize slopes and control soil erosion. At SMPC, mine rehabilitation and reforestation serve as our primary initiatives for maintaining the stability and health of land resources. Our primary objective with these initiatives is to reverse the negative impacts of deforestation and environmental degradation. It also helps us develop open areas through inland and coastal reforestation, and then rehabilitate and restore previously mined areas. In the past, we have successfully rehabilitated the depleted Unong mine, and we also accelerated the rehabilitation of the South Panian mine.

These initiatives are consistent with the principles of sustainable development. Previously mined land is rehabilitated and restored so that its value will be the same as or greater than when it was first disturbed for industrial and commercial purposes. At SMPC, our reforestation activities commence at the periphery of the mine

pit, where various species of pine, forest, and fruit-bearing trees were planted and maintained. After overburden dumps are stabilized, native tree species are planted with an arbitrary amount of organic fertilizer.

Benefits of reforestation include the rejuvenation of local flora and fauna, and the capture or sequestration of carbon dioxide emissions. Other benefits of reforestation can also be felt every time storms make landfall in the island.

On December 25, 2019, Typhoon Ursula made its landfall in Semirara Island, bringing with it heavy rainfall and strong winds, with intensity of up to 140 kilometers per hour. Our terrestrial reforestation areas within and outside the mining complex incurred greater damage than our mangrove areas. As such, our ongoing land restoration program will also include the selection of climate-resilient tree species, and the recount of the survival rates of the seedlings planted in our reforested areas, among others.



INLAND REFORESTATION

Semirara Island, inside the mining complex	Semirara Island, outside the mining complex	Semirara Island, coastal areas	Calaca and Balayan, Batangas, inside and outside the power plant complex
1,013,141 trees planted in 634.23 hectares since 2000	840,633 trees planted in 468.61 hectares since 2000	644,063 mangroves planted in 196.43 hectares since 2002	9,011 trees planted since 2017

CONSERVATION STATUS OF TREE SPECIES PROPAGATED IN SEMIRARA ISLAND

IUCN Red List Category	Common Name	Scientific Name	Population*
Endangered	Narra	<i>Pterocarpus indicus</i>	96,221
	Mahogany	<i>Swietenia Macrophylla</i>	1,389
Vulnerable	Mancono	<i>Xanthostemon verdugonianus</i>	29
	Molave	<i>Vitex parviflora</i>	96,221
	Supa	<i>Sindora supa</i>	17

*The indicated population is as of the third quarter of 2019. Semirara Island was affected by Typhoon Ursula on December 25, 2019, so the inventory of surviving tree species is ongoing.



SOUTH PANIAN MINE REHABILITATION

Sustainable mining requires the restoration of biodiversity and revegetation of areas that were disturbed by mining operations. Following the closure of the South Panian pit in Semirara Island, Antique in September 2016, Semirara Mining and Power Corporation (SMPC) readily answered the Department of Energy's (DOE) directive to accelerate its rehabilitation in 2017.

What should have taken five to 10 years was accelerated and contracted to less than two years, culminating in the completed Phase 1 backfilling in June 2019. To date, this has been the fastest mine rehabilitation done in the Philippines. The fast-tracking of the rehabilitation program was essential to restoring the former ecosystem of the area and completing the pit's lifecycle.

Today, the South Panian mine continues to be a model for open mine rehabilitation programs in the country. We have unloaded 170.2 million bank cubic meters (bcm) of overburden materials into the southern portion of the pit. This filled up the excavated area and significantly raised its elevation from -260 meters, equivalent to a 78-storey building, to +5 to +11 meters above sea level (masl) of rolling elevation, the optimum elevation as determined and approved by the DOE.

After filling the pit, humic acid, compost, and other value-adding materials were added to restore the soil's nutrients and quality. We have





been successful in returning the quality of the soil to as close to pre-mining operations as possible, with the kind of rolling topography that will allow for natural growth and the evolution of ecosystems.

In September 2019, we completed the second phase of the mine rehabilitation program, which is reforestation. We invested over PhP4 million for the seedlings, labor, and other costs related to the reforestation effort. To help restore biodiversity in the area, we planted 420,358 seedlings of beach agoho trees, and another 7,172 seedlings of other endemic tree species such as balete, molave, narra, fire tree, and bamboo.

These are species with a greater chance of survival; being native to the area, they are also less likely to cause damage to existing flora and fauna.

In recognition of the success of the accelerated South Panian mine rehabilitation, SMPC was invited to speak on the “Best Practices in Mining Closure in the Philippines” during the ASEAN Workshop on Corporate Social Responsibility and Training on Clean Fuel Technology. The workshop, which was held in Balikpapan, Indonesia on October 1, 2019, gave SMPC the opportunity to share its mine rehabilitation journey with the international mining community.

Tree Species	Planted, as of end of 2019	Surviving, as of end of 2019
Beach Agoho	420,358	387,234
Bamboo	6,713	4,696
Molave	73	56
Balete	39	39
Fire Tree	297	268
Narra	50	50
Total	427,530	392,343

WATER RESOURCES MANAGEMENT

Water is a resource that we share with our host and neighboring communities in Semirara Island. Given this reality, we take the necessary steps to ensure the responsible and equitable extraction of water as a shared resource.

We withdraw water from adjacent bodies of surface water such as seas, rivers, springs, and lakes. River and spring water are converted to steam, which drives our turbine to generate power. Seawater, on the other hand, is used to cool our power plant units. We also source groundwater for household use and other industrial needs. We also conduct freshwater, groundwater, and seawater monitoring to ensure that our water withdrawal meets the allowable limits. Beyond surface water and groundwater, we also tap into impounded water and desalinated seawater to meet our water requirements.

We have invested PhP216 million to install our own desalination plant in Semirara Island, which provides an alternate water source for our operations as well as our employees' household needs. The desalinated seawater it yields can be used for both industrial and domestic uses. While large quantities of seawater are withdrawn, much of its volume is returned to the sea after treatment.

We also continue to enhance water resource management in our power plant units in Calaca, Batangas. In December 2019, we implemented several water resource management initiatives, such as the Water Use Audit, the Leak Detection Program, and information campaigns to help ensure that water consumption in our power plants remain fully maximized.

1,300 MEGALITERS

produced at the desalination plant

Coal Operations	Water Withdrawal (in megaliters)
Surface Water	
Bunlao Spring	45.60
Sanglay Spring	64.23
Sanglay	489.39
Ground Water	
Puntod Deep Wells	15.41
Unong Deep Wells	16.09
Fresh Water Well No. 6	56.26
Sea Water	
Ilugao Bay	28,183.20
Third-Party	0
Total	28,870.18

Power Operations	Water Withdrawal (in megaliters)
Surface Water	
Dacanlao River	958.37*
Ground Water	
25.48	
Sea Water	
Balayan Bay	892,738.60
Third-Party	0
Total	893,722.45

*Water withdrawn passes through the Water Treatment Plant (WTP). 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.

Head Office	Water Withdrawal (in megaliters)
Manila Water	1.13
Drinking water	0.05
Total	1.18

	Water Consumption (in megaliters)
Coal Operations	2,317
Power Operations	42,169
Corporate Office	1.18
Total	44,488

EFFLUENTS MANAGEMENT

Effluents are treated prior to discharge into nearby bodies of water. Most of our water discharge represents the cooling water returned to Balayan Bay and Ilugao Bay, and the effluents from our desalination plant in Semirara Island. As such, we install and operate pollution control facilities which help ensure that all applicable parameters meet the required standards set by Republic Act No. 9275, or the Clean Water Act.

Our effluents and water discharges are all within the significant parameters applicable for power plant operations set under DENR Administrative Order (DAO) No. 2016-08, also known as the Water Quality Guidelines and General Effluent Standards of 2016. The primary sources of our effluents and water discharges are: (1) neutralization basin; (2) condenser outlet of Calaca power plant units; (3) outfall discharge of Calaca power plant units; (4) outlet of coal sedimentation basin; and (5) boiler blowdown.

After treatment, approximately 95% and 92% of our total water withdrawals are discharged to Balayan Bay, Batangas and Ilugao Bay, Semirara Island, respectively. This also includes effluents from our Desalination Plant in Semirara Island. The remaining percentage of water withdrawn but not discharged is due to condensation losses and other unaccounted water use, such as for cleaning and fire hydrant use, among others.

We maintain wastewater treatment facilities such as pocket sumps, settling ponds, and cooling canals for our coal mining operations, and neutralization ponds, oil-water separator ponds, and coal sedimentation ponds for our power operations. We construct pocket stumps along coal conveyor lines to control siltation, while settling ponds around the mine pit impounds water runoff and controls siltation.

The quality of its effluents and water discharges is a major concern for our power operations. To monitor

the effectiveness of our pollution controls, our Environmental Units conduct a monthly in-house Effluent Quality Monitoring to determine quality of our seawater discharge. Quarterly, a DENR-accredited third-party consultant also conducts Effluent Quality Monitoring. The results of these monitoring activities are then validated through a separate Multi-partite Monitoring Team (MMT) validation activity.

Semi-annually, during the wet and dry seasons, marine scientists also conduct a Marine Ecology Assessment to determine the overall impact of our power plant operations to marine ecosystems, specifically in Balayan Bay, Batangas.

Since 2013, our subsidiary, the Sem-Calaca Power Corporation (SCPC), has adopted the Cawong and Dacanlao Rivers in Batangas to help protect these bodies of water from pollution. Through its strong partnership with the DENR-EMB Region IVA, SCPC has successfully conducted regular clean-up activities with host communities and the local government to remove waste, debris, and silt from the rivers. To determine the effectiveness of the Adopt-A-River Program, we help monitor the overall water quality of our adopted rivers.

In 2019, we conducted seven river clean-up activities and planted more than 3,000 seedlings along the combined 3,000-meter stretch of the Cawong and Dacanlao riverbanks. We also completed four coastal clean-ups in Balayan Bay.

	Discharge Location	Water Discharge (in megaliters)
COAL	Sea Water (Ilugao Bay)	26,553
POWER	Sea Water (Balayan Bay)	851,553
Total		878,106



EMPLOYEES, RESIDENTS TEAM UP FOR COASTAL CLEANUP

Semirara Island is surrounded by vast expanses of water teeming with marine life. While island residents enjoy both the beauty and the bounty that this brings, it is also crucial for them to protect these waters from the harmful impacts of plastic pollution. As such, Semirara Mining and Power Corporation (SMPC), through its different environmental programs, orients residents on proper solid waste management and marine life protection.

On June 8, 2019, hundreds of SMPC employee-volunteers spearheaded a coastal cleanup in celebration of World Oceans Day. Armed with fabricated trash pickers and rakes, SMPC's employee-volunteers joined forces with local government leaders and residents in cleaning up the coast lines of Sitio Banua in Barangay Semirara, Caluya, Antique.

This collective effort amassed 2.4 metric tons of waste, or 62 sacks of recyclable, biodegradable, and residual waste. These were mostly comprised of single-use plastics and microplastics, fishermen's tools, and washed-up sea grass.

"We thank the employees and the residents for heeding the call for volunteerism," says Vicente Cesar Malig, Administrative Division Manager at SMPC. "We may be residing in a very small island, but our collective effort to clean our shores is already a big contribution to protect our seas," adds Malig. Engineer Al Jareol from the Environmental Unit of SMPC also turned over one set of recycled garbage drums for use at the barangay hall, eyed to help promote proper solid waste management in the community.

"We commend SMPC for this environmental initiative," says Kagawad Jimmy Aranda, officer-in-charge of Barangay Semirara. "We hope that this activity would serve as a reminder to our residents to take care of the ocean," Aranda adds. As a sign of commitment, the volunteers also signed their names on a pledge tarpaulin posted in the barangay hall.



MATERIALS MANAGEMENT

As a leading vertically integrated power generation company in the Philippines, we own and mine our own fuel source, which is coal. As such, coal is our primary product, and it is also the primary material used to fulfil our secondary service, which is power generation.

Our operations rely heavily on the utilization of non-renewable materials such as coal, diesel, and gasoline. These materials produce the energy used to power our operations, as well as the energy sold to our customers and shared with our host communities.

We maintain a fuel depot in Semirara Island, which helps ensure a steady supply of diesel and gasoline for our coal mining equipment. Our power operations, on the other hand, implement coal-stocking measure to help control dust and mitigate spontaneous combustion.

MATERIALS USED BY WEIGHT OR VOLUME

Type of Materials	Unit	Description	Weight or Volume
Renewable	tons / liters	None	0
Non-Renewable	tons	Coal, light and heavy oil, limestone, hydrazine hydrate, and liquefied petroleum gas (LPG)	2,582,596
	liters	Diesel, gasoline, bunker fuel, and oil	183,598,073

SUPPLIER ENVIRONMENTAL ASSESSMENT

To mitigate negative environmental impacts across our supply chain, we embedded a supplier environmental assessment in our supplier accreditation process. Through this assessment, we can properly evaluate our critical suppliers in terms of their waste reduction and management practices, procurement procedures, energy efficiency technologies, and other similar efforts to mitigate or reduce their environmental footprint across the supply chain.

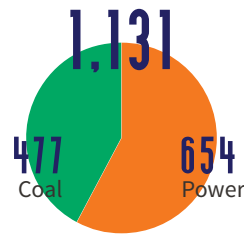
Most of our specialized materials and service requirements are awarded to foreign vendors, while our regular procurement needs, such as construction materials and manpower, are awarded to local companies or cooperatives. In 2019, there were 393 new suppliers screened using the environmental criteria as part of our supplier accreditation process.

SUPPLY CHAIN

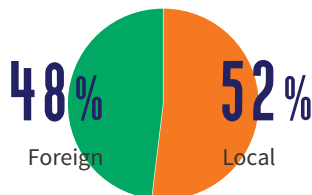
TYPES OF SUPPLIERS ENGAGED

Materials
Original Equipment Manufacturer (OEM)
Brand
Components
Services
Technology Certified Professionals

TOTAL NUMBER OF SUPPLIERS ENGAGED THROUGHOUT THE SUPPLY CHAIN



GEOGRAPHIC LOCATION OF SUPPLIERS



ESTIMATED MONETARY VALUE OF PAYMENTS MADE TO THE SUPPLIER



ENERGY USE AND MANAGEMENT

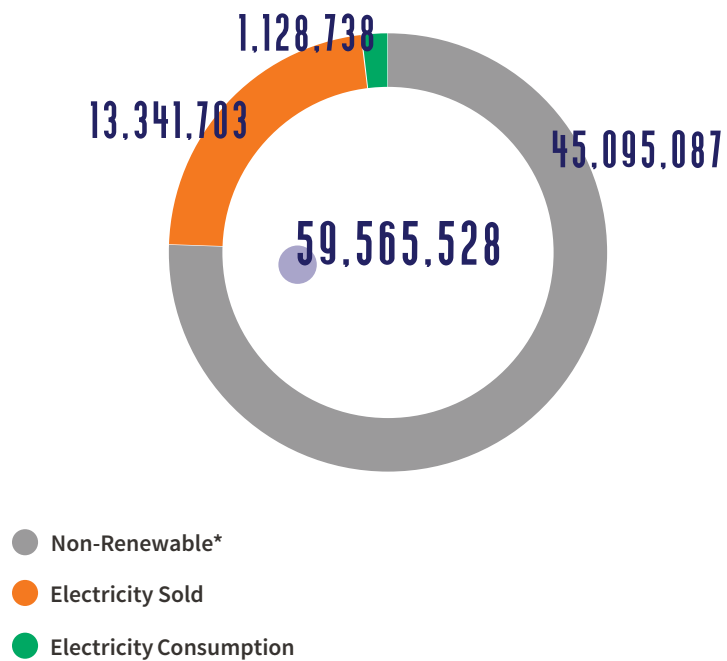
Coal extraction and power generation activities require significant amounts of energy. As such, to promote the efficient use of energy and to generate savings in energy cost, we must monitor and manage our energy consumption across the organization.

In our coal mining and power operations, we primarily use non-renewable energy resources such as coal, diesel, gasoline, bunker fuel, and oil. In our coal segment, the fuel requirements are primarily driven by mine, truck, and shovel processes. We maintain and operate a large fleet of modern heavy mining equipment that runs on diesel fuel. Given the scale of our operations, we must observe equipment upgrades and processes that promote the efficient and responsible use of energy.

Our use of a coal conveyor belt, for example, not only promotes the fast loading of vessels for coal delivery, but also makes our coal mining operations more efficient by reducing the travel time of trucks and saving on fuel. Our progressive fleet upgrade, on the other hand, promotes the use of more fuel-efficient models that not only deliver optimum performance but also has a longer lifespan. Additionally, the plant asset maintenance for our power operations is planned with proper guidance from pertinent regulatory agencies.

Through these measures that help monitor and manage our energy use, we can also gain a better understanding of our power consumption behaviors and patterns. Guided by insights gleaned from these monitoring activities, we can then develop better programs to optimize our energy use and reduce our overall power costs.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION IN GJ



* Includes gasoline, diesel, bunker fuel, coal, and oil

EMISSIONS MANAGEMENT

Our coal-fired power generation process produces emissions that consist of greenhouse gases (GHG), Nitrogen oxides (NOx), Sulphur oxides (SOx), and other particulates. As such, we employ various technologies, pollution control facilities, and mitigation measures in our power plant units to curb our harmful emissions.

These include innovations such as limestone injection and the use of Electrostatic Precipitators, among others. Limestone injection removes sulfur from coal during combustion; this, in turn, helps prevent the formation of SOx. Electrostatic Precipitators, on the other hand, captures and collects suspended dust particles in the flue gas using high-voltage electrostatic charge. This collected fly ash is then sold to a cement factory for additional revenue.

Dust emissions are managed to comply with applicable local regulations. Fugitive dust from coal stockpiling, transfer, and transport are mitigated by controls such as watering and compacting coal stockpiles, water sprinklers along coal conveyor lines, the deployment of mobile water trucks for hauling roads, and the use of water atomizer and water cannons during bucket-wheel operations.

We also conduct various monitoring activities regularly, done through the Continuous Emission Monitoring System (CEMS) Closed-Circuit Television (CCTV), Stack Emission Monitoring, and Ambient Air Quality Monitoring, all of which are routinely checked by the DENR.

Our GHG emissions are calculated based on ISO 14064-1:2018 (Greenhouse gases), the Greenhouse Gas Protocol Standards, and the guidelines issued by the International Panel on Climate Change (IPCC). Our power subsidiaries, SCPC and Southwest Luzon Power Generation, Corp. (SLPGC), were also certified as conforming with ISO 14064-1:2006 (International Standard for GHG Emissions Inventories and

Verification) in 2017.

Currently, we are exploring opportunities to mitigate our GHG emissions. This includes using innovations such as clean coal technology and upgrading our fleet of modern mining equipment. We also continue to upgrade our fleet of dump trucks and excavators to newer models that boast of higher fuel-efficiency and cleaner burn. We have an ongoing installation of Predictive Emissions Monitoring Systems (PEMS) for our 2x7.5 MW power plant units in Semirara Island.

Another way we can help curb our carbon emissions is through GHG sequestration. Carbon capture through bio-sequestration, also known as carbon sequestration, is done through biological processes such as reforestation. As such, we continuously implement reforestation activities within Semirara Island, especially around the mine site, and continue to protect its mangrove areas.

It has been found that mangrove forests have the same amount of carbon stored in their biomass per hectare compared to other forest types such as tropical upland forest and boreal forests. What sets mangroves apart is their amount of soil carbon, which is three to five times more than the other forest types.

Type	Emissions in tCO2e
Direct (Scope 1) GHG emissions*	4,790,330
Energy indirect (Scope 2) GHG emissions**	15,940

* GHG emissions from sources that are owned or controlled by SMPC, which includes emissions from power plants, coal stockyard, and mining equipment

** GHG emissions that result from the generation of purchased electricity



TAKING STOCK

CARBON STOCK ASSESSMENT YIELDS PROMISING RESULTS

Reforestation and forest rehabilitation form part of our sustainability strategy to combat climate change by capturing greenhouse gases. In 2019, together with scientists from the UPLB Foundation, Inc. (UPLBFI), our Environmental and Reforestation Teams accounted for our carbon stock potential, the carbon sequestered through our mine rehabilitation efforts, and their potential economic value.

Using the Quadrant Sampling Technique, we conducted vegetation and soil carbon stock assessments within our mine rehabilitation areas in Semirara Island. Random plots were identified from the 172.9 hectares of reforested areas surveyed in Semirara Island. Trees, herbaceous and litter carbon, and soil samples within the mine rehabilitation areas were collected from 20 random plots categorized as natural forest, mixed-species plantations, agooho plantations, and mangrove plantations.

The study reveals that the 172.9 hectares of forests and mangroves we planted and protected can store around 874 kilotons of carbon dioxide equivalent (ktCO₂e).

The carbon stocks vary across different rehabilitation sites, with the highest carbon stock observed in the soil samples, followed by those present in trees and herbaceous and carbon litter.



The largest carbon stock estimates were observed in the mangrove rehabilitation areas.

mangroves, natural or existing forest stands have a carbon stock of with 285 tCO₂/ha, a value reflective of good stand density.

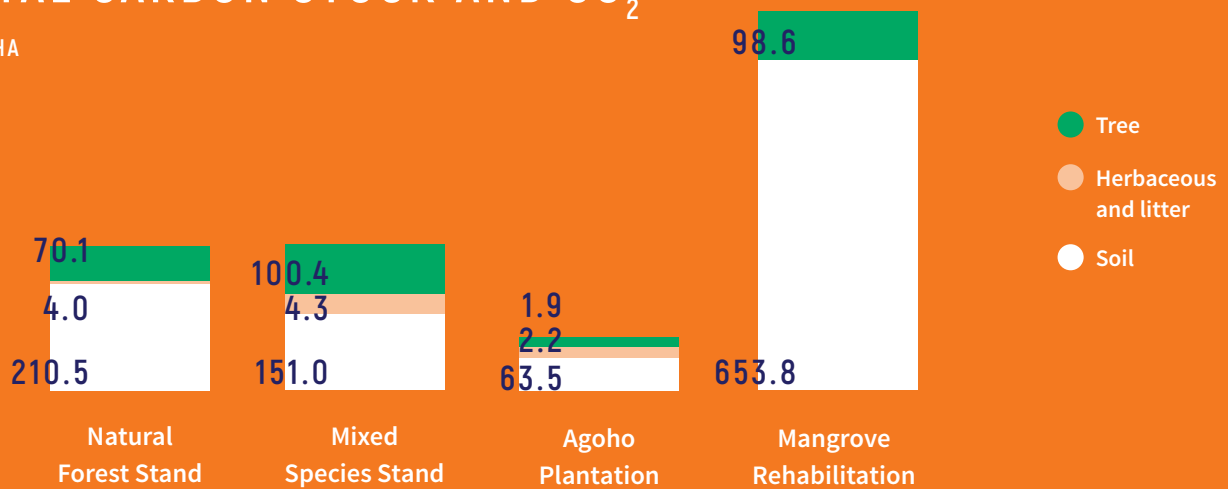
The mangroves planted showed the highest carbon stock, with more than 752 tons of carbon dioxide per hectare (tCO₂/ha), a value that is greater than other known documented carbon stock assessment in the Philippines to date (Gevaña, et. al, 2018)*. Next to

Additionally, the study revealed that, in 2019, the average survival rate of seedlings planted in our terrestrial rehabilitation areas is at 46%, lower than the survival rate of 56% in mangrove areas.

