SMC GLOBAL POWER

We Rise

2019-2020 Sustainability Report

About the Cover

History is written by those who rise above great adversity. The key is to push forward with a determined spirit to rise above challenges. SMC Global Power believes in the power of perseverance and hope. This is how **we rise.**

Recent years have seen an incredible amount of uncertainty brought about by climate change, and this has been punctuated by the greatest health crisis of our generation. The COVID-19 pandemic serves as a point of rupture, emphasizing the need for transformative solutions — innovations that address issues of infrastructure, supply chains, and environmental strain. Integrating sustainability in every aspect of our business has become more important than ever in creating shared value with our stakeholders, our communities, customers, employees, and investors.

At SMC Global Power, we are committed to secure a better tomorrow for the people we serve and for the planet. There's no coming back to the way things were — we rise together with the nation's goal to build back better. We will continue to do our part to contribute to a more resilient and sustainable nation so that we can better withstand challenges like those we have experienced over the past year.

"This battle brought out the best in us. It showed us we can turn adversity into opportunities to make our world better. It also reminded us how we are all connected as one, and that we can rely on each other to get through these challenging times."

– Ramon S. Ang, President

Cover photo: Species name: Shorea palosapis, Common name: Philippine Mahogany, Location: Candelaria, Zambales

About the Report

(102-46)

As the global demand for sustainability grows, SMC Global Power is determined to evolve with the changing times— strengthening our push towards sustainable practices across the board. In this report, we will showcase our plan towards a greener and more people-centered future— investing in cutting-edge, environment-friendly technology and an even more meaningful community engagement.

We have prepared our 2nd Sustainability Report in accordance with the GRI Standards Comprehensive Option, including the GRI Electric Utilities Sector Supplement. It is also aligned with our contribution to the United Nations' Sustainable Development Goals (UN SDGs).

This report is based on our sustainability performance from January 2019 to December 2020. It covers our owned and operated power plants as well as the Integrated Power Producer Administrator (IPPA) Power Plants, specifically the following:

All Material Topics:

- Angat Hydroelectric Power Plant (4 Main Units and 3 Auxiliary Units)
- Limay Circulating Fluidized Bed Power Plant (Units 1, 2, 3, and 4)
- Malita Circulating Fluidized Bed Power Plant (Units 1 and 2)
- Masinloc Coal-fired Thermal Power Plant (Units 1, 2, and 3)

Selected Material Topics
(201, 301, 302, EU1, EU2, EU11, EU30)

- Independent Power Producer Administrator Power Plants
  - Sual Coal-fired Thermal Power Plant
  - San Roque Hydroelectric Power Plant
  - Ilijan Natural Gas Combined Cycle Power Plant

This report would not be possible without the guidance and support of our Steering Council— a body consisting of our top management and key leaders representing various functions, the Technical Working Groups who served as subject matter experts, and the Sustainability Core Team, who spearhead these initiatives.

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We Rise Together

A MESSAGE OF HOPE FROM THE PRESIDENT

(102-14, 102-15)

To our valued stakeholders:

It has been close to two years since the global COVID-19 pandemic disrupted our lives, bringing with it economic turmoil, great loss of life, and changing the way we live and work. But while it brought with it challenges that have demanded so much of us, it also proved that when we work together, we are both resourceful and resilient.

While we've made significant headway in the fight against the pandemic, the constant threat of new variants persists. The stakes remain high and this is why despite all the challenges we faced this year, San Miguel Corporation has worked diligently to make progress on all our key programs which we believe will support the recovery our country post-pandemic.

Even as we prioritized the vaccination of some 70,000 employees and workers in our nationwide network, we continued to pursue our planned investments in energy and infrastructure. Increasing our participation in these critical industries will further hasten our country's turnaround.

Our biggest projects--Skyway Stage 3, Skyway Extension, South Luzon Expressway Toll Road (SLEX-TR4), Metro Rail Transit-7 (MRT-7), and the Tarlac-Pangasinan-La Union Expressway (TPLEX) all reached important milestones in the almost two years since the pandemic began.