* Gevaña D, Camacho L, Pulhin J. 2018. Conserving Mangroves for Their Blue Carbon: Insights and Prospects for Community-Based Mangrove Management in Southeast Asia. In: Makowski C., Finkl C. (eds) Threats to Mangrove Forests. Coastal Research Library, vol 25. Springer Nature. pp. 579-588

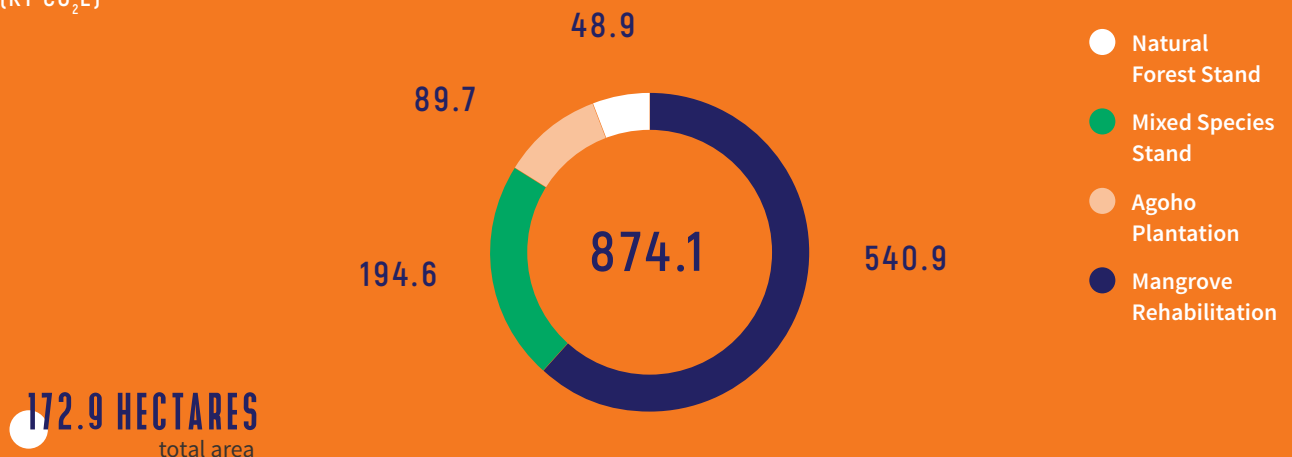
TOTAL CARBON STOCK AND CO₂

IN T/HA



TOTAL CARBON STOCK

IN (KT CO₂E)



WASTE MANAGEMENT

Given the scale of our coal mining and power operations, we inevitably yield a substantial amount of waste. As such, proper waste management is part of the good housekeeping practices implemented in our mine sites and power plants.

To help distinguish different types of waste from one another, waste segregation is done at the source through the placement of colored and labeled bins in strategic locations across our different sites of operations. We have also embedded processes that allow us to recycle, reuse, and dispose of our waste properly, with minimal impact on the environment and human health.

The used oil from our coal mining and power operations is reused as start-up fuel for our power plant units. Additionally, bottom ash may also be reused as materials for backfilling operations and for making hollow blocks, both of which are subject to regulatory conditions. The coal dust we collect during our conveyor belt clean-up can be used to power

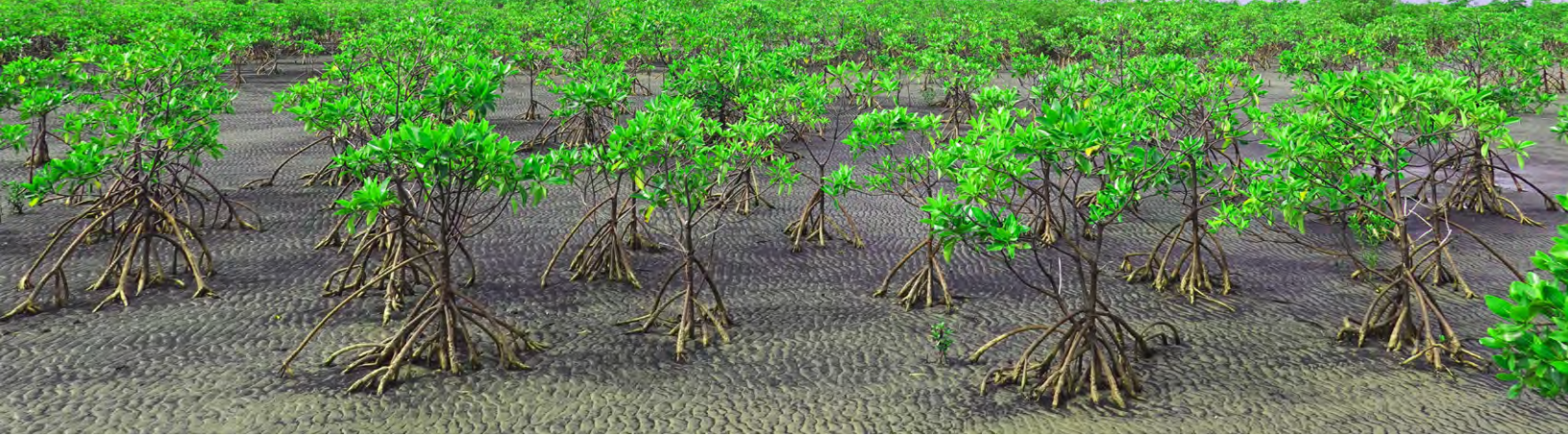
pottery kilns, while the fly ash we produce during power generation can be used as an additive for making cement.

Where possible, we also strive to prevent spills. In the event of coal spillage from the conveyor lines, however, the spilled coal is collected and fed to pottery kilns, which are used to create claystone products and building materials.

We also have different facilities where we can temporarily house and handle different types of waste prior to final disposal. Biodegradable wastes are diverted to our bioreactor or composting facilities. Recyclable materials, on the other hand, are transferred and temporarily stored in our Materials Recovery Facilities (MRF) prior to being sold to recyclers. Hazardous wastes, initially, are segregated and stored temporarily in on-site facilities; they are then diverted to Transport, Storage, and Disposal (TSD) facilities accredited with the DENR-EMB for final handling and disposal.

WASTE BY TYPE AND DISPOSAL METHOD

Waste Type	Total Weight (in tons)	Waste Disposal Method	TRANSPORT OF HAZARDOUS WASTE	
				Weight (in tons)
Non-Hazardous	1,285	Composting		
		Materials Recovery Facility (MRF) for storage, recycling		
		Bulb crushing		
Hazardous	59	Chemical immobilization		
		Decontamination, size reduction, encapsulation		
		Dismantling, constituting, recycling		
		Encapsulation after physical fixation		
		Hydroclave		
		Oil recovery		
		Physical fixation		
		Reclamation		
		Recycling, recovery, constituting, disposal		
			POWER	27.57
			Total	59.32



BIODIVERSITY CONSERVATION

Semirara Island boasts of a rich biodiversity, may it be on land or at sea. As such, it is imperative that we protect the island's natural ecosystem. As part of our

environmental stewardship, we help protect and rehabilitate the island's flora, fauna, and marine biodiversity, especially those affected by our coal mining operations.

MARINE PROTECTION AND REHABILITATION

The Semirara Marine Hatchery and Laboratory (SMHL) is a flagship project intended to conserve marine biodiversity and enhance the quality of the coastal waters in Semirara Island. Our marine rehabilitation efforts are primarily done through the spawning, growing, and reseeded of eight species of giant clams, as well as the propagation and culture of abalone.

Developing the marine biodiversity in the coastal waters of the island not only provides food and livelihood to the residents, but the proliferation of giant clams also serves as an indicator of water quality that is free from pollution. If giant clams thrive in their waters, that means it is not polluted. Giant clams serve as pollution indicators, particularly of trace metal pollution in tropical waters.

Through our giant clam propagation project, we continue to preserve the endangered *Tridacna gigas*, the largest giant clam species in the world. Locally known as "taklobo," these giant clams are endemic to Semirara Island. The giant clams help promote a healthy marine ecosystem by acting as filter feeders, cleaning seawater by filtering plankton and other microorganisms before releasing it back to the seas. Their size and form serve as spawning grounds for corals, fishes, and other smaller marine animals, thereby forming a symbiotic relationship with them. As such, their presence in the area is a good barometer of the health of the marine environment in Semirara Island.



Semirara Island

180,485

giant clams propagated

84,778

reseeded clams

8

IUCN Red List species of giant clams

Balayan Bay, Calaca

36

giant clams surviving

1

IUCN Red List specie of giant clams

To help attract and conserve marine biodiversity in the long term, we also transplant coral fragments and sea grass to the Tabunan Cove, both of which serve as homes to marine biodiversity. The presence of coral reefs and seagrass beds also provides ecological services such as water quality control and shoreline protection. While still productive as individual ecosystems, the complete triad of mangroves, seagrass beds, and coral reefs in Semirara Island makes for better protection of its coast lines against pollution and climate change.

We also continue to strengthen our public-private partnerships with the local government units (LGUs), the Bureau of Fishery and Aquatic Resources (BFAR), our host communities, and the local fisherfolk in Semirara Island to protect a marine sanctuary and two Marine Protected Areas (MPAs) along the coastal waters of Barangays Semirara, Tinogboc, and Alegria.



HABITATS PROTECTED

Location	Area (in hectares)
Semirara Island, Antique	
Marine Sanctuary, Barangay Semirara, Caluya, Antique	150
Marine Protected Area (MPA), Barangay Tinogboc, Caluya, Antique	49.77
Marine Protected Area (MPA), Barangay Alegria, Caluya, Antique	87.95
Total	287.72
Calaca and Balayan, Batangas	
Dacanlao and Cawong Rivers (1,600 square meters)	0.16*
Total	287.88

*Estimated, as the adopted riverbank is three kilometers

In 2019, we assisted in the launch of an information, education, and communication (IEC) campaign geared towards law enforcement and the enhancement of training for the protection and management of the MPAs, as well as raising awareness on sustainable fishing practices, among others.



FLORA AND FAUNA ASSESSMENT

As part of the study conducted with the UPLBFI, we also assessed the flora and fauna present in Semirara Island. Results of the study reveal that rich plant biodiversity exists in Semirara Island, and that it continues to thrive in the established reforestation areas and the remaining natural forest ecosystem.

Plant samples from 16 randomly selected sites across Semirara Island were collected and identified according to species. A total of 728 trees and associated plant life forms were tagged and assessed, including 85

plant species from 32 plant families. Of the total plant species, 80% are native species, while 12% are endemic species and another 8% are exotic species.

Of the plant species tagged and assessed, the Smooth Narra (*Pterocarpus indicus forma indicus*) obtained the highest Importance Value (IV) at 52.87, followed by Molave (*Vitex parviflora*) with 40.77. Importance Value (IV) is the measure of how dominant a particular species is in a given forest area.





CONSERVATION STATUS OF IMPORTANT PLANT SPECIES IN SEMIRARA ISLAND

DAO 2017-11	IUCN 2009-1
Vulnerable	
Ata-ata (<i>Diospyros pilosanthera</i> var. <i>pilosanthera</i>)	Magabuyo, Malabuyo (<i>Celtis luzonica</i>)
Kamagong, Galo (<i>Diospyros blancoi</i>)	Molave (<i>Vitex parviflora</i>)
Red Nato, Makagmol (<i>Palaquium luzoniense</i>)	Red Nato, Makagmol (<i>Palaquium luzoniense</i>)
Smooth Narra (<i>Pterocarpus indicus</i> forma <i>indicus</i>)	
Pitogong dagat (<i>Cycas edentata</i>)	
Endangered	
Molave (<i>Vitex parviflora</i>)	Smooth Narra (<i>Pterocarpus indicus</i> forma <i>indicus</i>)

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</i> ssp. <i>philippensis</i>



RESTORATION BEYOND COMPLIANCE

In the past, despite the demand for more modern and sustainable mining methods, mines have been abandoned without thought or care as to how they may pose a hazard to residents of the community, or cause further damage to the environment. Semirara Mining and Power Corporation (SMPC), however, has long embraced our responsibility to the community and the environment by designing our mines until end-of-use, where we return the land to what it once was, or as close to original as possible.

We have adopted a science-based approach in restoring end-of-mine life that also adheres with international standards. This includes Landscape Function Analysis (LFA), a cost-effective tool widely used for monitoring the health and stability of land

resources post-rehabilitation, and the restoration of natural forests or vegetations in both temperate and tropical ecosystems, including mine rehabilitation sites in the Philippines. This ensures that we can recreate a stable natural ecosystem suitable to the soils, topography, and climate of the area.



As part of the Restoration Beyond Compliance program, the University of the Philippines Los Baños Foundation Inc. (UPLBFI), a third-party specialist, assessed our rehabilitation sites to guide us in the intervention toward a high ecosystem function study. UPLBFI lent their technical expertise in assessing the biological diversity and measuring the carbon stocks present in our rehabilitation sites in Semirara Island, Caluya, Antique.

“Through this partnership, we can clearly demonstrate that our goals and aspirations for the outcomes of these restoration projects are aligned with best practices and international standards. This will also help us monitor more effectively the effects of our operations in our host and neighboring communities,” says Maria Cristina C. Gotianun, President and Chief Operating Officer (COO) of SMPC.

Through our strong partnerships with local stakeholders, we can focus on the rehabilitation of natural ecosystems in support of climate change mitigation. As such, our Restoration Beyond Compliance program will focus on the following initiatives:

- Capitalizing on “blue carbon”, or the carbon emissions captured by the world’s coastal and ocean ecosystems, including mangroves, salt marshes, seagrass beds, and macro-algae, just to name a few. We can do this by protecting existing mangroves sites and by improving the mangrove planting scheme on open coastal areas through proper site-species matching for better survival.
- Pursuing forest restoration to bring back healthy ecosystem functions, particularly carbon sequestration.
- Continuing re-vegetation to enhance landscape carbon sinks, from upland to coastal ecosystems.



NURTURING TALENT DEVELOPMENT

At Semirara Mining and Power Corporation (SMPC), our employees are our most valuable assets. Our human resources strategy is focused on developing talent who can lead, excel, and deliver.

We maintain an employee value proposition that provides opportunities for career growth and development, as well as competitive rewards and benefits that are aligned with individual performance and strategic business objectives.

We enable our people to perform consistently and proficiently in a competitive business landscape by fostering a fair, judicious, and merit-based work culture that is inclusive and collaborative. We recruit, train, and compensate our workforce to strengthen organizational efficiency,

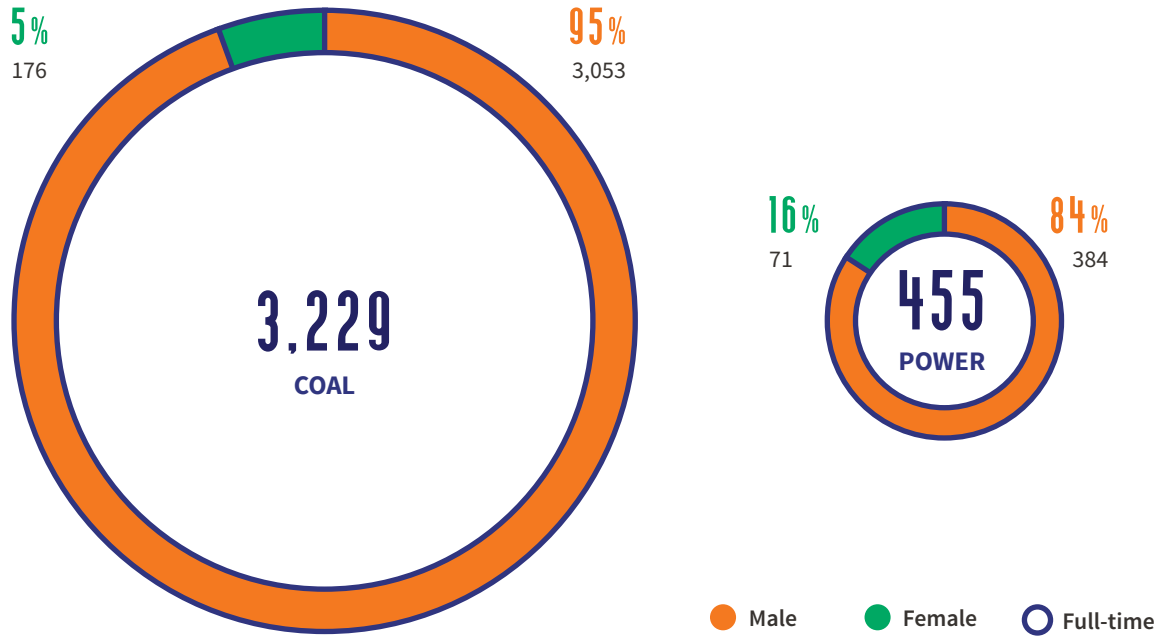
accelerate skills development, and enhance employee performance. Above all, we aim to empower and equip our workforce with relevant competencies to achieve our business objectives.

We ensure equal employment opportunities and do not discriminate based on gender, race, age, religion, or physical abilities. Our current gender demographic imbalance can be attributed to the nature of our operations. Skilled personnel, which includes our miners and rank-and-file employees, make up 86% of our workforce (at 3,179 employees). Meanwhile, professional-technical personnel, which includes our engineers and other technicians, make up the remaining 14% of our workforce (at 505 employees).

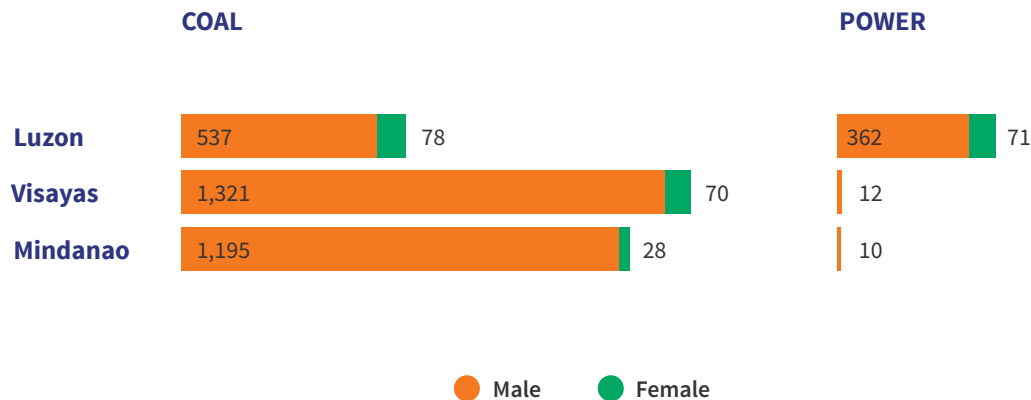
OUR EMPLOYEES

3,684
Total Number
of Employees

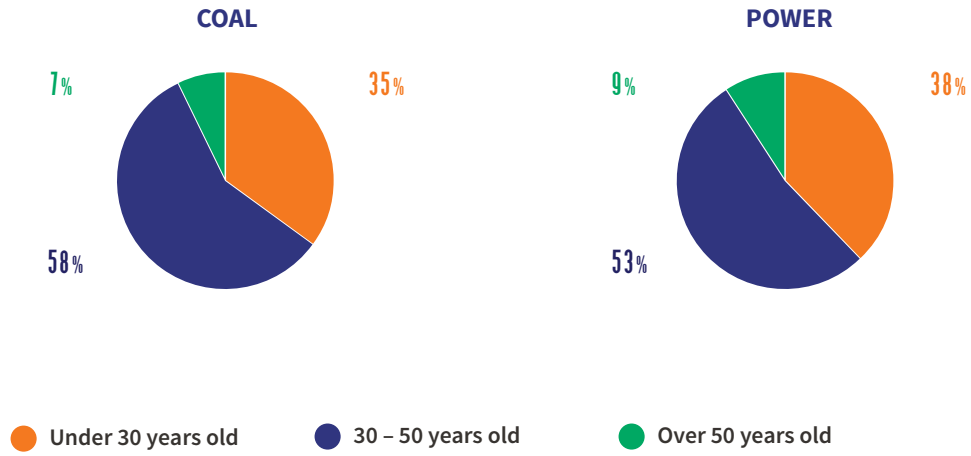
BY SEGMENT, GENDER, AND EMPLOYMENT TYPE



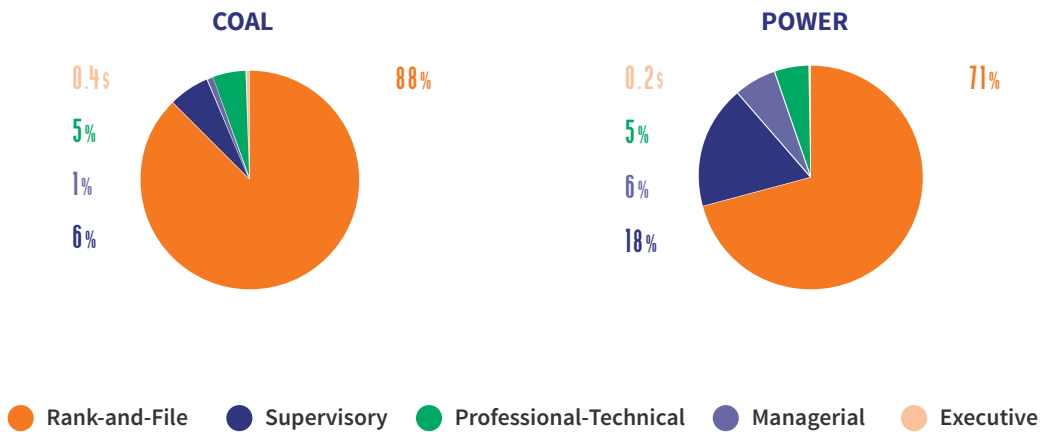
BY GENDER AND LOCATION



BY AGE GROUP



BY LEVEL

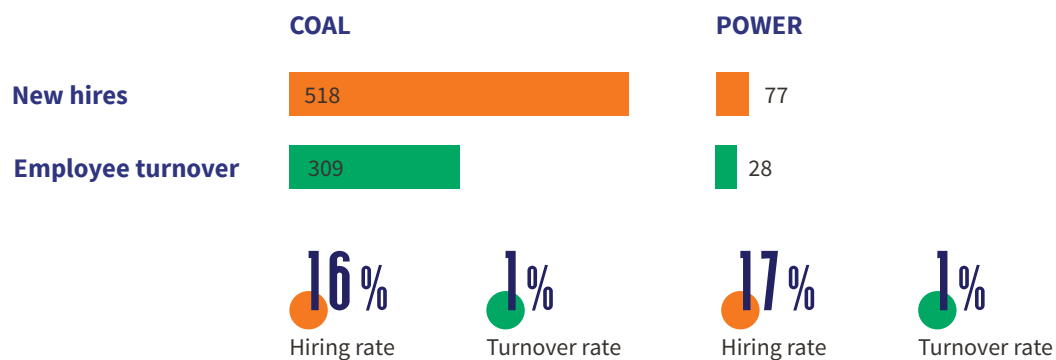


TALENT ATTRACTION

An effective hiring process helps attract exceptional talent and builds the foundation for a competent workforce. Bringing on board the right talent contributes to the achievement of our business objectives.

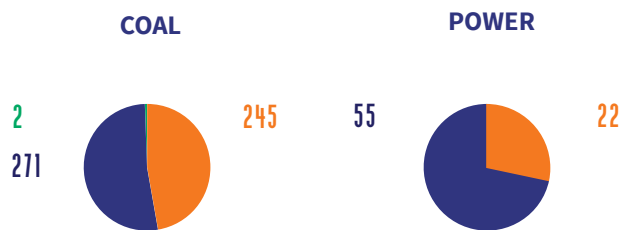
We define “right talent” as an individual who not only matches the job requirements, but also has the right work attitude and proves to be a good fit for our company culture.

NEW HIRES AND EMPLOYEE TURNOVER



NEW HIRES BY AGE GROUP

- Under 30 years old
- 30 - 50 years old
- Over 50 years old



BY GENDER

- Male
- Female

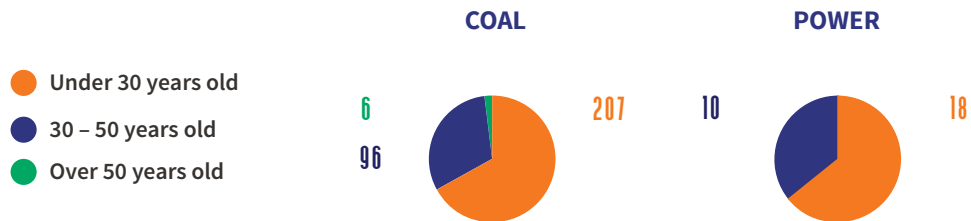


BY REGION

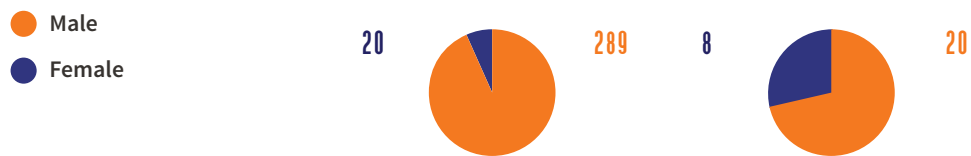
- Luzon
- Visayas
- Mindanao



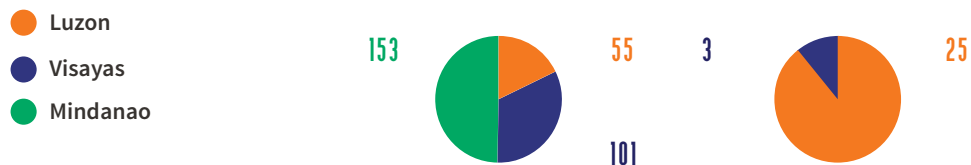
EMPLOYEE TURNOVER BY AGE GROUP



BY GENDER



BY REGION



TALENT RETENTION

90%
Retention rate

Business sustainability relies heavily on keeping the right people for the long term. We recognize our employees as significant partners in sustaining the business, and we bank on this partnership to continue growing the business in a responsible manner. As such, our employee retention strategy pursues efforts to cover the entire employment journey, from the onboarding of new hires until the inevitable exits of valued employees.

As we envision our people continuously growing with us, we strengthened efforts for our “build from within” strategy in 2019. This

included several initiatives in the areas of communication and feedback, performance reviews, training and development, health and wellness offerings, as well as employee engagement activities that foster teamwork.

Thanks to these combined efforts, we maintain our employee retention rate of 90%, which is well within the industry standards. Even with an already favorable performance, we continue developing an attractive company culture and revisiting our employee retention programs to better cater to our dynamic and diverse workforce.

COMPENSATION AND BENEFITS

As a company, we continuously seek to provide compensation and benefits that are aligned with industry and market standards. As such, we ensure that the remuneration and benefits package we offer our workforce complies with all the guidelines mandated by the Department of Labor and Employment (DOLE).

We develop and pursue benefit packages that improve not just the quality of life of our employees, but also of their families.

Our benefit packages are tailor-made for our employees, keeping in mind their particular set of needs, especially for those located in our operational sites.

We regularly review our salary structure and benefits packages to ensure that we stay aligned with relevant industry and market standards. Currently, we maintain the same level of basic salary, average pay, and remuneration for male and female employees for each employee category.

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES

List of Benefits	COAL	POWER
Government Mandated Leaves	✓	✓
SSS	✓	✓
PhilHealth	✓	✓
Pag-IBIG	✓	✓
Paternity Leave	✓	✓
Vacation Leave	✓	✓
Sick Leave	✓	✓
Bereavement Leave	✓	✓
Service Award	✓	✓
Retirement Plan	✓	✓
Family Relocation*	✓	
Rice Allowance*	✓	
Electricity & Water Allowance*	✓	
Medicine Allowance, Medicine Reimbursement	✓	✓
Free Medicine**	✓	
On-Site Housing, Housing Assistance and Accommodation	✓	✓
Medical or Mine Site Infirmary Healthcare	✓	✓
Life & Accident Insurance	✓	✓
Health Insurance (HMO)**	✓	✓
Health Insurance (In-House) *	✓	
Company Uniform	✓	✓
Emergency Leave	✓	✓

* For mine site employees only

** For mine site special skilled workers and supervisors or higher only

TALENT DEVELOPMENT AND SUCCESSION

Anchoring our talent development and succession strategy on our competency framework, we focused our efforts on building a competency map per business segment and identifying the profiles for each job position.

This laid the foundation for our talent development initiatives and interventions. This also served as a tool in building the talent management programs that are crucial in continuing targeted selections, systematic performance management, and individual development plans, all in support of the company's strategic direction.

As such, we provide all our employees access to essential internal and external training to address their performance needs, as well as to serve as an avenue for continuous professional development. Through our partnerships and affiliations with professional institutions, we expose our employees to the best practices and success stories in the mining and power industry here and abroad. Training categories may include behavioral management, health and safety, leadership, and professional and technical development, just to name a few.

Aside from the implementation of various employee training and development methodologies, such as instructor-led programs, on-the-job training, special projects, and simulation, we also strengthen our culture of coaching and mentoring through a collaborative online performance management system.

Our leadership and succession programs include Leadership Training for our executives, Middle Management Development Program for our managers, and Management Development Program for our supervisors. Through the years, we have also introduced various training programs and initiatives to help upskill graduates to become ready for the workforce.

Since 2010, our Cadetship Training Program has seen seven batches, with a total of 117 cadet engineers, complete the 10-month program. To date, 69 graduates of the Cadetship Training Program are currently employed by our subsidiaries, SCPC and SLPGC. The program was able to provide our power plant operations with four managers, 29 supervisors, and 13 professional and technical engineers.

100%

Coal Segment employees receiving regular performance reviews

100%

Power Segment employees receiving regular performance reviews



	Total Employees	Total Training Hours	Average Training Hours Per Employee
COAL	3,229	234,072	72
POWER	455	34,972	77
Total	3,684	269,044	73

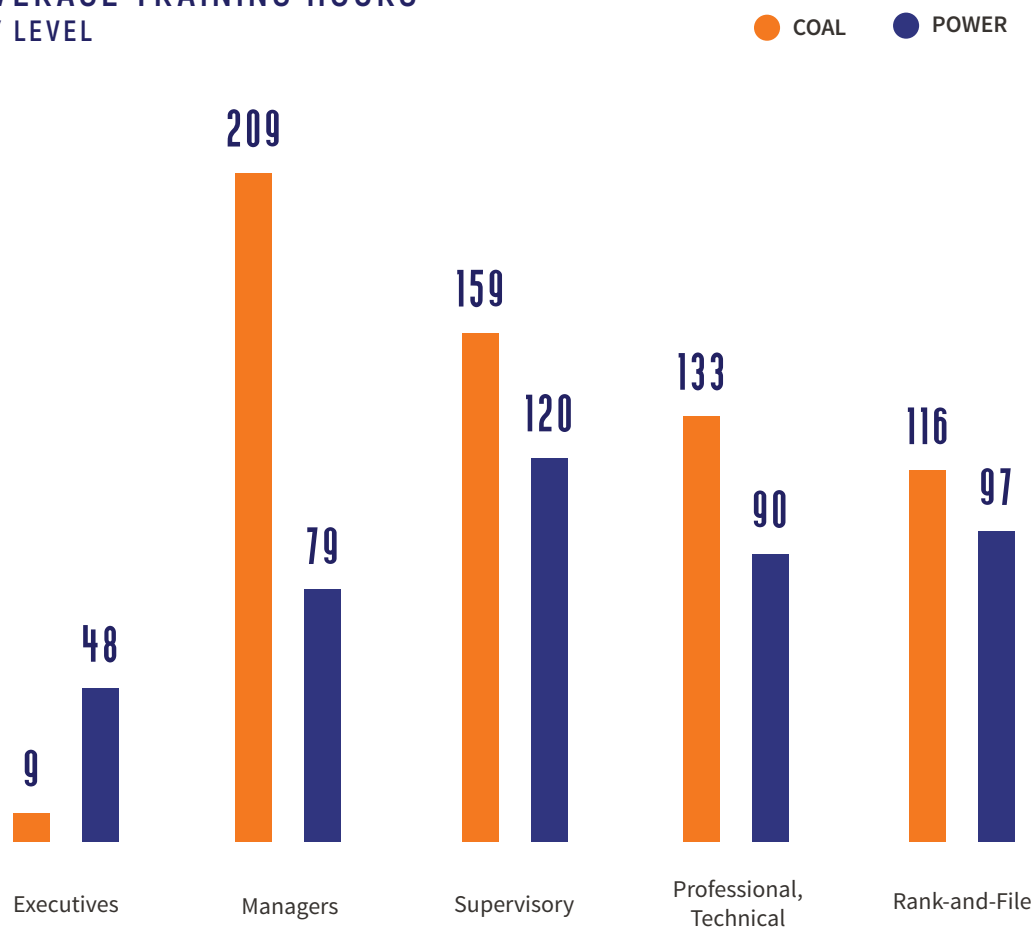
TOTAL TRAINING HOURS BY TRAINING CATEGORY

Training Category	COAL	POWER	Total
Behavioral	30,906	10,768	41,674
Environment, Health, and Safety (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
Total	234,072	34,972	269,044

AVERAGE TRAINING HOURS BY GENDER

	Male	Female
COAL	78	107
POWER	68	62

AVERAGE TRAINING HOURS BY LEVEL



TRAINING SPEND

	COAL	POWER	Total
No. of employees	3,229	455	3,684
Total 2019 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



LEARNING WITH KANSAI

Kansai Electric Power Co., Inc. (Kansai) is the second largest electric utilities in Japan. Our partnership with KANSAI allows us to learn their comprehensive and leading practices in operations and maintenance management to improve the operational excellence of our power operations. This also includes the training of our key leaders at Kansai's training center in Japan.

The first batch of our key leaders underwent a two-week training in operations and maintenance management with Kansai in December 2019. The overseas training included a combination of lectures, workshops, plant visits, and incident reviews. Our management team was able to experience first-hand the application of best practices at Kansai's different business units, such as the Kanden Plant Techno Center in Sanda City, the Maizuru Power Plant in Maizuru City, and the Kansai Head Office in Osaka City.

The training is part of the technical consultancy contract of SEM-Calaca Power Corporation (SCPC), a subsidiary of the SMPC, with Kansai. As part of the contract, Kansai will assess and provide technical services to the two power plants of SCPC, and then propose technical solutions to improve the operations, maintenance, and availability of the said facilities. Toshiba Energy Systems and Solutions Corporation, another Japanese power and energy solutions provider, is also part of this technical consultancy contract.

“Drawing on years of expertise in developing and manufacturing power generation equipment, our new partners can provide services that shall improve the value of our power plants,” said Maria Cristina C. Gotianun, President and COO of SMPC.



TALENT ENGAGEMENT

We proactively engage in dialogue and consultation with our internal stakeholders on significant issues. We listen to our employees' views on proposed operational and policy changes prior to an informed decision, as well as communicate organizational programs and updates on our corporate targets and objectives.

We engage with our employees through the following platforms, namely: (1) town hall meetings; (2) regular Operations Committee, Management Committee, and Integrated Management System (IMS) meetings; (3) Environmental and Occupational Health and Safety topic discussions; and (4) focus group discussions (FGDs), wherein employee welfare is also tackled.

For matters requiring reglementary period, we comply with the minimum notice period mandated by the Department of Labor and Employment (DOLE). For matters of significant organizational changes due to exigency, however, we provide our employees with a minimum notice period of one week, after due consultation and before the implementation of any significant operational changes, so that they can properly adjust to the changes that could substantially affect them.

Currently, our coal segment has 36 union members covered by a Collective Bargaining Agreement (CBA), which is equivalent to 1% of the coal segment's total workforce. The agreement is the result of an extensive negotiation process, wherein both parties agreed on wages, hours, and terms and conditions of employment.



Child labor and forced labor
violations



BACK TO SCHOOL

SMPC EMPLOYEES LEAD SCHOOL SUPPLY DRIVE AT SIBOLO ELEMENTARY SCHOOL

On July 7, 2019, employees from Semirara Mining and Power Corporation (SMPC) gave school supplies, bags, and shoes to 147 students and seven teachers of Sibolo Elementary School (SES) in Sibolo, Caluya, Antique.

“This school supply drive started out as an idea from three employees, and then it grew into a company-wide donation drive among our employees,” says Bernard Cadigal, Social Development Program (SDP) Officer at SMPC. “All the funds for this school supply drive were collected from the voluntary contributions of our employees,” adds Cadigal.

The donations, which reached PhP90,000, were pitched in by employees, from truck drivers, utility personnel, engineers, division managers, executives, all of whom responded to the call to help our beneficiary students.

A simple turnover ceremony was held and was attended by local government officials, led by Barangay Chairman Edwin Eguillon, officers of the Parent-Teacher Association (PTA), and barangay health workers. Our Environment Unit also held an orientation on solid waste management and donated 30 waste disposal bins to the barangay.

On behalf of the beneficiary students, Windy Marie Eguillon, president of the SES Student Council, wholeheartedly thanked the employees of SMPC for their generosity and for enriching their back-to-school experience. “The school supplies you gave us will really help us improve our capacity to become good students and citizens of Sibolo,” says Eguillon.



ENERGIZING COMMUNITY SELF-SUFFICIENCY AND RESILIENCE

At Semirara Mining and Power Corporation (SMPC), we seek to operate in a manner that considers the broader social and environmental impacts of our business, as well as its economic contributions to greater society. Mining companies, as with most companies operating within a particular social context, are encouraged to assist in the development of their host communities. Not only does this strengthen their social license to operate, it also helps ensure that host communities continue to thrive even after their business operations cease.

As part of our commitment to social development, we engage with our host communities, the national and local governments, civil society, and other interest and vulnerable groups to achieve long-term sustainable development that benefits all our stakeholders.

As part of our social responsibility, it is also our duty to provide accurate and timely information to all our stakeholders, and to listen and respond to their feedback and grievances appropriately. We strive to operate in a manner that respects the interests of all our stakeholders, while promoting open and constructive dialogue and engagement with them.

LOCAL COMMUNITIES

We primarily focus our local community engagement, social impact assessments, and social development programs in all our coal and power operations in Semirara Island, Antique, and Calaca, Batangas, respectively.

Our Social Development Program (SDP) provides frontline services to our host communities. Local community development programs are crafted based on the actual needs of our host communities and are often developed in consultation and in partnership with them as well. The program, then, must cover and include all our plans, projects, and activities geared

towards enhancing the social development of our host communities.

Through stakeholder engagements, we have determined that the most pressing social needs of our host communities are health and safety, access to education, and livelihood development. As such, our overall corporate social responsibility (CSR) initiatives revolve around addressing these social needs.

(For a complete discussion of our health and safety programs, please see page 124. For additional information on our other community investments, please see page 63-67.)

EDUCATION

We believe that an educated population has a better chance at grabbing opportunities that can help elevate their standards of living. As such, providing access to education and other education support programs is one of the priority activities in our social development program.

Our host communities helped determine their specific education needs, namely: access to quality education and college scholarships, school infrastructure such as classrooms and computer laboratories, as well as support to relevant school activities.



READY FOR THE REAL WORLD PROVIDING QUALITY EDUCATION AND SKILLS TRAINING FOR THE YOUTH OF SEMIRARA ISLAND

It has been said that education is a great equalizer. Indeed, quality education serves as the foundation for achieving equity in society, enabling and empowering people to contribute not just to their own personal growth, but also the continued social and economic development of their communities. At Semirara Mining and Power Corporation (SMPC), we believe that everyone has a right to quality education.

Through our enduring partnerships with the Divine Word School of Semirara Island, Inc. (DWSSII) and the Semirara Training Center, Inc. (STCI), we help the youth of an otherwise geographically isolated island community secure access to quality education and skills training.

Quality education

For more than 15 years, SMPC's partnership with the DWSSII has been marked by continuous dialogue, innovation,

cooperation, and accountability, all for the benefit not just of the school, but also of the youth of Semirara Island. SMPC employees need not worry about their children's education as the company subsidizes their tuition and other school fees when they enroll at the DWSSII. From 2003 to 2019, DWSSII has produced 2,594 graduates.

SMPC continues to support the DWSSII by improving its school buildings, classrooms, library services, and computer laboratories. The DWSSII currently boasts of an enriched, enhanced, and expanded K-to-12 curriculum for grade school to junior and senior high school students. The curriculum, which prepares students for real-world applications, also includes courses such as machining, and even on-the-job training and immersion at SMPC. To sustain the school's delivery of quality and relevant education, we also support the continued learning and professional development of its teachers and other personnel.

The DWSSII is also a jumping-off point for our other programs geared towards quality education. To help produce responsible and competent leaders for our host communities, we also extend support through financial assistance for higher education. As such, we provide college scholarships to deserving and top-performing graduates from the DWSSII. Since 2008, we have supported 192 scholars, all of whom enrolled in the college or university of their choice.

The DWSSII also supports our Balik-Eskwela Program. At SMPC, we believe that it is never too late to secure the education you deserve. Through this program, we give our employees and out-of-school youth from our host communities the opportunity to earn a high school diploma. Students under the program are taught basic subjects such as Math, Science, English, and Computer Literacy. Classes are held in the classrooms, computer room, and laboratories of the DWSSII, and participants are required to complete a certain number of hours before being awarded with a high school diploma.

Skills training

We also help improve the lives of the people in our host communities by providing them with meaningful knowledge and skills training that can help them land meaningful employment. We provide this service through STCI, a non-stock, non-profit technical-vocational center accredited with the Technical Education and Skills Development Authority (TESDA).

For the past 12 years, the STCI has offered various courses to support the need for a skilled and technical workforce. Students from Semirara Island and from as far as Mindanao benefit from its diverse technical-

vocational training programs. Courses with the greatest number of enrollees include welding, automotive servicing, industrial electricity, and machining.

Currently, the Senior High School Technical-Vocational Livelihood Track (TVL) of the DWSSII serves as a feeder program for these courses. This can pave the way for merging STCI with the Technical-Vocational Department of the DWSSII for a more enriched, relevant, sustained, and practical training curriculum.

Since it was launched in 2007, STCI has seen a total of 1,642 enrollees and produced a total of 1,360 graduates, all of whom are equipped with quality technical-vocational training and marketable trade skills. About 34% of the graduates have been employed by the company and its contractors, while others have found employment in Australia, Dubai, and Angola.



SMPC JOINS BRIGADA ESKWELA 2019

Semirara Mining and Power Corporation (SMPC) joined other sectors in participating in the Brigada Eskwela Week on May 25, 2019 at Alegria Elementary School and Tinogboc Elementary School. SMPC donated cans of paint, paint brushes, and other cleaning materials for the repair and clean-up of the school. In addition, the Company also provided refurbished trashcans to kick-start a waste management initiative with the beneficiary schools.

Brigada Eskwela is a Department of Education program that allows members of the private sector to help rehabilitate public school facilities in preparation for the opening of classes. This 2019 is the first time that SMPC is supporting the program, with employees volunteering an entire day to spruce up each beneficiary school and conduct much-needed repairs, for the benefit of more than 250 students enrolled at the schools.

“As we participate in Brigada Eskwela, the broom or hammer or rag we hold will pave the way for students who will be encouraged to go to school, as it will be a much safer and more orderly school,” says Vicente V. Malig, Administrative Division Manager, in his message to both schools.



Sustained maintenance

As part of SMPC's contribution to this year's Brigada Eskwela, the Environment Unit also conducted a Basic Solid Waste Management Orientation just before the clean-up activities started to teach students and teachers alike the proper usage of the trashcans donated to the schools. SMPC transfers ownership of the bins, but not without the knowledge on proper waste segregation. This underscores the responsibility of each student and teacher to maintain the cleanliness of their surroundings throughout the school year.

Engr. Janesto S. Diaz, Pollution Control Officer, indicated that SMPC management's thrust is to minimize waste in the island. One of the strategies is to arm the communities, especially the schools, with the knowledge on how to reuse, reduce, and recycle. As such, we also provided tarpaulins and other visual guides to help residents segregate and properly dispose of their trash.

"We're very thankful to the company because of what they donated. This is their first time to join the Brigada Eskwela—so we are very surprised and very thankful—but they've always been there for us," says Ma. Rosalie S. Abejo, Head Teacher III at Tinogboc Elementary School.

Brigada Eskwela has evolved from a week-long cleaning-up and beautification exercise to a true partnership between the private and public sector. As such, it has become DepEd's major initiatives in enjoining local communities to respond to the needs of public schools and be part of a nationwide effort toward improving Philippine basic education. SMPC looks forward to supporting many more Brigada Eskwela activities in the future.



MASTER OF ARTS IN EDUCATION PROGRAM FOR TEACHERS

“The best way to elevate the quality of education and the process of learning is to develop the skills and expertise of the teachers,” says Bro. Hubertus Guru, SVD, Ed.D., School Director at the Divine Word School of Semirara Island, Inc. (DWSSII). “It’s time for the teachers to be given the opportunity to continue their professional development.”

With this in mind, we developed a free Master of Arts (MA) in Education Program for private and public school teachers in Semirara Island. Done in partnership with the Department of Education (DepEd) – Division of Caluya and the Commission on Higher Education (CHED), the program aims to raise the overall standard of education in our host communities by empowering its educators.

Launched in 2018, the program continues to attract teachers who want to learn new teaching methods, hone their competencies, and continue their professional development.

For Jeo Francisco, teacher-in-charge at Bunlao Elementary School in Barangay Alegria, Semirara Island, the free MA

in Education Program helped him gain knowledge on new and advanced methods of teaching, learnings he can also share with his fellow teachers. “I gained more skills and confidence to teach my students more effectively,” he adds.

The DWSSII manages the program in cooperation with the Divine Word of College of Calapan (DWCC), which provides professors who either visits Semirara Island at least once a month or conducts learning activities online. Classes are held in the DWSSII and at the Semirara Public Library. To aid in their research, teachers have access to the services of the Semirara Public Library, which houses academic books and computers with internet connections.

To date, a total of 183 teachers from 10 public and private schools, including the DWSSII, have completed the program. They are now fully equipped to apply their learnings in improving their teaching methods and curriculum for the betterment of their respective schools.

183 TEACHERS
Graduates to date since 2018

PHP1.8 MILLION
Investment to date since 2018



SEMIRARA PUBLIC LIBRARY

A LEARNING AND COMMUNITY HUB

A public library is more than a center of learning but also a gathering place for the various members of the community. Started as the Department of Education's Library Hub, Semirara Public Library now serves as the main venue for recreational and purposeful reading, and other related literacy initiatives and reading intervention programs in the island. The library, which boasts of four rooms and three open spaces, caters to preschoolers, students, homemakers, professionals, and other walk-in visitors every day.

SMPC was involved in the construction of the public library and has been an avid supporter through the years as the library changed management from the Department of Education-Division of Antique to the Barangay Local Government Unit of Semirara. In 2019, through the Social Development Program (SDP), SMPC assumed the management and operation of the Semirara Public Library in partnership with Divine Word School of Semirara Island, Inc. (DWSSII).

In the heart of Semirara

Strategically located in the heart of the island, the Semirara Public Library is open daily from 10:00 in the morning until 7:00 in the evening, making it both easily accessible and convenient for Semiraranhons to visit based on their after-school and after-work schedules.

The public library is a treasure trove of books and other learning materials: a variety of picture books for young readers; classics and best-sellers, both fiction and non-fiction; as well as a mix of magazines, textbooks, and specialty books. Digital learning materials and online libraries are also accessible via 10 computer units with internet connection, making the Semirara Public Library a perfect venue for research work.

The staff are friendly and well-informed, ever ready to assist bookworms with their selections, or find a quiet spot for students who need to finish their assignments. The public library also serves as a venue for disseminating information about community events, including arts and culture activities, job openings, and business networking events.

Lifelong learning

A pleasant and safe place to visit, the public library serves both as a quiet spot for leisure reading and a space for exploratory activities.

Every summer, the library serves as the venue for A Bookworm's Camp, a fun and interactive summer reading program for kids seven years and below, from different sitios in the island. The program aims to develop and instill in the heart of every young Semiraranhon the importance and benefits of reading and fun learning.