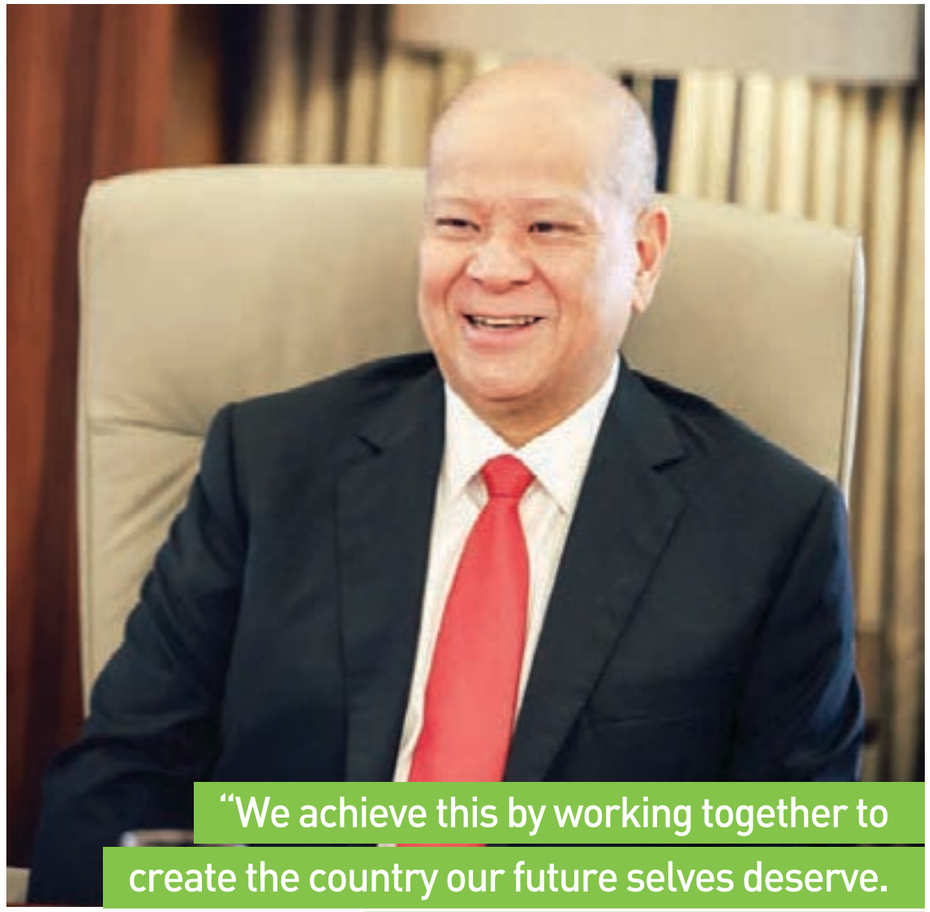
These, along with our other efforts, allowed us to provide tangible support to our countrymen through the creation of jobs, while also advancing our sustainability agenda.

We need to build better to be better. Sustainable post-COVID recovery rests on continued cooperation between the public and private sectors— catalyzing a wealth of opportunity for the whole nation. Our investments in infrastructure, energy, and other industries, reflect our holistic approach to development. On top of providing jobs, we also provide vital services that greatly improve the Filipino's quality of life, while fostering long-term economic resilience.

Towards a sustainable future

At SMC Global Power (SMCGP), the pandemic only serves to strengthen our resolve to do our part in building a sustainable future for all. We do our best to balance our push for environmental responsibility and climate justice, while fulfilling our responsibility of providing reliable and affordable energy for Filipinos. This necessitates extensive knowledge not only of the technology and technical systems used by our industry, but also of the environmental systems we operate in.

Productivity is by no means our only criteria. We strive for innovative solutions that provide the highest possible yield at the lowest environmental cost— adapting as technology continues to improve. Our roadmap to sustainability is grounded on values that have long been part of our company DNA, chief among them, conscious stewardship.



"We achieve this by working together to create the country our future selves deserve. *Sama-sama, babangon tayo.*"

This roadmap entails building the foundation for a more sustainable future. In 2021, our initiative to build 31 new battery energy storage system (BESS) facilities, with a combined capacity of 1,000 MWh, moved closer to completion.