Spearheaded by the DWSSII and funded by BLGU and SMPC, the camp can take

in hundreds of enrollees, and offers a post-assessment test to gauge children's reading comprehension for appropriate interventions. This is especially important now, as Filipinos recently ranked lowest in terms of reading comprehension among 79 countries, according to the Programme for International Student Assessment of the Organisation for Economic Co-operation and Development (OECD).

The library's services help improve reading proficiency, but perhaps more importantly, young readers are taught better social behavior as they are encouraged to borrow the communal learning materials and care for them responsibly so these can continue to be shared with other learners across generations. The sense of shared ownership extends among members of the community who also consider the public library to be a home away from home and, on occasion, would donate books from their own personal collection for the enjoyment of all.

By continuing to support the Semirara Public Library, SMPC invests in the lifelong learning of the community.



LIVELIHOOD DEVELOPMENT AND COMMUNITY EMPOWERMENT

Given the nature of our business, we are cognizant of the reality that the life of mines will inevitably end. As such, it is our responsibility to help ensure that our host and neighboring communities will have thriving and sustainable livelihoods that can cushion the impact of economic losses due to our mine closure.

We listen to our host communities to help determine their specific livelihood needs. While they primarily need seed capital for their various livelihood projects, they also need livelihood trainings and seminars for capacity building, and infrastructure support for their livelihood projects so that their products and services can get to market.

Of all our social development programs, livelihood development requires numerous partnerships with various line agencies, including the Department of Science and Technology (DOST) – Batangas, Department of Trade and Industry (DTI) – Antique, Bureau of Fisheries and Aquatic Resources (BFAR), and the Cooperative Development Authority (CDA), just to name a few.

Women from our host communities, in particular, benefit from livelihood programs for the Samahang Kababaihan. Women in our host barangays, such as Barangays Baclaran and Dacanlao, receive workshops, lectures, and training on cooperative development from the Provincial Cooperative and Livelihood Enterprise Development Office (PCLEDO), which gives them better opportunities for employment and income generation. These

women were also proactive in the formation of the Asosasyon ng Dacanlao para sa Higit na Kaulanran Cooperative, or ADHIKA Cooperative, and the eventual operation of its various businesses.

We highly encourage the development of livelihoods that showcase the innate skills of our host communities. For example, we support the sewing livelihood program of Barangay Semirara Women’s Organization (BSWO), one of the attendees of our Financial Awareness and Business Marketing Workshops, as sewing is a skill shared among all their members. We collaborated with the local government of Barangay Semirara to help jumpstart their livelihood projects.

To help ensure the sustainability of the women’s organization, we help provide stable customer demand through a standing order of 3,000 kilograms of housekeeping rags per month, a requirement previously fulfilled by suppliers from Metro Manila. We also provide additional customer demand through other dressmaking and tailoring requirements, such as company uniforms for our almost 4,000-strong workforce and corporate giveaways during the holiday season. More business will come from demand for school uniforms at the DWSSII and other public schools in Semirara Island.

To meet these demands, Barangay Semirara provided brand-new sewing machines to the women’s organization to increase their production capability. Additionally, we also encourage and support the vegetable

farmers of Sitio Bunlao, Barangay Alegria in Semirara Island by buying their produce as part of our food supply at the mine site.

Due to the geographical isolation of Semirara Island, we also provide residents of our host communities access to relevant national government services. Through our

partnerships with different government agencies, such as the Pag-IBIG Fund, the Philippine Health Insurance Corporation (PhilHealth), and the National Bureau of Investigation (NBI), we are able to provide 1,200 residents of our host communities much-needed access to national government services.

OUR PARTNER ORGANIZATIONS IN LIVELIHOOD DEVELOPMENT

- _____ 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’s Association
- _____ Tinogboc Women’s Organization
- _____ Villaresis Fishermen’s Associations 1 & 2
- _____ Villaresis-Pinagpala-Bagong Barrio Fisherfolks Association, Inc.



ACCESS TO NATIONAL GOVERNMENT SERVICES

1,200 BENEFICIARIES

In Semirara Island

Services availed

Multipurpose clearance, National Bureau of Investigation (NBI)

New member, contribution or loan validation, consolidation, Pag-IBIG Fund

New member, contribution or loan validation, SSS online account, condonation, PhilHealth



FINANCIAL AWARENESS AND BUSINESS MARKETING WORKSHOP

45 locals trained in financial literacy and business marketing

In partnership with the Department of Trade and Industry (DTI) – Antique and the University of Antique – Sibalom Campus, Semirara Mining and Power Corporation (SMPC) hosted a Financial Awareness and Business Workshop on September 26 – 28, 2019. The workshop was designed for the benefit of the fisherfolk and women of Barangays Alegria, Semirara, and Tinogboc in Semirara Island.

The three-day workshop was attended by officers from nine local community associations, namely: (1) Alegria Seaweeds Planters and Fisherfolk Association, Inc.; (2) Alegria Women’s Association; (3) Barangay Semirara Women’s Organization, Inc.; (4) Pooan Home Owners’ Association; (5) Semirara Fisherfolks Association; (6) Suja Fisherfolks Association; (7) Tinogboc Fisherfolks Association; (8) Tinogboc Women’s Association; and (9) Villaresis-Pinagpala-Bagong Barrio Fisherfolks Association. A maximum of five officers per association attended

the workshop, for a total of 45 participants.

These associations specialize in rice and vegetables farming, fishing, seaweeds farming, dressmaking and tailoring, and wholesale retail businesses. Fishing and seaweeds farming are potential livelihood sources in the island, and both have been priority livelihood projects of the company since 2000, with the implementation of a deep-sea fishing livelihood project.

The workshop, facilitated by instructors from the University of Antique, was designed to teach the participants basic financial literacy concepts and different means to promote and grow their respective businesses. Topics discussed during the training include Simple Bookkeeping and Business Management. At the end of the session, participants found out how to effectively prepare financial records for their respective organizations and businesses.



COOPERATIVE DEVELOPMENT FOR COMMUNITY EMPOWERMENT

At Semirara Mining and Power Corporation (SMPC), we encourage residents of our host communities to establish cooperatives as part of their livelihood development. Cooperatives enable smallholders, such as fisherfolk and women, to market their products together and have a stronger voice in the supply chain.

As such, we regularly conduct training and seminars on cooperative formation and livelihood development for the benefit of our host communities in Calaca, Batangas.

In partnership with the Cooperative Development Authority (CDA), we organized a cooperative formation seminar for the residents of Barangay Baclaran on June 27, 2019. The seminar, attended by 34 participants, centered on teaching the necessarily skills required to establish and sustain a thriving cooperative. The seminar also allowed the participants to pre-register their planned cooperative with the CDA.

Additionally, on November 21, 2019, our subsidiaries, Sem-Calaca Power Corporation and Southwest Luzon Power Corporation (SLPGC), hosted a training workshop entitled “Introduction to Women Empowerment and Livelihood Projects” for their impact barangays.

Conducted by the Department of Science and Technology (DOST) – Batangas, the training workshop taught 33 participants the science of food processing and bricks making, and the process of cooperative formation and capacity building, among others. These workshop topics were combined in the hopes of developing viable livelihood projects for the participants and their communities.



67 LOCALS

trained in cooperative formation and livelihood development

INFORMATION, EDUCATION, AND COMMUNICATION (IEC) AND DIGITAL INCLUSION

As supported by the Department of Energy (DOE), we help promote the coal mining industry through a robust information, education, and communication (IEC) program. In 2019, our IEC program was designed to encourage transparency and open communication between SMPC and its partner communities. With our added thrust towards digital inclusion, we also tap into the power of digital technologies to empower our employees and host communities.

This includes managing study tours to the mine site, to provide visitors a glimpse of the good work SMPC is doing. We also develop IEC materials and activities that not only disseminate information about the mine site, but also helps promote safety awareness and environmental stewardship

among the different stakeholders in our host communities. Regular community engagement also promotes the visibility of the company and helps strengthen our relationship with our host communities and their respective local governments.

Through these robust IEC programs, we establish goodwill in our host communities, which help us better collaborate for progress. Greater trust established between the company and its host communities leads to better social development programs that benefit all our stakeholders. An informed public will also have a better appreciation of our contributions not just in the mining industry, but also in the economic and social development of local communities and the nation.





CONVEYOR NEWSLETTER

Conveyor, the official community newsletter of Semirara Mining and Power Corporation (SMPC), was launched in 2019 to help host communities and other key stakeholders keep abreast with the various activities of the company. Named *Conveyor* after the machine which transports coal from the mine site to the pier, the newsletter was named as such to also reflect the publication's purpose to convey the key messages of the company.

The newsletter is brimming with stories that showcase the company's environmental stewardship and social development programs. Additionally,

the newsletter also features the achievements of the local government units (LGUs), so that their constituents stay informed of what is happening in the respective barangays. Through this strong mix of content, *Conveyor* highlights the importance of strong partnerships between the LGUs and the company to achieve lasting progress in Semirara Island.

Currently, the *Conveyor* newsletter is distributed in the barangays and schools within Semirara Island, in the offices of industry regulators and partner government agencies, the municipal government of Caluya, and the Provincial Government of Antique.



ADVOCATING RESPONSIBLE MINING THROUGH EDUCATIONAL TOURS

Part of our advocacy is to inform our host communities about the principles of responsible mining and the company's programs geared towards environmental stewardship and social development.

“It is our thrust to be transparent to our host communities not just about the company's operations, but also about our different programs on environmental stewardship, health and safety, and social development,” says Rachele Ann N. Laurico, Information, Education and Communication (IEC) Officer at SMPC. “Educational tours give us an opportunity to expose students to our operations and our advocacies.”

From October to November 2019, around 350 students from Tinogboc National High School (TNHS), Alegria Elementary School, and Semirara National High School visited our facilities as part of their educational tour.

Many schools in Semirara Island request for mine site visits to see the aviary in the Semirara Biodiversity Conservation Center and the giant clams at the Semirara Hatchery and Laboratory in Tabunan Beach Point. As part of the educational tour, the students also visited the South Panian mine rehabilitation, where our resident forester explained the importance of mine rehabilitation.

“Thanks to the educational tour, we now know what it means when we say responsible mining,” says Flor Camposano, a teacher at TNHS. “We can now also see and understand what the company does in terms of restoring the environment.”

“Thank you, SMPC. Through this educational tour, we realized that you do not forsake the environment,” shares Joven D. Marcos, a student at TNHS. “I hope that you continue what you are doing, and I hope that we can go back and visit the sites again.”



DIGITAL SEMIRARA

Despite advancements in digital technologies, geographically isolated areas have yet to fully experience the impact of digital transformation. As such, in 2019, Semirara Mining and Power Corporation (SMPC) teamed up with Globe Telecom, Inc. (Globe) and local government units (LGUs) to digitally transform Semirara Island in Caluya, Antique.

Through this partnership, all cell towers in Semirara Island were upgraded with LTE technology to improve voice and video communication. Better network connectivity not only bridges Semirara Island to the rest

of the outside world, but also provides its fisherfolk community with much-needed weather forecasts on incoming typhoons.

This partnership also provides SMPC employees with digital financial services and solutions. A modern payroll solution courtesy of Globe allows SMPC to easily disburse salaries, loans, and allowances to its employees. Through GCash, a digital banking service from Globe, SMPC employees can now pay bills at the comfort of their homes and send money to other GCash users anywhere in the Philippines.

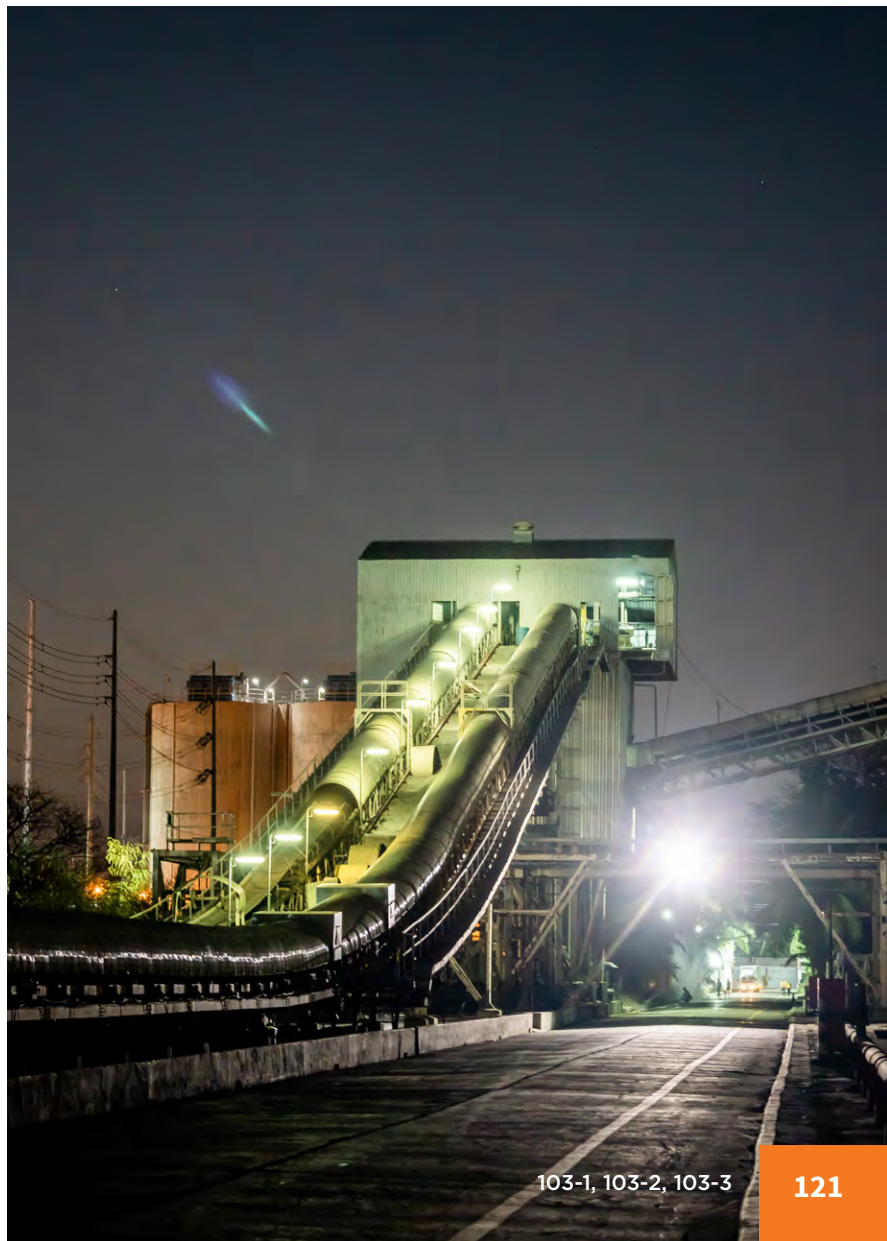
SOCIO-ECONOMIC COMPLIANCE

As a responsible mining company and a conscientious power generator, we endeavor to achieve a rational and disciplined balance between socio-economic growth and environmental stewardship. As such, we strive to meet all our legal obligations and maintain good working relationships with our host and neighboring communities, their local government units (LGUs), and our industry regulators.

We put in place comprehensive systems and procedures to meet the compliance, obligatory, and reporting requirements of government agencies that oversee the environmental, health, and safety aspects of our business operations. Our integrated Enterprise Governance, Risk, and Compliance (GRC) framework supports our business strategy by promoting sustainable governance and a robust risk management approach in a highly regulated business environment.

We work closely with the Department of Energy (DOE) and other industry regulators to better align our policies and processes with relevant government laws and standards. We strictly follow the rules of the energy market and operate within industry standards, with full transparency and compliance to our industry regulators and key stakeholders.

As part of our transparency and accountability, we submit quarterly reports to the DOE and annual reports to the Energy Regulatory Commission (ERC). We also comply with the specific measures and conditions set under our Environmental Compliance Certificate (ECC), as issued by the Department of Environment and Natural Resources (DENR).





As part of our compliance obligations, we also strive to meet the needs of other relevant parties associated with our business operations. We regularly conduct stakeholder consultations and engagements through our Multi-Partite Monitoring Team (MMT), which consists of key stakeholder groups, relevant LGUs, and industry regulators to help ensure that the interests of different stakeholders are protected and upheld.

We work closely and cooperate fully with the DOE in fulfilling our coal operating contract and the legal and regulatory compliances associated with it, particularly the health and safety aspects of our coal mining operations. Incidents of non-compliance are disclosed in a timely manner for the benefit of our different stakeholders. In 2019, we had two incidents of non-compliance related to safety and coal trading regulations.

INCIDENTS OF NON-COMPLIANCE IN 2019

Safety

Mudflow Incident

On October 2, 2019, a mudflow incident due to soil liquefaction occurred at the Casay Lake area near and adjacent to our coal mining operations at the Molave Pit in Semirara Island. The incident resulted in one fatality.

In response, the Department of Energy (DOE) issued a suspension order of all the mining activities under Coal Operating Contract No. 5 effective immediately on November 14, 2019, until all the conditions on mining safety risk mitigation set by the DOE are complied with.

When SMPC substantially complied with all the conditions of this directive, the DOE lifted the suspension order on December 26, 2019. This allowed the coal mining operations to resume, except in the area adjacent to the Casay Lake until all liquefiable materials in the said area have been removed.



Coal Trading

Cease and Desist Order

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. Due to said violation, SMPC incurred the following penalties:

- One-month suspension for violating Section 7.2 of the DOE Circular, primarily due to coal trading or business transaction with buyer Gold Anchorage Stevedoring and Arrastre Services, an unaccredited coal trader; and
- A fine of Php1.735 million for violating Section 3 of the DOE Circular, primarily due to unabated and continuous coal trading despite the suspension of its accreditation.

SMPC filed a Motion for Reconsideration (MR) with the DOE on November 20, 2019. As the DOE resolution dated October 15, 2019 was not yet final and executory, our pending MR temporarily deferred the implementation of the coal trading suspension, and imposition of the monetary penalty and thereby allowed the company to continue serving its customers.

On December 15, 2019, the DOE renewed SMPC's annual accreditation as a coal trader under Coal Operating Contract No. 5.



REINFORCING A SAFE AND HEALTHY WORKPLACE

At Semirara Mining and Power Corporation (SMPC), we believe that a safe and healthy workplace leads to increased productivity and sustained stakeholder support. Managing workplace safety and health is crucial to mitigating and managing negative impacts to our business, such as manpower loss, government sanctions, and the disruption of operations. Failure to manage workplace safety and health would, inevitably, negatively impact our employee health and productivity, thereby affecting the production targets of both our coal mining and power operations.

Thus, we strive to protect the safety and health of all our employees and contractors, as well as keep them free from injury during and after their daily work shifts. We enforce occupational health and safety protocols for the benefit of our employees and contractors, as well as their families and our host communities. We also provide the necessary equipment, training, and resources to enable our employees and contractors to work safely.

In our occupational health and safety protocols, we focus on identifying, assessing, and mitigating safety and associated risks. We continue

to monitor, review, and improve the effectiveness of our safety systems and protocols to safeguard our employees, communities, customers, and other key stakeholders affected by our operations.

The Occupational Safety and Health (OSH) system of our coal and power segments conform to OHSAS 18001:2007 (Occupational Health and Safety Management System). We conduct regular internal audit work, as well as undertake external surveillance and assurance to continuously improve our culture of safety.

All our employees and contractors are covered by our OSH system. Safety procedures include guidelines on incident reporting, where an investigation on incidents will be conducted by a team composed of subject matter experts, the involved personnel, and an employee representative. Using different root cause analysis techniques, the investigation team shall identify root causes and non-conformities, and then recommend corrective actions to prevent re-occurrence. Lessons learned from incidents, including remediation and controls implemented, are shared with employees during monthly Safety Committee meetings.

PIT SAFETY

Due to inherent natural risks brought about by soil composition and movement, slope stability is a critical risk factor in our coal mining operations. As such, pre-planning, geohazard mapping, pre-start inspections, and toolbox meetings are among our best practices for maintaining pit safety.

We also invest in technologies that help detect the potential of soil-covered slopes to withstand and undergo movement. In our coal mining operations, we utilize Slope Stability Radars (SSRs) and Robotic Total Stations (RTSs) which can provide real-time monitoring of mine-wall movement, scan slopes remotely, and detect hazards ahead of time. The SSRs help predict with accuracy any possible shift or collapse, thereby enabling miners to evacuate the area as soon as possible and prevent the loss of life.

We enhance our pit safety training through technology-driven equipment driving simulations for our heavy equipment operators. Our PR03-B Advanced Equipment

Simulator uses aerial imagery, geographic data, and global positioning system (GPS) to digitally replicate the surface terrain of our actual mine site. Its motion platform feature simulates surface mining conditions, such as jolts and sudden acceleration.

This driving simulation provides our heavy equipment operators with adequate information to identify unsafe areas and conditions, and then develop the appropriate responses during real-time situations, but in a safe and controlled environment.

On October 2, 2019, however, a mudflow incident occurred in our Molave pit in Semirara Island. The mudslide occurred due to the presence of four pre-requisite conditions for liquefaction, a process which generates liquids from solids and gases. It was the first time that our mine site operations experienced the said phenomenon. It was particularly difficult to detect as the affected area was dry on the



surface but was fully liquified in the bottom. The affected area was also obscured from the view of our Slope Stability Radar (SSR). As part of our immediate action, we removed all liquefiable materials to secure the affected area, and then implemented new mining protocols to reinforce our current mine safety practices.

However, we deeply regret to report that the incident had one fatality, a power-shovel operator who was working at the pit at the time of the mudslide. To ensure the welfare and well-being of his family in this time of need, the company provided monetary compensation, a house and lot in Cebu, and full scholarships for his two children up to college.

Fatigue Management and Alcohol Testing

Fatigue, which refers to mental or physical exhaustion, can significantly affect an individual's capacity to function and perform their tasks. Worse, fatigue can lead to lapses in judgment, which can then lead to injuries and other incidents. Given the labor-intensive nature of our operations, our equipment drivers and operators may be prone to fatigue over the course of their workday. As such, we have an obligation to not just minimize risks due to fatigue, but to also help our equipment drivers and operators manage their fatigue in the conduct of their duties.

We currently implement a Fatigue Management Procedure and Guidelines which aims to provide a structured approach to manage the impacts of fatigue, especially among our high-risk personnel such as the haul truck drivers and operators at our mine truck and shovel operations. Its procedural framework identifies key

One fatality is too many. As such, we will continue to enhance our pit safety and mitigate the associated risks inherent to our operation. We worked closely with the Department of Energy (DOE) for the immediate remediation of our pit safety measures. The agency required the organization to update the geo-hazard assessment of landslides, mudflows, flooding, storm surges, and liquefactions in all its existing and proposed coal mining areas. We amended our Safety and Health Program and Mining Safety Protocol, which was then approved by the DOE.

issues related to fatigue, and then provides mandatory instructions and guidelines on how to minimize fatigue-related incidents.

Additionally, the use of drugs and alcohol in the workplace is also prohibited, primarily due to their capacity to increase levels of fatigue and potential for harming one's self and others. As such, we also established an Alco-Blow Protocol, wherein equipment drivers and operators are required to blow on alcohol test equipment prior to clocking in for work. If they test positive, they will be subjected to an investigation process; if found guilty, then they will be subjected to disciplinary action as per the company's Code of Discipline.

To promote workplace safety through proper fatigue management, we provide all our equipment drivers and operators awareness seminars and training sessions on fatigue management. All new hires are required to attend a fatigue awareness seminar as part

of their training program. All drivers and operators, on the other hand, must also attend a fatigue awareness refresher course during the rainy season, when all our operations are suspended temporarily due to the inclement weather. Supervisors and foremen receive additional training to identify, assess, and manage work-related fatigue, as well as to investigate incidents where fatigue has been identified as a cause or contributing factor.

We see to it that our drivers and operators are assigned tasks appropriate to their level of training, experience, and identified fatigue issues. Relevant environmental and task conditions were considered in our risk assessment for work planning to reduce fatigue-related risks and incidents.



POWER PLANT SAFETY

Working around electricity comes with its own set of risks and hazards. The most common hazards to power plant workers are electrical shocks and burns, boiler fires and explosions, and contact with hazardous chemicals. Through comprehensive training, detailed pre-job planning, and proper and well-maintained safety equipment, we can help prevent accidents in power plants, regardless of the hazard.

As such, we continue to improve our plant safety through a robust risk and safety management program. This includes close monitoring and reporting of safety incidents, root cause analysis, and incident investigation management.

We have deputized Safety Officers who help oversee incident reports and investigations, and then issue violations to reported personnel. To help promote incident reporting, we also developed an online incident reporting platform for our employees. And to better equip our power plant workers, we provide them with emergency preparedness and response (EPR) equipment and supplies.

Our partnership with Kansai Electric Power, Inc. (KANSAI), one of the leading electricity utilities in Japan, allows us to learn best practices in power plant safety, especially through hands-on training in their various power plants and business units in Japan.

CONTRACTOR SAFETY

The strength of our operations hinges on our partnerships with builders, operators, shippers, and fabricators culled from foreign industry experts, local contractors, and cooperatives. We work with contractors who share our commitment to health and safety, and we have shared accountability for maintaining health and safety in our workplace.

In 2019, 107 contractors in our power operations, who clocked in a total of 5.5 million man-hours, accounted for the significant increase in our total man-hours. This is mainly due to the Life Extension

Program (LEP) of Units 1 & 2 of the Sem-Calaca Power Corporation (SCPC). The project, which is a huge undertaking for the company, posed higher risk exposure to potential work injuries and illnesses. As such, we enhanced contractor safety by providing assigned project-in-charges with their duties and responsibilities through Safety Annual Refreshers and Deputized Safety Officers Monthly Meetings and Walkthroughs. As part of our risk mitigation measures, we also have mock drills before execution, third-party permits and certifications for lifting tools, and incident analysis.

NUMBER OF HOURS WORKED

	Employees	Contractors	Total
COAL	8,980,341	2,336,003	11,316,344
POWER	700,598	5,512,769	6,213,367
Total	9,680,939	7,848,772	17,529,711



OUR SAFETY PERFORMANCE

Incident Type	COAL				POWER			
	Employees		Contractors		Employees		Contractors	
	Number	%	Number	%	Number	%	Number	%
Fatality	1	0.11	0	0	0	0	0	0
High-consequence work-related injury*	0	0	0	0	0	0	0	0
Recordable work-related injury**	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	COAL		POWER	
	Employees	Contractors	Employees	Contractors
First aid case	0	0	1	14
Medical treatment case	28	5	0	7
Lost time accident	4	0	1	5

OCCUPATIONAL HEALTH

The nature of our coal mining and power operations brings with it certain hazards and risks to human health. Our Occupational Health (OH) teams conduct a regular risk assessment of the health and associated risks of our mining and power operations and activities to our employees, host communities and other key stakeholders. Hazards such as chemicals, fumes, dust, and noise pollution have been identified as hazardous to the health of our stakeholders. As such, we enforced mitigation measures and controls such as a dust suppression system, fume hood, work schedule adjustments, and the provision of personal protective equipment (PPE), among others. We also conduct spirometry and audiometry tests for employees at risk of pulmonary problems and hearing loss, respectively.

Essential medical services are available to our employees at our on-site clinic and infirmary. Our licensed health practitioners include physicians, nurses, dentists, medical technologists, radiologic technologists,

and midwives. They possess the necessary qualifications and accreditations, and they comply with the legal requirements and recognized standards and guidelines for medical professionals. Licensed health service providers and emergency transport vehicles are available 24/7.

First aid training is conducted per work group to provide immediate and appropriate responses in case of injuries and emergencies. We have also installed emergency facilities such as first aid kits, showers, and eyewashes in strategic locations across our sites of operation.

Our Central Safety Committees (CSCs) conduct monthly meetings to review, monitor, and report the effectiveness of our safety and health programs, as well as to provide updates on our compliance. During these meetings, lessons learned from incidents, reported workplace hazards, and feedback on training programs are also shared.

OUR CENTRAL SAFETY COMMITTEES

Location	Members
Corporate Office	13
Mine Site	182
Power Plant Site	58
Total	253

AVAILABLE AMBULANCE

Location	Number
Corporate Office	1*
Mine Site	3**
Power Plant Site	2
Total	6

* Shared with affiliates

** Medical emergency vehicle

Employee Wellness

At SMPC, we want to be a part of our employees' wellness journey. As such, we provide our regular employees with a Health Maintenance Organization (HMO) coverage, free medical consultations, annual

physical examinations, and life and accident insurance, among other health benefits. We also conduct health and wellness activities to promote a healthy lifestyle among our employees.

VACCINATIONS PROVIDED

	MINE SITE	POWER PLANT SITE
Flu	200	78
Pneumonia	10	319
Human papillomavirus (HPV)	100	0
Anti-tetanus	0	252
Total	310*	649

* Provided by and collaborated with the Provincial Health Office of Antique





HEALTH AND WELLNESS INITIATIVES

Health Awareness Seminars

- Noise
- Noise-Induced Hearing Loss
- Dengue
- Cholesterol
- Black Lung Disease
- Workplace Stress
- Drug-Free Workplace, Mental Health Services in the Workplace, and Healthy Lifestyle
- Prevention and Control of HIV-AIDS, Tuberculosis, and Hepatitis B
- Nutrition

Wellness Programs

- Sports activities
 - Wellness activities, such as yoga and Zumba
 - Fitness facilities, such as gym, basketball court, tennis court, and swimming pool
-

Health and Safety Training

We believe that training is crucial in fostering a culture of safety within our organization. As such, our health and safety training are geared towards relevance to the work responsibilities of our employees and their degree of exposure to certain risks and hazards.

Through proper training and follow-up mechanisms, we can equip our employees and contractors with the right knowledge

on how to assess and manage relevant workplace hazards. Failure to do so may lead to increased occurrence of incidents in the workplace which, in turn, can stifle employee morale and productivity. By properly managing and implementing health and safety trainings, we will develop and maintain healthy workers that can handle their jobs safely, for the benefit of the organization and all our stakeholders.

SAFETY TRAINING

Location	Number
Corporate Office	3
Mine Site	17
Power Plant Site	23
Total	43

WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

	COAL	POWER
Training hours	72,787	12,041
Average training hours per employee	23	26





CUSTOMER HEALTH AND SAFETY

To strengthen business relationships, we allow our customers to inspect our facilities, monitor our coal quality, and witness firsthand the actual loading of coal to barges and ships. During such visits, we require our customers to strictly observe our safety procedures to help protect their health and safety while in the mine site.

At SMPC, part of protecting our customer health and safety is ensuring strict product quality standards. As such, we monitor and test the quality of our coal every step of the way: from pre-mining, through drilling data; to the actual mining, through on-site face sampling; to stockpile management,

through regular stockpile sampling per seam; up to the actual loading of coal on barges and ships.

The propensity of coal for spontaneous combustion poses multiple safety, environmental, and economic concerns for our customers. To help allay these concerns, we provide our customers with training and orientation on Coal Stockyard Management, a value-added service where we share our technical expertise and experience in coal stockpile design and management. Here, we discuss the factors affecting spontaneous combustion and provide tips on how to prevent, detect, and control such incidents.

100%

of products assessed for improvement

COMMUNITY SAFETY AND WELLNESS

We also take care of the safety and health of our host communities. Safe and healthy communities are strong, vibrant, and participatory communities. Their state of safety and health can greatly affect a community's ability to work and strive for self-sufficiency. As such, through our relevant social programs, we aim to reduce the health and safety gaps present in our host communities.

In our host communities in Batangas, for example, a sizeable number of people use motorcycles as their primary mode of transportation. To help our stakeholders know more about motorcycle safety, we

organized an Emergency Response and Motorcycle Safety Awareness seminar in partnership with Honda Motorcycles Philippines. The two sessions, held at Barangays Baclaran and Dacanlao in Balayan, Batangas, were attended by approximately 500 participants from our host and neighboring communities.

On top of safety seminars, we also conduct medical missions, free clinics and health lectures, and blood donation drives for the benefit of our host communities. Quarterly, we organize a Nutrition Caravan to provide direct and tailor-fit wellness information



to our employees and their dependents. Our employee-volunteers in Batangas also regularly donate blood. Their good work does not go unnoticed, as the company received recognition at the Provincial Sandugo Awards of Batangas City in 2019.

But perhaps our biggest contribution to the health and wellness of our host communities is the Semirara Infirmary. We built and operate the Semirara Infirmary to provide accessible and affordable quality primary health care services not just to our employees, but also to the residents of our host and neighboring communities.

In 2019, the infirmary focused on promoting wellness and infection prevention. Under wellness, the infirmary educated the community on diabetes and hypertension prevention, which can primarily be done through meal preparation with healthier food alternatives. The infirmary also continued to educate young mothers and their husbands on the importance and benefits of breastfeeding.

As part of our campaign on infection prevention, we also conducted a forum on how proper handwashing, oral hygiene, and cough etiquette can prevent the spread of microbial infections. In partnership with the local government, we also conducted a forum and distributed free medicines for tuberculosis (TB), to help increase awareness and prevent the spread of this deadly lung disease.

437

beneficiaries of free medical consultation, with free medicine

43

beneficiaries of free dental consultation, tooth extraction, and medicine

81

beneficiaries of free eye consultation

117

recipients of free eyeglasses

293

blood bags donated to the blood bank of Batangas

NUTRITION FOR ALL

QUARTERLY NUTRITION CARAVAN PROMOTES TAILOR-FIT WELLNESS INFORMATION

A healthy workforce is a highly engaged and productive workforce. We believe good health starts with proper nutrition, and that proper nutrition awareness starts at home. This compelled our Occupational Safety and Health (OSH) Team to launch a quarterly Nutrition Caravan which aims to provide direct and tailor-fit wellness information to our employees and their dependents.

“Keeping our employees and their families healthy is important to us,” says Anna Liza Patingan, RN, Occupational Safety and Health Nurse at SMPC. “This not only leads to productivity, as healthy workers are motivated to work, but it also makes them recover quickly from sickness and less likely to develop long-term illness.”

The Nutrition Caravan was launched on March 29, 2019 and was held at the Pinatubo Covered Court in Barangay Semirara. The event, which lasted until April 1, 2019, saw 293 participants from the housing

villages of Lebak, Pinatubo, and Kalamansig. A second caravan was launched on June 12, 2019 and was held at the Area 1 Multi-Purpose Building in Barangay Semirara. The event, which lasted until June 14, 2019, saw 264 participants from the housing villages of Molave.

We tapped Earl Jemson Gaw, a registered nutritionist and dietician from the Makati Medical Center (MMC) to lead the lectures. Gaw talked about how to achieve proper diet and nutrition, as well as how to read the nutrition labels on food products.

Gaw also had a cooking demonstration and taught recipes which feature ingredients that are readily available on the island, such as Mais Kamote Inabraw, an Ilocano dish, and Squash Malunggay Burger. Participants were then asked to cook the recipes themselves, and then enjoyed a “boodle” composed of their nutritious culinary creations.



DISASTER RESILIENCE

To refine our Emergency Preparedness and Response (EPR) plans, we continue to simulate real events so that our employees and communities are prepared when disaster strikes. By regularly running hypothetical emergency scenarios, we can test what works and what does not, and adjust these measures accordingly before experiencing real emergencies in our various business units.

We practice individual parts of our emergency plans to help ensure that they are relevant and effective in the given scenarios. We also test our response equipment to see if they are in proper operating conditions. EPR drills also provide us with the opportunity to get feedback from our different stakeholders, including our industry regulators and first responders who are usually present during the execution of our planned drills.

In our mine site, the Emergency Response Team (ERT) leads the emergency response on the island, including inspections, patrols around the island, and reporting updates to assess the needs of the community. The ERT coordinates with the local Barangay Disaster Operation Center (BDOC) for a harmonious and timely response in the event of adverse weather conditions.

A weather monitoring station in the island provides necessary information on incoming typhoons. Related information such as evacuation instructions, storm and flood warnings, and preparedness measures are disseminated across the mine site through emails and text blasts. Additionally, radio communication provides live updates of current ground and weather conditions.

EMERGENCY PREPAREDNESS AND RESPONSE (EPR) DRILLS

71

EPR drills conducted

Emergency Preparedness and Response (EPR) Drills

Earthquake

Segment-specific Drills*

Tsunami, Typhoon, and Flood

Slope Failure

Vehicular Incident

Fire

Personnel Machine Injury

Electrocution

Poisoning

Threat of Violence

* E.g., gas, steam and dust explosion, and clogging of pipeline, among others

OUR RESILIENCE PARTNERS

Armed Forces of the Philippines

Philippine Air Force 505th

Philippine Red Cross

Community Police Assistance Center

Philippine Coast Guard – Semirara Island

Provincial Disaster Risk Reduction and Management Office

Municipal Disaster Risk Reduction and Management Office

Philippine National Police – Semirara Island

Semirara Island Emergency Action Group



READY WHEN DISASTER STRIKES

BUILDING ISLAND RESILIENCE THROUGH SCHOOL-BASED DISASTER RESPONSE TRAINING

To help the residents of our host communities build their resilience to natural disasters, our Safety Department regularly conducts disaster response awareness and training workshops with our partner schools in Semirara Island.

In 2019, more than 400 students and teachers from Villaresis Elementary School and Tinogboc National High School (TNHS) participated in our school-based disaster response awareness and training workshops. The whole-day training workshops consisted of lessons in basic life support, transport, bandaging, and earthquake drills. The training workshops were led by our very own Marshan Tahum, Emergency Preparedness and Response Trainer,

and Robert Calinog, Safety Assistant Trainer, both from the SMPC Safety Department.

The school-based activities were conducted as part of the National Disaster Resilience Month. Previously, similar workshops were held at Semirara National High School, the Divine Word School of Semirara Island, Inc., and the Seventh Day Adventist School.

“We are very grateful to SMPC for conducting this training in our school,” says Matea F. Tampus, Officer-in-Charge at TNHS. “This will greatly increase our knowledge on how to deal with accidents and disasters here in the island.”



WEATHERING THE STORM

HELPING ISLANDERS BOUNCE BACK FROM TYPHOON URSULA

On December 25, 2019, on what was supposed to be a joyous occasion for families everywhere, the full might of Typhoon Ursula (International name: Phanfone) struck Semirara Island. Considered the strongest typhoon to ever hit the island, Typhoon Ursula bore a wind strength of 140 kilometers per hour (kph). In its wake, Typhoon Ursula left roads unpassable, trees uprooted, houses flattened, and water and electricity interrupted. Despite the devastation, no fatality was recorded.

SMPC collaborated with the local government, through the Barangay Disaster Risk Reduction and Management (BDRRM), to plan immediate disaster response. Members of SMPC's Emergency Response Team (ERT) were on stand-by at the

SMPC Gymnasium, which has been designated as an Incident Command Post. The BDRRM, together with responders from SMPC, worked together to assist the residents affected by the onslaught of Typhoon Ursula.

In the aftermath, our ERT answered the community's call for emergency response. The ERT, thus, immediately started its clearing operations to make the roads passable again. It also delivered much-needed water supply to the areas that have been affected by water interruptions. The Antique Electric Cooperative (ANTECO) also deployed additional linemen and engineers to repair electricity posts damaged by the typhoon.

Stories of Heroism

During these trying times, stories of heroism abound. One such story is that of Bernard Damarcos, a member of SMPC’s ERT. At the height of the storm, Damarcos was able to save two families from Sitio Bunlao, Barangay Alegria, including a five-month-old child, after their homes were destroyed by the typhoon.

“I was just on my way to the Gymnasium to report for duty, but I was caught in the midst of heavy rains and winds,” recalls Damarcos. “Then, I heard a call for help. I saw a mother struggling to evacuate her twins. I took the twins and took them to my vehicle. I didn’t hesitate to help them and did everything I could to help these families evacuate to safety.”

“Thank you to Bernard, for helping out my children,” shares Risa Dela Torre, the mother whom Damarcos assisted during the storm. “It was very fortunate that he passed by near our house at such a crucial time. For my entire life here on the island, it’s the first time I experienced such a strong and devastating storm.”

Despite the damage wrought by Typhoon Ursula, it is these stories of heroism and volunteerism which give people hope to bounce back from disasters. Residents of Semirara Island, together with the local governments and the responders from SMPC, all worked together to restore basic functions that will aid the community’s speedy recovery from the ravages of the typhoon.

In a Post-Disaster Assessment Meeting held on January 9, 2020, it was recommended that the actual damages of Typhoon Ursula be accounted for, and that the Semirara Island Emergency Action Group (SIEAG) be strengthened further to better respond to emergencies in the near future.

Preparing for the Typhoon Season

Earlier in 2019, prior to the landfall of Typhoon Ursula, SMPC held a Family Disaster Preparedness and Response Training for the residents of Semirara Island. The training was initiated by our Support Services Group (SSG), headed by Melissa Cucueco, SSG Manager, and Marshan Tahum, Emergency Preparedness and Response Trainer.

The training was held in accordance with Republic Act (RA) No. 11058, or the new Occupational Safety and Health Standards, and with RA No. 10121, or the Philippine Disaster Risk Reduction and Management Act of 2010. It is one of ways wherein we can help the families of Semirara Island better prepare for times of disasters and natural calamities.

“Our country is hit by typhoons annually. As such, it is only proper that the smallest and most basic unit of our society, the family, is also prepared to respond to disasters and natural calamities,” says Cucueco.

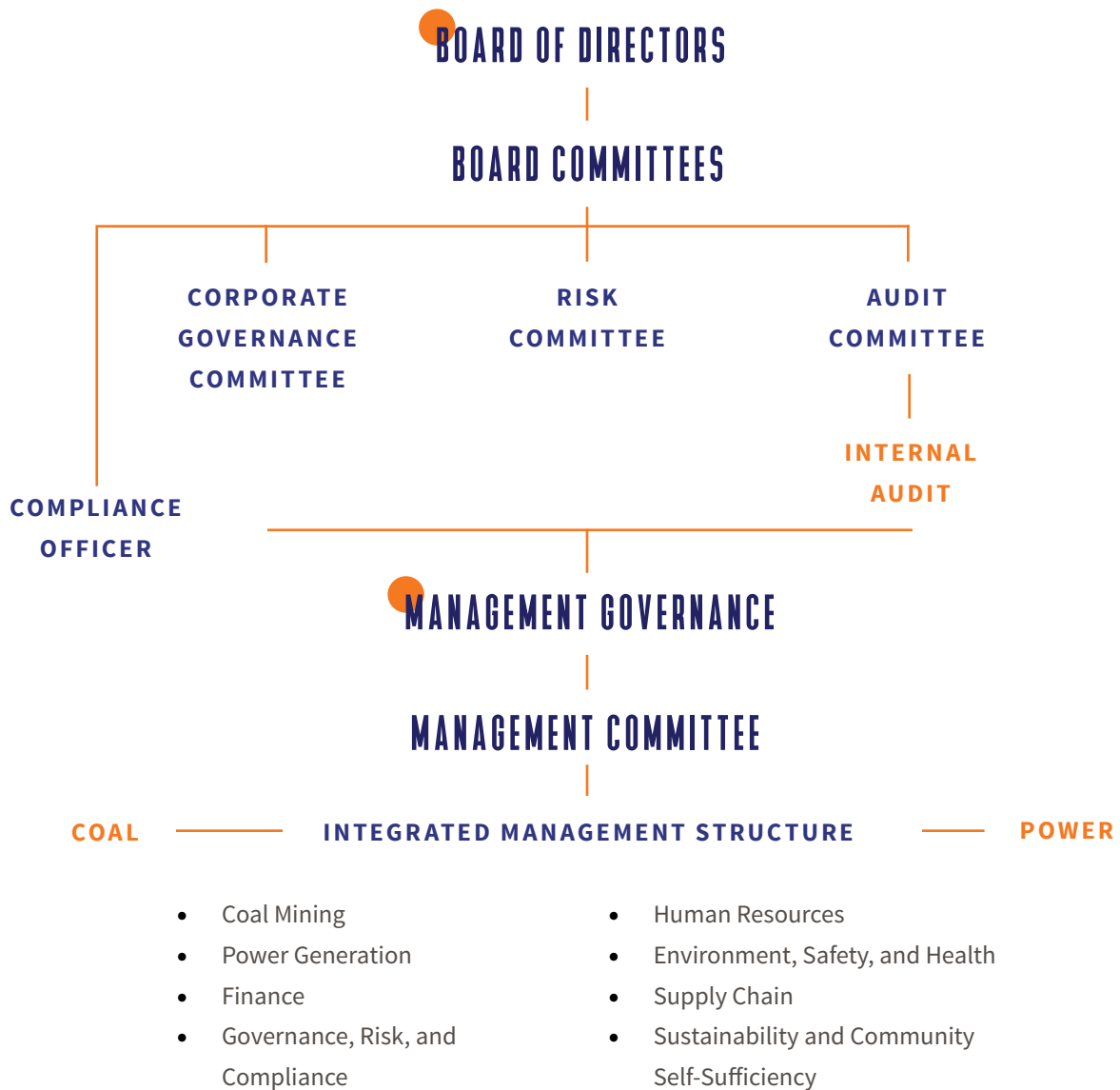


UPHOLDING THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Semirara Mining and Power Corporation (SMPC) is committed to a culture of ethical conduct, optimum performance, and systemic transparency and accountability on every level. In this way, we fulfill our economic, legal, and social obligations to our stakeholders and to the communities where we conduct our business.

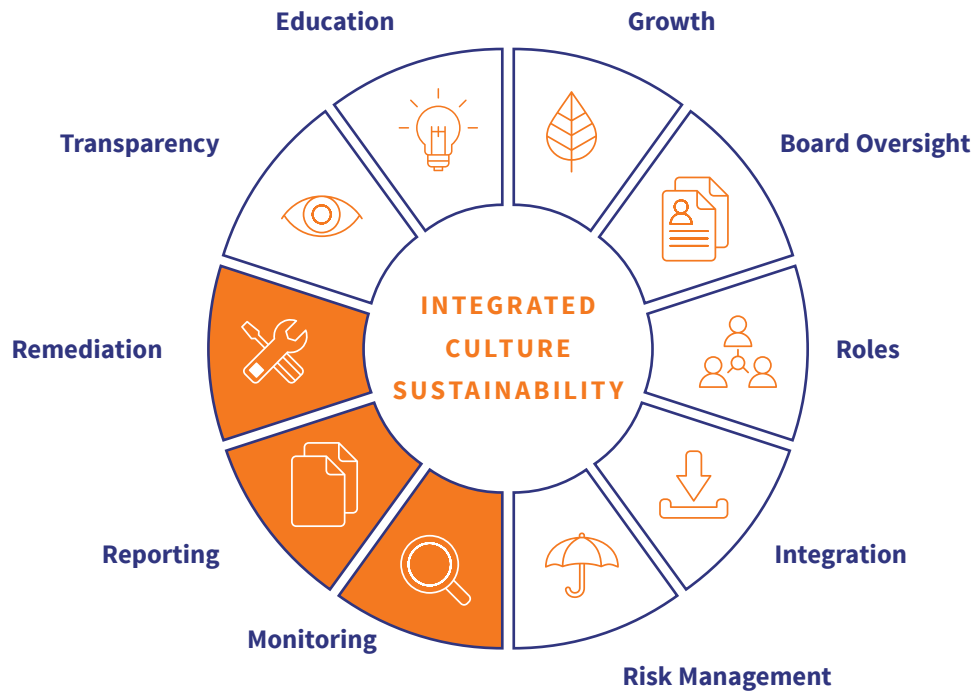
To achieve our mission of empowering communities and upholding environmental stewardship while maximizing value and promoting inclusive growth, we established and continuously build on this foundational bedrock of integrated and sustainable corporate governance.

OUR CORPORATE GOVERNANCE STRUCTURE



OUR INTEGRATED ENTERPRISE GOVERNANCE, RISK, AND COMPLIANCE

Our GRC framework supports our strategy through robust risk management in a highly regulated business environment needed to uphold our values and to maintain our own standards as a sustainable company and leader of industry.



OUR PRINCIPLES OF CORPORATE GOVERNANCE

We apply several operating principles to ensure that our corporate governance meets regulatory requirements while representing our own values and the various interests of our stakeholders. These principles promote ethical and responsible decision-making as we conduct our business, with respect to the rights of shareholders and the role of key stakeholders in the corporate governance process.

RESPONSIBILITIES OF THE BOARD

- 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.
- The fiduciary roles, responsibilities and accountabilities of the Board are clearly made known to all directors, to stockholders, and to other stakeholders.
- Board committees ensure and support the effective performance of the Board's functions.
- Directors devote the time and attention necessary to properly and effectively perform their duties and responsibilities.
- The Board endeavors to exercise objective and independent judgment.
- The Board maintains its effectiveness through a regular appraisal process.
- Board members are duty-bound to uphold high ethical standards in the interests of all stakeholders.

DISCLOSURE AND TRANSPARENCY

- The Company sets corporate disclosure policies and procedures in accordance with leading practices and regulatory expectations.
- The Company establishes the appropriate selection and appointment of an external auditor and exercises effective oversight of his independence and audit quality.
- Material and reportable non-financial and sustainability issues are disclosed.
- 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 RISK ENTERPRISE MANAGEMENT

- 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.

SHAREHOLDERS AND STAKEHOLDER RELATIONS

- The Company treats all shareholders fairly and equitably.
- 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.
- A mechanism for employee participation should be developed to create a symbiotic environment, realize the Company's goals and participate in its corporate governance processes.
- 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.



GOOD GOVERNANCE RECOGNITION

SMPC scored 97.6 points and ranked 20th in the Top 100 Philippine PLCs in the 2019 ASEAN Corporate Governance Scorecard (ACGS) assessment run by the Institute of Corporate Directors (ICD). The ACGS rating assessment is mainly benchmarked against the OECD Principles of Corporate Governance and international leading governance practices that encouraged publicly-listed companies (PLCs) across the ASEAN region to go beyond the national legislative requirements.

Our Company has consistently ranked as among the top 100 PLCs in the ACGS assessment since 2015. Recently, we have also been awarded a three-arrow recognition from its 2018 ACGS assessment results for top-performing PLCs by the ICD. The ICD is the only domestic ranking body appointed by the Securities and Exchange Commission to assess PLCs on global good governance practices.

OUR BOARD OF DIRECTORS

Sustainable governance is rooted in the fostering of a culture of openness, connectivity, and responsibility among the Board, management and all individuals that work toward the long-term benefits of the Company's shareholders and stakeholders.

Our Board is responsible for the overall performance of the Company. Members of the Board jointly direct and oversee the affairs of the Company, while delivering on the associated interests of investors and other stakeholders.

Board Composition

All directors are evaluated and nominated by the Corporate Governance Committee as having met the criteria and qualifications for membership. The Committee considers the qualifications, skills, and experiences aligned with the Company's strategy and accepts the nominations of candidates for election as members of the Board of Directors to fill vacancies as they arise. Issues regarding potential conflicts of interest for such candidates are considered in the nomination process.

All Board Directors, including the Chief Executive Officer (CEO), are subject to election or re-election annually at the Annual Shareholders' Meeting (ASM).

Our Board is composed of 11 qualified individuals, with stature and experience in related fields of competencies: coal and energy industries, finance sector, government service, and business operations.

Two of our Directors belong to the coal mining and/or energy industries. The majority of our Directors possess organizational development and financial management core competencies aligned with our group's strategy of vertical integration of our coal energy business and expansion activities.

11

Board Members

Board Nomination

All Board Directors, including the Chief Executive Officer, are subject to election or re-election annually at the Annual Shareholders' Meeting (ASM)

2

Executive Directors

Isidro A. Consunji
Maria Cristina C. Gotianun

6

Non-Executive Directors
(Non-executive directors shall concurrently serve as directors to a maximum of five publicly-listed companies.)

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

3

Independent, non-executive directors
(An Independent Director can be elected to only five companies within the DMCI Group conglomerate.)

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

**Appointed to the Board August 9, 2019*

Directorships in Other Boards

In 2019, our executive directors did not serve on more than two boards of listed companies outside of our parent company, DMCI Holdings, Inc.

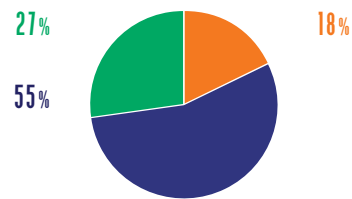
However, two non-executive directors served simultaneously on more than five boards of publicly listed companies. Mr. Cesar A. Buenaventura and Mr. Antonio Jose U. Periquet, Jr. hold more than five directorships in publicly listed companies.

Their concurrent directorships have not affected their effectiveness in exercising their roles and responsibilities as non-executive directors in terms of their time and commitment to the Company. Our Company has gained from their experiences, competencies, and expertise through their active participation and insights during Board and Board Committee meetings. Both non-executive directors had perfect attendance in our Board meetings in 2019.

BOARD DIVERSITY

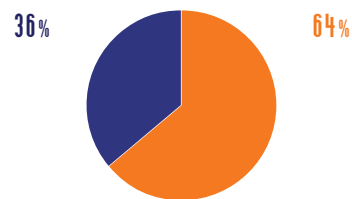
BY INDEPENDENCE

- Executive directors
- Non-executive directors
- Independent, non-executive directors



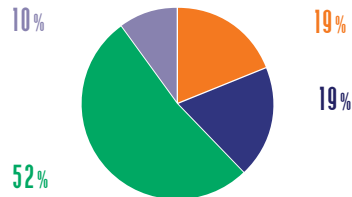
BY GENDER

- Male
- Female



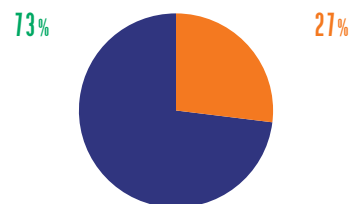
BY EXPERTISE

- Coal Energy/Power
- Mining and Engineering
- Organizational and Financial Management
- Public Governance



BY AGE

- 51-65 years old
- over 65 years old



BOARD COMMITTEES

Corporate Governance Committee

Chairman

Rogelio M. Murga
Independent Director

Members

Honorio O. Reyes-Lao
Independent Director

Maria Cristina C. Gotianun*
Executive Director

**Appointed on May 6, 2019*

Main Oversight Areas

- Nomination and selection process and criteria for directorship
- Board and Director performance and development
- Board and executive succession planning
- Key officers appointment and movement
- Corporate governance
- Compensation philosophy and policies consistent with the Company's culture, strategy and control environment
- Remuneration framework of directors and executives
- CEO performance appraisal

** The 2019 Corporate Governance Committee's accomplishments for the year are disclosed in our SEC 17-A Annual Report.*

Risk Committee

Chairman

Rogelio M. Murga
Independent Director

Members

Honorio O. Reyes-Lao
Independent Director

Isidro A. Consunji
Executive Director

Main Oversight Areas

- Enterprise-wide risk management framework
- Risk governance
- Risk management practices and policies

**The 2019 Risk Committee's accomplishments for the year are disclosed in our SEC 17-A Annual Report.*

Audit Committee

Chairman

Honorio O. Reyes-Lao
Independent Director

Members

Rogelio M. Murga
Independent Director

Herbert M. Consunji*
Non-Executive Director

Antonio Jose U. Periquet**
Independent Director

**Appointed on May 6, 2019*

***Appointed on Aug. 23, 2019*

Main Oversight Areas

- Financial reporting process and integrity of the financial statements,
- Internal control environment
- External audit performance
- Internal audit performance
- Compliance with legal and regulatory requirements

**The 2019 Audit Committee Annual Report to the Board of Directors is included in the Consolidated Financial Statements section of this Report and our SEC 17-A Annual Report.*



Board Remuneration

The remuneration of our 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.

Total Annual Compensation Package Limit (including bonuses):

10% of the Company's net income before tax during the previous year

EXECUTIVE DIRECTOR

Remuneration Summary

- Fixed Retainer Fee
PhP240,000 per annum*
- Fixed Meeting Per Diem
PhP20,000/Committee Meeting attended*

*Date of Shareholder approval – May 4, 2009

NON-EXECUTIVE DIRECTOR AND INDEPENDENT DIRECTOR

Remuneration Summary

- Fixed Retainer Fee
PhP150,000/month
(or PhP1,800,000 per annum) **
- Fixed Meeting Per Diem
PhP20,000/Committee Meeting attended*

*Date of Shareholder approval – May 4, 2009

**Date of Shareholder approval – May 4, 2015

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 2019.

Board and Board Committee Attendance

Director	Board & Organizational Meetings	Audit Committee	Risk Committee	Corporate Governance Committee	Annual Stockholders' Meeting
Isidro A. Consunji, Chairman and CEO, Executive Director	12/12		2/2		1/1
Ma. Cristina C. Gotianun, President and COO, Executive Director	12/12			1/2	1/1
Rogelio M. Murga, Lead Director	12/12	8/8	2/2	2/2	1/1
Honorio O. Reyes-Lao, Independent Director	12/12	8/8	2/2	2/2	1/1
Jorge A. Consunji, Non-Executive Director	12/12				1/1
Cesar A. Buenaventura, Non-Executive Director	12/12				1/1
Herbert M. Consunji, Non-Executive Director	11/12	7/7 ¹			1/1
Ma. Edwina C. Laperal, Non-Executive Director	9/12				1/1
Josefa Consuelo C. Reyes, Non-Executive Director	12/12				1/1
Luz Consuelo A. Consunji, Non-Executive Director	12/12				1/1
Antonio Jose U. Periquet Jr., Independent Director	3/3 ¹	3/4 ²			- ¹

¹ Appointed May 6, 2019

² Appointed August 23, 2019

Board and Director Development

Our Board and Director Development Program aims to enhance the continual learning and improvement of our Board of Directors. Continuing education, training, committee assignments, and evaluations for the improvement and development of our Board members are essential instruments to their effective leadership. An orientation for new directors covers the financial,

operational, and corporate governance aspects of our business.

In 2019, all directors fully complied with the annual corporate governance seminars. In addition, all directors fully complied with the SEC minimum Board meeting attendance requirement of 50%.

Board Performance Assessment

The annual performance evaluation process of our Board of Directors covers the full Board, Board Committee, and individual director self-assessments. Assessment results are provided to the Corporate Governance Committee and reported to the Board for disposition and continual improvement of effective Board, Board Committee, and individual director performance. Feedback to enhance

management support to the Board are likewise communicated to the management team for appropriate action. The formal questionnaire for the full Board self-assessment criteria includes Board and Board Committee responsibilities, structure, meetings, processes, and management support.

On the other hand, the individual director performance evaluation areas consider leadership, interpersonal skills, strategic thinking, and participation in Board meetings and Board Committee assignments.

In 2019, a full Board and director performance assessments were undertaken by the Board of Directors, and administered by the Chief Governance Officer.



UNIFIED ROLES OF CHAIRMAN AND CEO

The Chairman and CEO roles are unified and strategic to ensure cohesive leadership in meeting the challenges and expansion opportunities affecting our Company's operations and sustainability as a vertically integrated energy enterprise.

Our Company's governance structure ensures check and balance of power and accountability through defined roles and responsibilities of the Board, CEO, and Management in our Amended By-Laws and Manual on Corporate Governance, good governance framework, annual Board and CEO performance evaluation process, among others.

SUCCESSION PLANNING

Our Board-approved Executive Succession Plan policy ensures the assessment of leadership needs and preparation for an eventual permanent leadership change. It outlines succession procedures and protocols to ensure leadership continuity at key positions in the Company.

Our leadership program sees to the development of a pool of candidates and the professional advancement of our current employees, by identifying leadership gaps and assessing potential candidates based on their strengths, developmental needs and readiness for the position. Moreover, we equip them with the training and support they need to assume more challenging roles in the organization.

OUR GUIDES TO GOOD GOVERNANCE

We work closely with regulators to ensure that our policies and processes are aligned with and compliant to relevant government laws and standards.

Regulatory Guidelines	Manuals, Codes, and Policies	Charters
Code of Corporate Governance for Publicly Listed Companies (PLCs) from the Securities and Exchange Commission (SEC)	Manual on Corporate Governance	Board Charter on Good Governance Guidelines
Corporate Guidelines for PLCs from the Philippine Stock Exchange (PSE)	Code of Conduct and Business Ethics	Board Committees' Charters
ASEAN Corporate Governance Scorecard	Company Policies	Internal Audit Charter

We continue to raise our corporate governance protocols to be at par with regional and global standards, as we strive for more holistic, inclusive, effective, and sustainable governance practices.

OUR POLICIES

SMPC is a company dedicated to principled ways of working, by upholding professionalism, fairness, integrity, accountability and responsibility. Our policies ensure that we work well within the standards set by management and expected by our regulators and stakeholders

CODE OF CONDUCT AND BUSINESS ETHICS

Reflects our commitment to conduct business according to the highest ethical standards, and in accordance with applicable laws, rules, and regulations. Promotes the highest standards of openness, probity, and accountability throughout the organization through our ethics-related policies, soft controls, and assurance activities.

Coverage:

- Guidelines on handling conflict of interest, gifts of hospitality, insider trading, financial reporting, influencing external auditor, fair dealings, confidentiality, and stakeholder obligations, including anti-corruption and anti-bribery

Checks:

- Integrity commitment or pledge through the annual certification process
- Disclosure of interest via Annual Disclosure Statement
- Violations of the Code of Conduct are subject to the appropriate sanctions and penalties under the Code of Discipline
- Orientation of the Code of Conduct and corporate values during the onboarding of new directors and employees and during annual refresher training
- Performance evaluation
- Annual risk assessment process under our
- Enterprise Risk Management (ERM)*

** In 2019, all business units were assessed as to their vulnerability to ethical risks.*

RELATED PARTY TRANSACTIONS POLICY

Specifies the guidelines, de minimis transactions, categories, and thresholds requiring review, disclosure, and prior approval by the Board of Directors or shareholders of such transactions

Coverage:

- Defines related party transactions deemed to be pre-approved by the Board of Directors
- Requires a director, officer, or key management personnel to promptly notify the Audit Committee or the Company's Corporate Counsel of any interest an immediate family member had, has, or may have in a related party transaction
- Requires independent directors (IDs) to review material or significant related party transactions to determine whether they are in the best interests of the Company and its shareholders

Checks:

- All material information concerning related party transactions are reviewed by the Board of Directors and disclosed in the related Notes to Consolidated Financial Statements of the Company's audited accounts and in required filings to the SEC.
- Review of related party transactions in Audit Committee meetings, as conducted by Independent Directors (IDs). In 2019, all actual related party transactions were conducted in arm's-length terms.

Criteria for Review of Related Party Transactions

- Fairness
- Materiality
- Commercial reasonableness of the terms
- Extent of the actual or apparent conflict of interest of the related party

In 2019, all actual related party transactions were conducted in arm's-length terms.

INSIDER TRADING POLICY

Sets out the implementing rules and guidelines for directors, officers, and employees engaging in the trading (i.e., buying and selling) of the Company's shares of stock in the market.

Coverage and Checks:

- Prohibits insider trading to prevent conflict of interest and individuals and/or parties benefiting from insider information or knowledge not available to the public
- Requires all directors and key officers to report their trades within three business days to the Legal Department, for eventual reporting to the PSE and SEC
- Requires a prior stock-trading reporting protocol for directors and key officers to notify, call, or clear with the Legal Department at least one day before a planned stock trading of the Company's shares

MATERIAL RELATED PARTY TRANSACTIONS (RPT) POLICY

Ensures compliance with SEC's Rules on Material RPTs for PLCs with guidelines in ensuring arm's-length terms.

Coverage:

- Requires at least two-thirds approval vote of the Board of Directors, with at least a majority of the IDs, 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
- Related Party Registry and audit, risk, and compliance system, among others

Checks:

- All material information concerning RPT are reviewed by the Board of Directors and disclosed in the related Notes to Consolidated Financial Statements of the Company's audited accounts and in required filings to the SEC.
- Review of related party transactions in Audit Committee meetings, as conducted by independent directors (IDs).
- SEC oversight upon breach of materiality thresholds, as prescribed
- Year-end disclosures in audited consolidated financial statements

INFORMATION POLICY

Ensures timely, relevant, and accurate information provided to investment partners and key stakeholders about our financial performance, operating highlights, strategic direction, growth prospects, and potential risks, including material and reportable non-financial and sustainability issues

Coverage:

- Announcements and updates in all communications channels, including company website
- Periodic reporting
- Investor relations activities such as analyst briefings, media briefings, and investor conferences, among others
- Information, education, and communication (IEC) engagement

Checks:

- Company disclosures and reports
- Investor engagement platforms with institutional and prospective investors, investment analysts, fund managers, and the financial community, including person-to-person meetings and conference calls.

Investor Engagement Platforms in 2019

Analyst-Media Briefings

- 2018 Full Year Briefing
March 1, 2019
- Joint SCC-DMC Briefing 1H 2019 Results
August 13, 2019
- Joint SCC-DMC Briefing Q3 2019 Results
November 12, 2019

Local Investor Conference

- J.P. Morgan's Philippines 1x1 Conference 2019
January 21–22, 2019
Makati Shangri-La Hotel, Makati City

WHISTLEBLOWING POLICY

Protects whistleblowers and prohibits retaliation, intimidation, harassment, or adverse employment consequences against a reporter who raises a concern or complaint

Coverage and Checks:

- Guidelines on whistleblowing reporting procedures, including the use of a Hotline Report Form, and investigation procedures to properly address and resolve issues
- Valid complaints and concerns on questionable and unethical practices via the Integrity Hotline (hotline@semirarampc.com) or via our website, www.semiraramining.com

ENVIRONMENT, SAFETY, AND HEALTH POLICY

Ensures comprehensive systems and procedures to meet the compliance, obligatory, and reporting requirements of government agencies that oversee the environmental, health, and safety aspects of our operations

Coverage:

- Compliance with all environmental and energy laws and regulations across our operations to achieve a balance between socio-economic growth and environmental stewardship

Checks:

- Regular internal and external audits, self-monitoring, and stakeholder consultation and engagement through the Multi-Partite Monitoring Team (MMT)



ASSURANCE OF OUR GOVERNANCE PERFORMANCE

We scrupulously maintain a system of internal controls and risk management systems to ensure our continued good governance. Compliance reporting to the Senior Management, the Audit Committee, and the Board of Directors covers SEC, PSE, legal, accounting, and reporting standards, including environment, health, and safety.

Continuous monitoring and updates on legal, regulatory developments, and compliance matters provide the Board of Directors with critical information to make informed decisions and strategic considerations.

MONITORING OUR COMPLIANCE TO POLICIES AND STANDARDS

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

INTERNAL AUDITS

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

Our Internal Audit (IA), led by a qualified Chief Audit Executive, provides the Board of Directors and the Management with independent and objective assurance and advisory services on the business processes, internal controls, and the governance and risk management practices of SMPC and its subsidiaries. It functionally reports to our Audit Committee. The Committee annually evaluates IA's overall performance based on IA's primary mandate of assurance and value protection and in providing value-added services through consideration of the Company's strategic focus in their audit engagements.

Our IA is guided by a Board-approved Internal Audit Charter and adopts a risk-based and process-focused audit approach aligned with the professional auditing standards set by the Institute of Internal Auditors (IIA).

Our IA executed its 2019 activities in accordance with the IIA's International Standards for the Professional Practice of Internal Auditing and complies with the Code of Corporate Governance for publicly listed companies.

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.

Our coal operations have been ISO and OHSAS certified for the past 11 years, while our power subsidiaries, SEM-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC), are also certified with the same international standards on Quality, Environment, Safety, and Health (QESH) for the past three years.

Our external auditor, SyCip, Gorres, Velayo & Co. (SGV & Co.) provides assurance that our financial statements are in accordance with financial reporting standards, and government and regulatory requirements. In compliance with SEC regulatory policy requiring audit partner rotation every five years to ensure independence, our appointed Assurance Partner-In-Charge is Dhonabee B. Señeres in 2019.

No director or key officer is a former employee or partner of the current external auditor in the past two years.

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.



COMMUNICATING WHAT MATTERS TO THOSE WHO MATTER MOST

We value open communication in matters that affect our shareholders and stakeholders. As such, we provide timely, relevant, and accurate disclosure of material information regarding our financial performance, ownership and business updates through various platforms and channels. We strictly comply with the regulatory and reportorial requirements as set by the SEC and the PSE.

We adhere to market rules and operate within industry standards with full transparency and compliance to regulators and key stakeholders. We accomplish this through the submission of quarterly reports to the Department of Energy (DOE) and annual report to the Energy Regulatory Commission (ERC), among others. We also report on our environmental, safety, and health compliance to relevant government agencies.

SCOPE OF COMPANY DISCLOSURES

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

Protecting Minority Shareholders

The principal risks to minority shareholders associated with the identity of our Company’s controlling shareholders are mitigated by our corporate governance framework that effectively protects and ensures the rights and equitable treatment of all shareholders, including minority and foreign shareholders. Basic shareholder rights, such as the right to information and shareholder participation in key company decisions and fundamental issues, disclosures of control structures and voting rights, and threshold approvals of related party transactions, among others, are upheld by our governance policies.

EQUITABLE TREATMENT OF SHAREHOLDERS

**ONE COMMON SHARE,
ONE VOTE**

Proportionate Voting

A share structure of “one vote per one common share” is practiced. Our Company has no current practice that has led us to award disproportionate voting rights to select shareholders.

**ALL SHARES HAVE EQUAL
VOTING RIGHTS.**
Shareholder Rights



Disproportionate Voting Rights

We do not practice the following:

- Shareholders agreements
- Voting caps
- Multiple voting rights for certain shares

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 our Annual Stockholders' Meeting (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, or 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 the Board of Directors
- Remuneration (e.g., per diem, fees) of directors

The ASM is one of our key engagement platforms, allowing us to connect, and interact with our corporate partners and investors, to share with them our continuous growth, and to give back their trust and support in our Company.

Our ASM is held on the first Monday of May of each year. This is when we report on the Company's performance and provide our shareholders a venue for open dialogue with the Board for updates or clarifications on certain issues.

The Chairman of the Board and Chief Executive Officer, Board Directors, Audit Committee Chairman, Risk and Corporate Governance Committees Chairman, Chief Operating Officer, Chief Finance Officer, Corporate Secretary, Investor Relations Officer, other key officers, and our external auditor, SGV & Co., attended the most recent annual meeting to answer questions and possible queries on Board Committee matters from shareholders.

Annual Stockholders' Meeting (ASM) 2019

Venue

Manila Polo Club, Inc.,
Forbes Park, Makati City.

The venue is an accessible meeting location to the shareholders, as per policy.

Agenda

- Approval of the minutes of the previous year's ASM, held on May 7, 2018, and rationale thereof
- Approval of Management Report for 2018 and rationale thereof
- Ratification of the acts of the Board and Management in 2018 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 individual Board Directors, with information on individual profile of nominees for election to the Board of Directors 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

Voting in person or in absentia

We respect the rights of our shareholders to participate and vote in our ASM. Whether made in person or in absentia, their votes carry equal effect. We allow voting in absentia via proxy to give a shareholder who is unable to attend our ASM the opportunity to participate and vote.

The following Poll Voting procedures were observed during the 2019 ASM:

- Poll voting was conducted as opposed to show of hands for all resolutions
- Appointment of SGV & Co. as independent body to count and validate the votes by poll cast by the shareholders for items stated in the agenda requiring approval and/or ratification
- 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

Disclosure

Tally and results of shareholder votes (e.g., approving, dissenting, and/or abstaining) taken for all resolutions are publicly disclosed to the SEC and PSE by the next working day. The same information was posted on our Company's website on the same day of disclosure.

The list of Board Directors who attended the 2019 ASM are reported and disclosed in a certification of attendance to the PSE, SEC, and the company website. The minutes of the 2019 ASM were disclosed and posted on our company website within five days from the date of the ASM.

Shareholders' participation

After the delivery of the Management Report, the shareholders and other attendees were given an opportunity to raise any questions and/or clarifications on the performance and prospects of the Company.

As duly recorded in the minutes of the 2019 ASM, after the delivery of the Management Report, the Chairman then welcomed stockholders' queries and/or clarifications on the Management Report. None of the stockholders raised questions and/or clarifications on the Management Report.

DUTIES TO STAKEHOLDERS

We acknowledge our duties to our stakeholders and their roles and contributions towards our Company's sustainability. Therefore, we continue to uphold their rights and interests, as defined by the law or through mutual agreements. Through our corporate governance process, we enact stakeholder engagement as a medium for improving our performance, decision-making processes, and accountability.

INDEPENDENT DIRECTORS

DORO A. CONSUNJI
SAR A. BUENAVENTURA
MARGE A. CONSUNJI
ROBERT M. CONSUNJI
MARIA CRISTINA C. GOTIANUN
A. EDWINA C. LAPERAL
ROSEFA CONSUELO C. REYES
RODOLFO CONSUELO A. CONSUNJI
ROSEMARY DADIVAS

NON-EXECUTIVE DIRECTORS

JOSE M. MURGA
RODOLFO REYES-LA...



EMPLOYEES

Our policies help promote the professional growth and development of our employees, all while protecting their health, safety, welfare, and basic human rights. We continue to uphold our culture of excellence by training and developing key talent and assets for leadership, which helps ensure our overall business sustainability.

CUSTOMERS

Our Customer Welfare Policy requires that we meet our customers' product and service quality standards in a mutually fair and satisfactory manner, without compromising the Company's business ethics. The policy advocates for fairness and transparency in all our business dealings. It also upholds the protection of our customer health, safety, and welfare through adherence to relevant laws, rules, and regulations set by the Philippine government, as well as by pertinent international standards.

Responsible Marketing

- Strict adherence to Code and Business Ethics of Conduct regarding fair dealings and confidentiality in all transactions and business information, such as customer data

Transparency

- Our power business is guided by a nominations and declarations protocol, as well as a billing and settlement procedure, to ensure that customer transactions are orderly and transparent. All relevant information is sent to our customers for their verification and confirmation.
- Customer visits to our mine site provide access to our coal handling, testing, and loading operations so they can inspect and monitor their coal orders.

Customer Satisfaction

- Timely resolution of concerns and complaints
- Our team of energy market experts commits to the general satisfaction of our customers through three (3) aspects: 1) a reliable supply of electricity; 2) strict compliance with power supply agreements; and 3) proper business ethics and professionalism in our communications.

SUPPLIERS AND CONTRACTORS

Our Quality Policy for procurement activities helps ensure the competitive sourcing and pricing of our high-quality goods and services. Procedures on the accreditation and evaluation of new suppliers, as well as the re-evaluation of accredited suppliers of critical materials every 12 months, are detailed to ensure the consistent quality of purchased products and services.

Sustainable Procurement

To help ensure sustainable procurement practices across our supply chain, we have also integrated and embedded sustainability criteria in our supplier accreditation process. This includes assessing and evaluating our suppliers and contractors in terms of environmental performance, forced labor, child labor, human rights, and bribery and corruption, among others.

Our supply chain management system also considers the impact and influence of our procurement practices on raw material inputs and natural resource utilization.

Supplier Review and Selection

Suppliers are selected and evaluated based on their track record, pricing, payment terms, product quality, response to problems, and delivery.

Canvassing procedures ensure competitive pricing, favorable terms, and value-added services without compromising quality.

CREDITORS AND BUSINESS PARTNERS

We value the contributions of our creditors and business partners to the continued growth, development, and sustainability of the Company.

To ensure the timely repayment of our loans, as well as guarantee compliance to the covenant terms of our loan agreements, we employ a capital management strategy that safeguards our strong credit rating and healthy capital ratios. This strategy allows us to support our business operations, while protecting the legal rights and interests of our creditors and business partners.

GOVERNMENT

Businesses are aligned with the national government's goal of ensuring long-term economic stability and growth. The national government can influence the conduct and performance of businesses through pertinent laws, rules, and regulations that govern the way we do business in the Philippines. As such, we strive to maintain a good working relationship with our industry regulators, relevant government agencies, and local government units through open dialogue and strategic partnerships.

COMMUNITIES

Our Social Development Policy aims to provide lasting positive contributions to our host and neighboring communities. We form interconnected networks of public and private partnerships that promote shared and inclusive growth in the areas where we operate. We engage the DOE, our local government units, and community leaders in planning and implementing social development programs that contribute towards self-sufficiency, resilience, and sustainability.



MANAGING OUR BUSINESS RISKS AND CONTROLS

As a responsible coal energy company, Semirara Mining and Power Corporation (SMPC) remains cognizant of the risks that are inherent to the nature of its business operations. As such, we have established the appropriate mechanisms and

measures to ensure that we can properly address and manage the risks inherent to our business. We apply the best practices in risk management to measure and manage the different risks that are specific to our business operations and to the industries.

ENTERPRISE RISK MANAGEMENT

Our Enterprise Risk Management (ERM) framework is based on the leading frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO31000: 2009, which integrates a system where all business risks are identified, measured, and managed effectively and continuously within a structured and proactive framework. It supports a systematic and disciplined approach to provide clear responsibility and accountability structures for risk management.

SMPC has a range of policies and processes that involve both internal and independent controls, namely: (1) internal audit, (2) external certification bodies, and (3) external auditors. This measure helps us achieve our business objectives while minimizing the risk of operational failures, misstatements, inaccuracies and errors, fraud, and non-compliance with pertinent laws and regulations.

RISK GOVERNANCE

Our President and Chief Operations Officer (COO) also serves as our Chief Risk Officer (CRO), who leads the overall implementation and enhancement of our ERM framework and practices. Our Risk Advisory (RA)

Department provides full support to the CRO and the Risk Committee in ensuring that an effective and integrated risk management system is in place.



OUR ERM FRAMEWORK

TOP DOWN APPROACH

Assessment and management of strategic risks to achieve Group's objectives

Risk Management Responsibilities

- Overall risk management responsibility
- Determine risk profile and oversee risk management framework
- Review key risks and mitigation strategies and ensure risk management appropriateness and effectiveness
- Establish and maintain risk management and internal control systems
- Develop risk profile and review risk responses
- Formulate risk management strategy
- Identify and assess risks, take risks positions and monitor, evaluate, and adjust the action plans to mitigate and manage risk



Guidelines, roles, and responsibilities

Enterprise Risk Management Top Business Risks

- Risk Monitoring and Reporting
- Risk Response Validation
- Risk Mitigation Plan and Risk Indicators

Enterprise Risk assessment, mitigation, reporting, and monitoring

Risk escalation and assurance



The Board and Board Risk Committee

CRO and Management Committee

Business Units

BOTTOM UP APPROACH

Cross-functional Meetings Risk Identification and Prioritization

OUR RISK APPETITE

The Board of Directors (the Board) sets the tone and establishes the risk appetite level for our ERM. Risks are identified, assessed, managed, monitored, and communicated according to our strategic and business objectives, and then subsequently applied

across the organization. Our Risk Committee assists the Board to ensure that an adequate and effective risk management system is in place. The management of significant risks, including emerging risks, are regularly reported to the Board.

BUSINESS CONTINUITY MANAGEMENT

Our Business Continuity Management (BCM) efforts are designed to ensure that critical business processes are restored within the shortest period without compromising

safety, and to minimize business disruption in the event of a major internal or external incident.



OUR RISK MANAGEMENT PERFORMANCE

Top Business Risk	Measures	Risk Management
Safety* 	<ul style="list-style-type: none"> • Zero Fatality • Reduced Non-Lost Time Injury • Reduced equipment accident and fire incidents 	<ul style="list-style-type: none"> • Proactive hazard identification and risk reduction • Continual calibration of occupational health and safety practices • Slope management • Mine planning and operations management • Incident management • Health and wellness program monitoring • Benchmarking with best practices • Project safety management
Compliance and Reputation 	<ul style="list-style-type: none"> • Full Compliance • Fulfillment of community commitments 	<ul style="list-style-type: none"> • Impact assessment and implementation of new or emerging rules and regulations • Compliance monitoring and reporting • Reputation management • Proactive stakeholder engagement, including concerns and resolutions thereof
People and Talent 	<ul style="list-style-type: none"> • Attrition Rate • Succession Management 	<ul style="list-style-type: none"> • Talent management and retention program • Regular review of succession management • Calibrated Learning and Development Program
Coal and Power Market and Commodity Prices 	<ul style="list-style-type: none"> • Financial Targets 	<ul style="list-style-type: none"> • Delivery of coal quality at better prices or larger guaranteed supply volumes to achieve customer satisfaction • Minimum contracted volume for customers with long-term supply contracts for each given period, within the contract duration, and monthly re-pricing • Diversified customer base • Optimization of market opportunities
Asset Performance and Production Efficiency 	<ul style="list-style-type: none"> • Availability, Reliability, and Utilization • Strip Ratio and BCM/HR • Net Generation (Power Plant) • Cost per metric ton (MT) and kilowatt-hour (KWh) 	<ul style="list-style-type: none"> • Asset Management Program • Implementation of Life Extension Program (LEP) in power plant operations • Continual improvement of maintenance program, desired equipment availability, and reliability • Fuel management and other cost savings initiatives • Close coordination with grid operator for potential issues affecting power plant operations • Project Management
Natural Hazard and Physical Security 	<ul style="list-style-type: none"> • Business Continuity • Major Physical Security Breach 	<ul style="list-style-type: none"> • Strong partnerships with government and private institutions • Disaster resilience program • Climate related monitoring tools, e.g., weather stations, weather bureau historical data • Insurance risk transfer of capital assets
Procurement and Inventory Management 	<ul style="list-style-type: none"> • On-time delivery • Availability of critical parts 	<ul style="list-style-type: none"> • Supply chain management • Streamlining delivery process
Information Technology 	<ul style="list-style-type: none"> • Zero digital operational disruption 	<ul style="list-style-type: none"> • Continual enhancement of information technology (IT) security solutions and upgraded network appliances • Upgraded or new operational technologies • Adaptation of new systems • Access to satellite communications

 **ACHIEVED**

 **PARTIALLY ACHIEVED, ON-GOING**

 **NOT ACHIEVED**

*One fatality at mine site due to mudflow incident caused by liquefaction.



CLIMATE-RELATED RISKS AND OPPORTUNITIES

As the threat of climate change looms large on a global scale, discussions on climate-related risks and opportunities also grow in prominence. Businesses must remain informed of potential climate-related financial risks and how they can best be managed and communicated to different

stakeholders. As such, organizations are encouraged to take account of climate-related issues inherent to their business, and to disclose the potential financial impacts of climate-related risks on their business operations.

Governance

We recognize that climate change is a cross-cutting issue and a challenge that affects all sectors globally. Our integrated Governance, Risk, and Compliance (GRC) framework is aligned with the pillars of the Financial Stability Board's Task Force on Climate-

Related Financial Disclosures (TCFD). Our Board, Board Committees, and Management regularly discuss and evaluate the impacts of climate-related risks and opportunities relevant to our strategies to ensure the long-term sustainability of our business.

Strategy

Our organization aims to develop and improve its adaptive capacity to respond to climate-related risks to better manage associated risks and seize opportunities, including the ability to respond to transition risks and physical risks. This includes improving our communication of key

climate-related material information to our different stakeholders. We also recognize the different climate-related opportunities that can help improve our resource efficiency, cost savings, and resilience through our supply chain.

Risk Management

Our GRC framework enables a proactive identification, assessment, monitoring, and evaluation of climate-related and associated risks related to the transition to a low-carbon economy and to the physical impacts of climate change. Our risk management process involves risk information updates, controls, and mitigation. Risk reporting is made through regular Management

Committee meetings and through the Board on a timely basis.

Our disaster resilience program consists of regular drills and training sessions done in collaboration with different government agencies, local government units, and host communities.

Metrics and Targets

The adoption of the GRI Standards assists the organization in developing a system of reporting metrics and targets. This, in turn, will help us manage our sustainability impacts and enhance the stakeholder

communication of our material issues, including climate-related metrics such as our greenhouse gas (GHG) emissions, energy use, and water withdrawal, among others.



RELEVANT TCFD RECOMMENDED DISCLOSURES

Type	Climate-Related Risks	Potential Financial Impact
Transition Risks	Policy and Legal <ul style="list-style-type: none"> • Mandates and regulations • Increased pricing • Enhanced energy and emissions-reporting obligations 	<ul style="list-style-type: none"> • Republic Act No. 10963, or Tax Reform for Acceleration and Inclusion (TRAIN) Law <p><i>Increased excise taxes on coal to PhP100.00/MT on January 1, 2019, and PhP150.00/MT on January 1, 2020.</i></p> • Republic Act No. 9513, or the Renewable Energy Act of 2008 Department of Energy (DOE) Circular No. DC2017-12-0015, Renewable Portfolio Standards (RPS) Rules for On-Grid Areas <p><i>Anchored on the country’s aspirational target of 35% renewable energy (RE) share in the energy mix by 2030. The two-year transition period ended in 2019. Effective 2020, the minimum RE sourcing will be imposed immediately to mandated participants. At least 1% of annual energy demand must be sourced from eligible RE sources.</i></p> • Republic Act No. 11285, or the Energy Efficiency and Conservation Act <p><i>Higher compliance costs due to the hiring of energy personnel on the technical and management levels, as well as annual assurance.</i></p> • Stranded coal plant assets
	Technology	<ul style="list-style-type: none"> • Costs to adopt low-carbon technologies and processes
	Market <ul style="list-style-type: none"> • Change in power market and customer behavior 	<ul style="list-style-type: none"> • Reduction or restriction in capital availability
	Divestment and Reputation <ul style="list-style-type: none"> • Stigmatization of the sector • Global shift of investors and capital markets from coal energy investments • Negative stakeholder feedback 	<ul style="list-style-type: none"> • Negative impacts on workforce talent attraction • Negative share price impact from divestment • Incremental cost in capex and working capital financing
Physical Risks	Acute and Chronic <ul style="list-style-type: none"> • Increased severity of extreme weather events, e.g., cyclones, floods • Variability in weather patterns 	<ul style="list-style-type: none"> • Increased capital costs due to damage to capital assets, facilities, and telecommunications infrastructure • Reduced revenue from reduced production and lower sales • Reduced revenue and higher costs from negative impacts on workforce, such as safety, health, and absenteeism • Increased insurance premiums and limited coverage of assets

Type	Climate-Related Opportunities	Potential Financial Impact
Resource Efficiency	<ul style="list-style-type: none"> • Use of more efficient mine equipment and modes of transport • Use of more efficient equipment • Use of recycling • Use of more efficient and eco-friendly buildings and structures • Reduced water usage and consumption • Use of eco-friendly buildings 	<ul style="list-style-type: none"> • Increased revenues through operational efficiency Republic Act No. 11285, or the Energy Efficiency and Conservation Act • Reduced operating costs through efficiency gains and cost reductions.

BOARD OF DIRECTORS



ISIDRO A. CONSUNJI, 71

Filipino, Executive Director,
Chairman and Chief Executive Officer,
2019 Risk Committee, Member

Board Appointment

First appointment as Chairman
November 2014
First appointment as a director
May 2001
Last re-election as a director
May 6, 2019

Present Directorship in Listed Companies

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

Other Directorships within Company Group

SEM-Calaca Power Corporation
Southwest Luzon Power Generation Corporation
Semirara Claystone Inc.
Semirara Energy Utilities Inc.
Southeast Luzon Power Generation Corporation
SEM-Cal Industrial Park Developers Inc.
DMCI Mining Corporation
St. Raphael Power Generation Corporation
ENK Plc (U.K.)
DMCI Masbate Power Corporation
Dacon Corporation
M&S Company Inc.
DMCI Projects Developers, Inc.
Toledo Mining Corporation Plc (U.K.)
Semirara Cement Corporation
Maynilad Water Services
Private Infra Dev Corporation
Asian Institute of Management

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, 65

Filipino, Executive Director, President, Chief Operating Officer, and Chief Risk Officer 2019 Corporate Governance Committee, Member

First appointment as a director:
May 2006
Date of last re-election as a director:
May 6, 2019

DMCI Holdings, Inc. (within Company Group)

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

BS Business Economics
University of the Philippines Diliman



CESAR A. BUENAVENTURA, 90

Filipino, Non-Executive Director

Date of first appointment as a director:
May 2001
Date of last re-election as a director:
May 6, 2019

DMCI Holdings, Inc.
iPeople, Inc.
PetroEnergy Resources Corporation.
Concepcion Industrial Corporation
Pilipinas Shell Petroleum Corporation
International Container Terminal Services, Inc.

DM Consunji, Inc.
Mitsubishi Hitachi Power Systems
Philippines, Inc.
Cavitex Holdings, Inc.
Via Technik Inc.
Pilipinas Shell Foundation, Inc.
Bloomberg Cultural Foundation,
ICTSI Foundation
The Country Club

BS Civil Engineering
University of the Philippines

Master's Degree Civil Engineering
Major in Structures,
Lehigh University, Bethlehem,
Pennsylvania (Fulbright Scholar)



JORGE A. CONSUNJI, 68
Filipino, Non-Executive Director

Date of first appointment as a director:
May 2001
Date of last re-election as a director:
May 6, 2019

DMCI Holdings, Inc. (within Company Group)

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

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, 67
Filipino, Non-Executive Director
2019 Audit Committee, Member

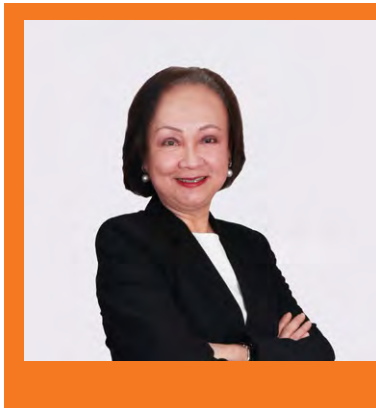
Date of first appointment as a director:
May 2001
Date of last re-election as a director:
May 6, 2019

DMCI Holdings, Inc. (within Company Group)

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

BS Commerce, Major in Accounting
De La Salle University

Top Management Program
Asian Institute of Management



MARIA EDWINA C. LAPERAL, 58
Filipino, Non-Executive Director



JOSEFA CONSUELO C. REYES, 72
Filipino, Non-Executive Director

Date of first appointment as a director:
May 2007
Date of last re-election as a director:
May 6, 2019

Date of first appointment as a director:
March 2015
Date of last re-election as a director:
May 6, 2019

DMCI Holdings, Inc. (within Company Group)

Nil

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

SEM-Calaca Power Corporation
Southwest Luzon Power Generation Corporation
Manila Herbal & Essential Oils Co., Inc.
Philippine Coffee Board
Ecology Village Association

BS Architecture
University of the Philippines

Master in Business Administration
University of the Philippines

Executive Certificate for Strategic
Business Economics Program
University of Asia & The Pacific

AB Economics
University of British Columbia, Vancouver, Canada

Strategic Business Economics Program
University of Asia and the Pacific



LUZ CONSUELO A. CONSUNJI, 66

Filipino, Non-Executive Director



ROGELIO M. MURGA, 85

Filipino, Lead Independent Director, 2019 Risk Committee, Chairman
2019 Corporate Governance Committee, Chairman
2019 Audit Committee, Member

Date of first appointment as a director:

May 2017

Date of last re-election as a director:

May 6, 2019

Date of first appointment as a director:

November 2014

Date of last re-election as a director:

May 6, 2019

DMCI Holdings, Inc. (within Company Group)

Nil

SEM-Calaca Power Corporation
Southwest Luzon Power Generation Corporation
Dacon Corporation
South Davao Development Co.
Zanorte Palm-Rubber Corp.
Missionaries of Mary Mother of the Poor

SEM-Calaca Power Corporation
Southwest Luzon Power Generation Corporation
Private Infra Dev Corp.
Meralco Industrial Engineering Services Corp.

B. S. Commerce, Major in Management
Assumption College

Master in Business Economics
University of Asia and the Pacific.

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, 75

Filipino, Independent Director, 2019 Audit Committee, Chairman, 2019 Corporate Governance Committee, Member 2019 Risk Committee, Member



ANTONIO JOSE U. PERIQUET, JR., 59

Filipino, Independent Director 2019 Audit Committee, Member

Date of first appointment as a director:
May 2017
Date of last re-election as a director:
May 6, 2019

Date of first appointment as a director:
August 2019

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

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

SEM-Calaca Power Corporation
Southwest Luzon Power Generation Corporation
DMCI-Property Developers, Inc.
Space2place, Inc.

ABS-CBN Holdings Corporation,
Albizia ASEAN Tenggara Fund
BPI Asset Management and Trust Corporation
BPI Capital Corp.
BPI Family Savings Bank, Inc.
Campden Hill Advisors, Inc.
Campden Hill Group, Inc.
Pacific Main Properties and Holdings
Lyceum of the Philippines University
The Straits Wine Co. Inc.

BA Major in Economics
De La Salle University

AB Economics
Ateneo de Manila University

BS Commerce, Major in Accounting
De La Salle University

Master of Science Economics
Oxford University, UK

Master in Business Management
Asian Institute of Management

Master in Business Administration
Darden Graduate School of Business Administration
University of Virginia, USA

Banking Operation
Philippine Banking Institute

KEY OFFICERS



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



Maria Cristina C. Gotianun
President, Chief Operating Officer,
and Chief Risk Officer



Jaime B. Garcia
Vice President, Procurement and Logistics



Atty. John R. Sadullo
Vice President, Legal, Corporate Secretary,
and Corporate Information Officer



Jose Anthony T. Villanueva
Vice President, Marketing for Coal



Ruben P. Lozada
Vice President, Mining Operations,
and Resident Manager



Antonio R. Delos Santos
Vice President, Treasury



Andreo O. Estrellado
Vice President, Power Market
and Commercial Operations



Junalina S. Tabor
Vice President, Chief Finance Officer



Nena D. Arenas
Vice President, Chief Governance Officer,
and Compliance Officer



Jojo L. Tandoc
Vice President, Human Resources
and Organization Development



Carla Cristina T. Levina
Vice President, Chief Audit Executive



Karmine Andrea S.J. Ching
Assistant Vice President,
Corporate Planning

KEY CONSULTANTS AND MANAGERS

- 1 Teresita B. Alvarez †**
Consultant, Information and
Communications Technology
- 2 Antonio C. Jayme**
Consultant, Group Accounts Audit
- 3 Leah Anne M. Agduyeng**
Manager, Internal Audit
- 4 J. Samson L. Clemente, Jr.**
Manager, Treasury
- 5 Leandro D. Costales, Jr.**
Head, Accounting
and Controllership
- 6 Niño Odolon R. De Lumban**
Manager, Supply Chain
- 7 Rande M. Delos Santos**
SCPC Manager, Accounting
- 8 Ricardo R. Duldoco**
Manager, Energy Trading
- 9 Ramel S. Mangubat**
Manager, Risk Advisory,
and Data Protection Officer
- 10 Aris V. Policarpio**
Manager, Power Market and
Commercial Operations
- 11 Joseph D. Susa**
Manager, Internal Audit
- 12 Jesus G. Villavicencio, Jr.**
Manager, Energy Trading

OPERATIONS MANAGEMENT

COAL OPERATIONS



Ruben P. Lozada
Vice President, Mining Operations
and Resident Manager



Vicente Cesar V. Malig
Manager, Administrative Division



Jayson G. Alferez
Safety Officer



Creslito D. Bangalao
Officer-In-Charge,
Mine Operations Audit



Mark Louis A. Bentayo
Head, Product



Harold Henry G. Cabanilla
Head, Integrated Management
System



Bernard M. Cadigal
Social Development Officer



Jerry O. Celo
Head, Electrical Services



Janesto S. Diaz, Jr.
Head, Environmental
and Pollution Control



Edna A. Gayondato
Head, Analab



Agustin D. Gonzales
Manager, Ship Repair And
Maintenance



Rene C. Gonzales
Head, Mobile Maintenance



Rowena A. Hornales
Officer-In-Charge,
Material Control Department



Rachelle Ann N. Lauricio
Information, Education and
Communication Officer



Leto T. MacLi-Ing, Jr.
Head, Mine Truck And Shovel
Operation



Jober A. Malsi
Manager, Accounting



Rodante Q. Molina
Head, Mechanical Services



Mark C. Munar
Officer-In-Charge, Civil Works



Anna Liza F. Patingan
Occupational Health Officer



Maximo V. Sadural, Jr.
Head, Mine Planning and
Engineering (Ret. Dec 31, 2019)



Danilo S. Tirona, Jr.
Head, Geology



Almar G. Valdemar
Officer-In-Charge,
Human Resources



Jose Leo S. Valdemar
Head, Power Plant

POWER OPERATIONS



Denel C. Mateo
Assistant Vice President, Plant Manager and
Data Protection Officer SEM-CPC



Charlie V. Robles
Plant Manager and Data
Protection Officer SLPGC



Marcela D. Ellao
Controller, SEM-CPC



Vermond Paulo D. Lainez
Officer-In-Charge,
Operations Department SLPGC



Jovenal M. Lafuente
Maintenance Manager SEM-CPC



Adolfo M. Mendoza
Operations Manager SEM-CPC



Josephine G. Olarte
Head, Finance and Accounting
SLPGC



Noel N. Salamat
Maintenance Manager SEM-CPC

SHARED SERVICES



Edgardo V. Araya
Officer-In-Charge, Support Services



Gaylord B. Arroyo
Officer-In-Charge, Safety Department



Bernard I. Carpio
Manager, Planning and Asset



Rene N. Cordero
Manager, Performance and Engineering



Richard V. Endaya
Superintendent, Supply Chain



Harvey B. Lucy
Officer-In-Charge, Environmental



Rossini B. Marasigan
Administrator/Head, IMS



Edgar C. Mariano
Superintendent, Materials Management



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, 2019 and 2018, 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.

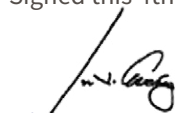
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 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 4th day of March 2020.



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.

February 28, 2020



Isidro A. Consunji

Chairman of the Board and Chief Executive Officer



Honorio O. Reyes-Lao

Audit Committee Chairperson



Rogelio M. Murga

Risk Committee Chairperson

AUDIT COMMITTEE REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2019

The Audit Committee (“Committee”) oversees, on behalf of the Board of Directors (“Board”), the following matters as defined in its Board-approved Audit Committee Charter:

- Financial reporting process and integrity of the financial statements,
- Internal control environment,
- External audit performance,
- Internal audit performance, and
- Compliance with legal and regulatory requirements.

Members

The Committee is comprised of four (4) Board Members, three of whom are Independent Directors. It is chaired by an Independent Director. The Committee Members meet the experience and other qualification requirements of the Securities and Exchange Commission (SEC).

Meetings

In 2019, the Audit Committee had eight (8) meetings. The Committee met in private sessions (without management) with the external audit SGV Partner and Internal Audit (IA) management on February 27, 2019 which was attended by its two Independent Directors/Members. Meetings were presided by the Committee Chair with full Committee attendance in all meetings except in September 2 when said meeting was held with a quorum.

The Management Committee, Chief Governance Officer, Finance, Legal, Internal Audit, Risk Advisory and external auditor SyCip Gorres Velayo & Co. (SGV & Co.) are invited to the Committee Meetings to discuss updates on legal and regulatory matters, financial reporting, taxation and compliance.

The Committee Chair attended the Annual Shareholders’ Meeting on May 6, 2019 to address possible shareholder queries on Committee matters.

Work Done and Issues Addressed

During the year, the Audit Committee confirms that:

- The Committee reviewed, approved and endorsed for Board approval the quarterly unaudited consolidated financial statements of Semirara Mining & Power Corporation and Subsidiaries (SMPC Group) as of and for the year ended December 31, 2019;
- The Committee performed oversight that financial statements are in accordance with the required accounting and reporting standards;
- The Committee reviewed, deliberated and resolved the significant accounting policies and estimates affecting the financial statements;
- The Committee reviewed significant related party transactions that meet the guidelines of the RPT Policy and thresholds per SEC rules and regulations;

- The Committee recommended to the Board the reappointment of SGV & Co. as external auditor in 2019 based on SGV's performance, independence, qualifications and with due regard of Management's feedback;
- The Committee discussed with SGV Partner Dhonabee Señeres in a private session without the presence of Management, the financial reporting process on judgment and estimation, related party transactions, fraud, if any, and SGV engagement performance;
- The Committee discussed with SGV & Co. and Management significant financial reporting issues, audit observations, and overall quality of the financial reporting process as well as regulatory updates in financial and tax reporting;
- The Committee reviewed and approved in an executive session with the Chief Audit Executive and without the presence of management IA's 2019 risk-based Annual Plan for SMPC Group, work activity, budget and performance;
- The Committee reviewed and discussed the results of the Mine Planning and SMPC Group tax compliance reviews;
- The Committee reviewed and discussed audit findings, internal control and compliance issues with Management, SGV & Co., Internal Audit, and ensured Management responded appropriately for the continual improvement and effectiveness of controls;
- The Committee discussed in a private session with the President the administration of the Code of Conduct and Business Ethics for officers;
- The Committee discussed with Management updates on SEC, PSE, legal, tax, claims, litigations, environmental, safety and other regulatory matters and
- The Committee reviewed and approved the 2018 Integrated Annual Corporate Governance Report for SEC filing, the Fair Disclosure Policy, the revised Table of Authorities 2019, and the SMPC Group Material Related Party Transaction Policy

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, 2019 in the Company's Annual Report to the Stockholders and for filing with the Securities and Exchange Commission.

March 4, 2020



Honorio O. Reyes-Lao

Committee Chairman
Independent Director

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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 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 other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The Group's provision for decommissioning and site rehabilitation costs for the open pit mines of its coal mining activities amounted to ₱500.09 million as of December 31, 2019. 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, rehabilitation activities on marine and rainwater conservation and maintenance of the rehabilitated area, inflation rate, and discount rate.

Relevant information on the provision for decommissioning and site rehabilitation costs are disclosed in Notes 3 and 16 to the consolidated financial statements.

Audit response

We evaluated the competence, capabilities and objectivity of the engineers and reviewed the relevant comprehensive mine rehabilitation plans prepared by the Group's Safety and Environment Department. We obtained an understanding from the mine site engineers about their 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 cost estimates to billings, invoices and official receipts. We also evaluated the discount and inflation rates used by comparing these to external data.

Recoverability of Property, Plant and Equipment with Indicators of Impairment

Under PFRSs, the Group is required to test the recoverability of an item of property, plant and equipment if there are indicators of impairment. In 2019, the Group withdrew on an ancillary contract of its gas turbine plant which has a carrying value of ₱1,286.70 million as of December 31, 2019. This is a key audit matter because the amount is material to the consolidated financial statements and the assessment of the recoverable amount requires significant judgment and involves estimation and assumptions about future electricity demand, as well as external inputs such as electricity prices, diesel costs, inflation rate and discount rate.

The relevant information on this matter are disclosed in Notes 3, 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 amount. 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. We compared the electricity prices, diesel costs and inflation rate with externally published data. We tested the parameters used in the determination of the discount rate by comparing it with 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 the ancillary gas turbine plant.

Estimation of Mineable Ore Reserves

The Group's coal mining properties totaling to ₱4,338.74 million as of December 31, 2019 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 Narra and Molave 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 specialists, both internal and external, engaged by the Group to perform an assessment of the ore reserves. We reviewed the internal and external 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, 2019, 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, 2019 are expected to be made available to us after the date of this 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021

PTR No. 8125303, January 7, 2020, Makati City

March 4, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31

ASSETS	2019	2018
Current Assets		
Cash and cash equivalents (Notes 4, 30, 31 and 32)	₱6,457,084,709	₱1,902,951,523
Receivables (Notes 5, 19, 30 and 31)	3,641,501,084	7,300,895,192
Inventories (Notes 7, 10 and 21)	10,219,569,761	12,363,382,880
Other current assets (Notes 6, 9 and 29)	1,284,979,604	4,120,881,022
Total Current Assets	21,603,135,158	25,688,110,617
Noncurrent Assets		
Property, plant and equipment (Notes 10 and 12)	47,630,629,428	43,519,724,033
Right-of-use assets (Notes 2 and 11)	175,979,686	—
Investment in joint venture (Note 8)	45,217,497	51,112,153
Deferred tax assets - net (Note 26)	888,181,062	435,083,927
Other noncurrent assets (Notes 6, 9, 12, 30 and 31)	1,865,980,855	1,354,907,494
Total Noncurrent Assets	50,605,988,528	45,360,827,607
	₱72,209,123,686	₱71,048,938,224
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 15, 19, 30 and 31)	₱8,451,093,045	₱9,946,029,822
Short-term loans (Notes 13, 30 and 31)	2,070,000,000	5,872,231,984
Current portion of long-term debt (Notes 14, 30 and 31)	3,459,433,544	4,553,841,941
Current portion of lease liabilities (Notes 2, 11, 30 and 31)	14,171,369	—
Total Current Liabilities	13,994,697,958	20,372,103,747
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 14, 30 and 31)	13,067,601,460	10,042,954,442
Lease liabilities - net of current portion (Notes 2, 11, 30 and 31)	93,366,249	—
Provision for decommissioning and site rehabilitation costs (Notes 3 and 16)	522,804,859	423,397,560
Pension liabilities (Note 20)	294,753,397	215,999,554
Deferred tax liability - net (Note 26)	—	61,796,317
Total Noncurrent Liabilities	13,978,525,965	10,744,147,873
Total Liabilities	27,973,223,923	31,116,251,620
Equity		
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	28,833,678,689	20,468,072,403
Appropriated	5,300,000,000	9,300,000,000
Net remeasurement losses on pension plan (Notes 20 and 30)	(98,388,949)	(35,995,822)
Treasury shares (Notes 17 and 30)	(739,526,678)	(739,526,678)
Total Equity	44,235,899,763	39,932,686,604
	₱72,209,123,686	₱71,048,938,224

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	YEARS ENDED DECEMBER 31		
	2019	2018	2017
Revenue from contracts with customers			
Coal	P29,085,433,388	P23,185,658,133	P23,489,590,552
Power	15,166,671,920	18,782,854,690	20,453,898,667
	44,252,105,308	41,968,512,823	43,943,489,219
Cost of Sales			
Coal	17,783,785,669	12,262,084,112	11,910,436,213
Power	8,863,373,331	8,582,086,177	8,423,045,908
	26,647,159,000	20,844,170,289	20,333,482,421
Gross profit	17,604,946,308	21,124,342,534	23,610,007,098
Operating expenses (Notes 22 and 33)	(7,364,921,176)	(7,775,795,327)	(8,207,029,328)
Income from operations	10,240,025,132	13,348,547,207	15,402,977,770
Other income (charges) - Net			
Finance income (Notes 24 and 33)	282,983,032	129,168,367	96,396,798
Finance costs (Notes 23 and 33)	(1,316,867,512)	(942,934,975)	(718,068,456)
Foreign exchange losses - net (Note 33)	(8,674,131)	(388,310,437)	(392,452,957)
Other income - Net (Notes 25 and 33)	186,198,604	608,411,854	1,075,615,087
	(856,360,007)	(593,665,191)	61,490,472
Income before income tax	9,383,665,125	12,754,882,016	15,464,468,242
Provision for (benefit from) income tax (Notes 26 and 33)	(295,125,686)	729,500,958	1,255,328,423
Net income	9,678,790,811	12,025,381,058	14,209,139,819
Other comprehensive income (loss)			
Item not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on pension plan (Note 20)	(89,133,039)	71,775,630	(89,764,454)
Income tax effect	26,739,912	(21,532,689)	26,929,336
	(62,393,127)	50,242,941	(62,835,118)
Total comprehensive income	P9,616,397,684	P12,075,623,999	P14,146,304,701
Basic/Diluted Earnings per Share (Note 27)	P2.28	P2.83	P3.33

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 17)	Additional Paid-in Capital
Balances as of January 1, 2019	₱4,264,609,290	₱6,675,527,411
Comprehensive income		
Net income	-	-
Other comprehensive loss	-	-
Total comprehensive income (loss)	-	-
Cash dividends declared (Note 18)	-	-
Reversal of appropriations (Note 18)	-	-
Balances as of December 31, 2019	₱4,264,609,290	₱6,675,527,411
Balances as of January 1, 2018	₱4,264,609,290	₱6,675,527,411
Acquisition of treasury shares	-	-
Comprehensive income		
Net income	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Cash dividends declared (Note 18)	-	-
Balances as of December 31, 2018	₱4,264,609,290	₱6,675,527,411
Balances as of January 1, 2017	₱1,068,750,000	₱6,675,527,411
Acquisition of treasury shares	-	-
Comprehensive income		
Net income	-	-
Other comprehensive income	-	-
Total comprehensive income (loss)	-	-
Stock dividends declared (Note 18)	3,195,859,290	-
Cash dividends declared (Note 18)	-	-
Reversal of appropriations (Note 18)	-	-
Appropriations (Note 18)	-	-
Balances as of December 31, 2017	₱4,264,609,290	₱6,675,527,411

Retained Earnings		Net remeasurement Gains (Losses) on Pension Plan (Note 20)	Treasury Shares (Note 17)	Total
Unappropriated (Note 18)	Appropriated Note 18)			
For the Year Ended December 31, 2019				
₱20,468,072,403	₱9,300,000,000	(₱35,995,822)	(₱739,526,678)	₱39,932,686,604
9,678,790,811	-	-	-	9,678,790,811
-	-	(62,393,127)	-	(62,393,127)
9,678,790,811	-	(62,393,127)	-	9,616,397,684
(5,313,184,525)	-	-	-	(5,313,184,525)
4,000,000,000	(4,000,000,000)	-	-	-
₱28,833,678,689	₱5,300,000,000	(₱98,388,949)	(₱739,526,678)	₱44,235,899,763
For the Year Ended December 31, 2018				
₱18,013,400,740	₱9,300,000,000	(₱86,238,763)	(₱487,919,538)	₱37,679,379,140
-	-	-	(251,607,140)	(251,607,140)
12,025,381,058	-	-	-	12,025,381,058
-	-	50,242,941	-	50,242,941
12,025,381,058	-	50,242,941	-	12,075,623,999
(9,570,709,395)	-	-	-	(9,570,709,395)
₱20,468,072,403	₱9,300,000,000	(₱35,995,822)	(₱739,526,678)	₱39,932,686,604
For the Year Ended December 31, 2017				
₱19,152,984,511	₱7,800,000,000	(₱23,403,645)	(₱387,547,028)	₱34,286,311,249
-	-	-	(100,372,510)	(100,372,510)
14,209,139,819	-	-	-	14,209,139,819
-	-	(62,835,118)	-	(62,835,118)
14,209,139,819	-	(62,835,118)	-	14,146,304,701
(3,195,859,290)	-	-	-	-
(10,652,864,300)	-	-	-	(10,652,864,300)
3,000,000,000	(3,000,000,000)	-	-	-
(4,500,000,000)	4,500,000,000	-	-	-
₱18,013,400,740	₱9,300,000,000	(₱86,238,763)	(₱487,919,538)	₱37,679,379,140

CONSOLIDATED STATEMENTS OF CASH FLOW

YEARS ENDED DECEMBER 31

	2019	2018	2017
Cash flows from operating activities			
Income before income tax	₱9,383,665,125	₱12,754,882,016	₱15,464,468,242
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 12, 21 and 22)	6,923,044,039	7,784,475,344	6,570,624,943
Finance costs (Note 23)	1,316,867,512	942,934,975	718,068,456
Provision for decommissioning and site rehabilitation (Note 21)	–	436,522,946	147,269,942
Pension expense, net of contributions (Note 20)	692,535	60,980,688	51,148,930
Net unrealized foreign exchange gains (losses)	139,226,570	(53,699,447)	(52,477,163)
Equity in net loss (earnings) of joint venture (Note 8)	(690,954)	(380,459)	1,653,360
Gain on sale of equipment (Notes 10 and 25)	(12,000,005)	(22,683,458)	(126,227,184)
Unrealized loss (gain) on financial asset at FVPL (Note 6)	245,443,777	(25,775,773)	(219,668,003)
Finance income (Note 24)	(282,983,032)	(129,168,367)	(96,396,798)
Provision for impairment losses (Notes 9, 10 and 22)	166,474,665	–	156,068,023
Operating income before changes in operating assets and liabilities	17,879,740,232	21,748,088,465	22,614,532,748
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	3,513,775,127	(825,846,621)	(789,466,973)
Other current assets	2,666,679,312	(2,033,777,003)	880,693,342
Inventories	2,769,576,176	(5,557,602,875)	144,000,773
Decrease in trade and other payables	(1,486,026,563)	(780,257,360)	(1,150,575,440)
Decrease in provision for decommissioning and site rehabilitation costs	(14,543,926)	(1,598,420,875)	(293,107,253)
Cash generated from operations	25,329,200,358	10,952,183,731	21,406,077,197
Interest received (Note 24)	282,983,032	129,168,367	96,396,798
Income taxes paid	(193,027,854)	(729,088,556)	(1,303,057,213)
Interest paid	(1,270,024,784)	(841,687,302)	(604,901,388)
Pension settlement (Note 20)	(11,071,731)	(7,417,414)	(20,736,252)
Net cash provided by operating activities	₱24,138,059,021	₱9,503,158,826	₱19,573,779,142

	YEARS ENDED DECEMBER 31		
	2019	2018	2017
Cash flows from investing activities			
Additions to:			
Property, plant and equipment (including borrowing cost)(Notes 2, 10 and 32)	(P11,634,346,801)	(P9,528,471,843)	(P6,340,889,728)
Computer software (Note 12)	(10,326,053)	(10,640,402)	(9,948,827)
Proceeds from sale of equipment (Note 10)	12,000,005	158,610,324	126,227,184
Decrease (increase) in:			
Investment in sinking fund (Note 24)	-	-	68,716,379
Other noncurrent assets (Notes 2, 11 and 12)	(742,661,592)	808,263,986	(1,398,416,767)
Decrease in other noncurrent liabilities (Note 12)	-	-	(1,094,351,764)
Net cash used in investing activities	(12,375,334,441)	(8,572,237,935)	(8,648,663,523)
Cash flows from financing activities			
Proceeds from availment of loans (Notes 13, 14 and 32)	47,494,250,000	7,859,848,705	6,535,000,000
Acquisition of treasury shares (Notes 17 and 32)	-	(251,607,140)	(100,372,510)
Payments of:			
Loans (Notes 13, 14 and 32)	(49,417,912,229)	(5,526,691,188)	(5,223,502,036)
Principal portion of lease liabilities (Notes 11, 30 and 31)	(10,868,143)	-	-
Dividends (Notes 18 and 32)	(5,313,293,707)	(9,571,357,480)	(10,651,501,099)
Net cash used in financing activities	(7,247,824,079)	(7,489,807,103)	(9,440,375,645)
Effect of exchange rate changes on cash and cash equivalents	39,232,685	(9,070,942)	(6,871,147)
Net increase (decrease) in cash and cash equivalents	4,554,133,186	(6,567,957,154)	1,477,868,827
Cash and cash equivalents at beginning of year	1,902,951,523	8,470,908,677	6,993,039,850
Cash and cash equivalents at end of year (Note 4)	P6,457,084,709	P1,902,951,523	P8,470,908,677

Notes to Consolidated Financial Statements

http://www.semiraramining.com/uploads/files/AFS/SMPCS_CFS1219.pdf



GRI CONTENT INDEX

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.



GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	PAGE NO.	DIRECT ANSWER/ STATEMENT OF OMISSION
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
Organizational Profile	102-1	Name of the organization	4	
	102-2	Activities, brands, products, and services	4	
	102-3	Location of headquarters	2	
	102-4	Location of operations	10	
	102-5	Ownership and legal form	10	
	102-6	Markets served	4, 11	
	102-7	Scale of the organization	10	
	102-8	Information on employees and other workers	93-94	
	102-9	Supply chain	79	
	102-10	Significant changes to the organization and its supply chain		None. This is the company's maiden Annual and Sustainability Report.
	102-11	Precautionary Principle or approach	16	
	102-12	External initiatives	55-59	
	102-13	Membership of associations	114, 138	
Strategy	102-14	Statement from senior decision-maker	12, 16	
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Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	6, 144	
Governance	102-18	Governance structure	143	
	102-22	Composition of the highest governance body and its committees	146-149	
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GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	PAGE NO.	DIRECT ANSWER/ STATEMENT OF OMISSION
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	102-26	Role of highest governance body in setting purpose, values, and strategy	146-148	
	102-27	Collective knowledge of highest governance body	146-148	
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	102-36	Process for determining remuneration	150	
	102-37	Stakeholders' involvement in remuneration	150	
	102-38	Annual total compensation ratio	150	
	102-39	Percentage increase in annual total compensation ratio	150	
Reporting Practice	102-21	Consulting stakeholders on economic, environmental, and social topics	48	
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	102-45	Entities included in the consolidated financial statements	10	
	102-46	Defining report content and topic Boundaries	2, 50	
	102-47	List of material topics	50	
	102-48	Restatements of information		None. This is the company's maiden Annual and Sustainability Report.
	102-49	Changes in reporting		
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
	102-55	GRI content index	200-205	
102-56	External assurance		None	

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	PAGE NO.	DIRECT ANSWER/ STATEMENT OF OMISSION
GRI 200: ECONOMIC STANDARDS SERIES 2016				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	60-61, 63	
	103-2	The management approach and its components	60-61, 63	
	103-3	Evaluation of the management approach	61	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	61	
	201-2	Financial implications and other risks and opportunities due to climate change	169-171	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	68	
	202-2	Proportion of senior management hired from the local community	68	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	63-67, 106-107, 136	
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GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	PAGE NO.	DIRECT ANSWER/ STATEMENT OF OMISSION
GRI 300: ENVIRONMENTAL STANDARDS SERIES 2016				
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GRI 301: Materials 2016	301-1	Materials used by weight or volume	78	
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GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	75	
	303-2	Management of water discharge related impacts	75-76	
	303-3	Water withdrawal	75	
	303-4	Water discharge	76	
	303-5	Water consumption	75	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	85	
	304-2	Significant impacts of activities, products, and services on biodiversity	85	
	304-3	Habitats protected or restored	87	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	72, 89	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	81	
	305-2	Energy indirect (Scope 2) GHG emissions	81	
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	84	
	306-4	Transport of hazardous waste	84	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	79	

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	PAGE NO.	DIRECT ANSWER/ STATEMENT OF OMISSION
GRI 400: SOCIAL STANDARDS SERIES 2016				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	92, 95, 104-105, 113, 121, 124, 133	
	103-2	The management approach and its components	92, 95, 104-105, 113, 121, 124	
	103-3	Evaluation of the management approach	121	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	95-96	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	97, 131	
	401-3	Parental leave	97	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	102	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	124	
	403-2	Hazard identification, risk assessment, and incident investigation	128	
	403-3	Occupational health services	130	
	403-4	Worker participation, consultation, and communication on occupational health and safety	130	
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GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	99-100	
	404-2	Programs for upgrading employee skills and transition assistance programs	98-101	
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GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	93-96, 148	
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GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	PAGE NO.	DIRECT ANSWER/ STATEMENT OF OMISSION
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		None
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	105	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	134	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		None
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	122-123	