The first four of these new BESS facilities—located in Masinloc, Zambales; Malita, Davao; Maco, Davao de Oro, and Jasaan, Misamis Oriental, were completed earlier this year. By the end of 2021, our goal is to complete 16 more battery facilities, bringing our total battery capacity to 400MWh.

Being the pioneers of BESS technology in the Philippines, we see these battery storage facilities as integral and critical to making viable the use of

SAN MIGUEL CORPORATION

In this time of crisis, malasakit will see us through. We remain committed to helping our government, medical frontliners, and disavantaged communities, every way we can. **Sama-sama sa laban. Walang iwanan.**

FROM HELPING PROTECT LIVES AND LIVELIHOOD

P3.09B
continous compensation for employees and third party providers

P526.7M
rice, canned goods, poultry, fresh meats, flour, nutribun, biscuits, milk, coffee, etc.

P931.8M
medical donations and spending

P100M
Project Ugnayan from Ramon S. Ang and family

P97.1M
1.3 million liters worth of alcohol donation

P246.5M
Free toll for medical front liners

P9.5M
Free fuel for government's Libreng Sakay

P7M
10 emergency quarantine facilities with 15 beds each

P2.9M
Free meals and financial assistance for locally stranded individuals.

TO BOOSTING GOVERNMENT FUNDS FOR CRISIS RESPONSE

P8.77B
in taxes, concession and contractual fees paid in advance

P14.781 BILLION
COVID-19 RESPONSE EFFORTS AS OF JUNE 30, 2021

OUR WORKS BEGIN TO BUILD BACK BETTER BY FOCUSING ON:

INFRASTRUCTURE

SKYWAY STAGE 3
17.38-km elevated expressway: main alignment complete

METRO RAIL TRANSIT 7
22-km rail transit system; 55% complete

ALABANG SOUTH SKYWAY STATION
link elevated Skyway and Alabang viaduct, Phase 1 construction

SLEX TR4
66.74-km four-lane toll road; Phase 1 construction

TPLEX
89.21-km four-lane toll road; Rosario-La Union segment complete

AGRICULTURE

Provided guaranteed offtake for 524 million kilograms of corn to boost farm incomes

Opening of Kadiwa stores at Petron stations to enable farmers to sell their produce to more consumers

Purchased 5,000 liters of excess carabao's milk for donation; pledged to provide R&D support to improve product shelf life and marketability

HEALTH

Donated PCR machines to government facilities

Built laboratory to test 70,000 employees and extended workforce

Raised the country's overall testing capacity by 15,000 tests per day

Strengthened community testing through donations of testing booths and PCR test kits to 17 LGUs

Donated 55 sets of high-flow machines to help save severely ill COVID-19 patients

Provided life insurance to 5,000 medical workers in Cebu worth P2 million each

VACCINATION PROGRAM

Rolled out its P1-billion "Ligtas Lahat" nationwide vaccination program for its 70,000 employees, extended workforce and their families

Opened first 3 of 15 vaccination sites to start inoculating its essential workers.

Over 100 medical staff been hired and deployed to vaccination sites in Manila, Mandaluyong, Quezon City, and Malabon LGUs to help boost government efforts

renewables such as solar and wind power in the country--on top of stabilizing supply throughout the grid, and reducing power wastage.

We are also scaling up our efforts to invest in cleaner technologies such as liquefied natural gas (LNG). We are gearing up to develop a 1,300-MW LNG combined cycle plant in Batangas City, which will provide clean and stable power to Manila Electric Co. (Meralco) over the next 20 years, starting in 2024. To boost rural electrification, we are also looking at building small-scale LNG facilities in the Visayas and Mindanao regions, to bring electrical power to remote areas.

Our most significant commitment however is our decision to drop coal power projects from our future expansion plans. Considering that our country still relies heavily on traditional inputs like coal, this is a big, bold step--but one we believe is necessary to move the needle towards more environmentally-sustainable fuel sources.

Project 747 Upland Plantation Site in Candelaria, Zambales

Through strategic collaborations, we believe we can maintain the grid's quality, without compromising the environment. This journey will not be easy, but we are confident in our mission.

Furthermore, in line with our sustainability efforts and initiatives to mitigate climate change, and together with our partner Peoples Organizations comprised of local farmers and fishermen, SMC Global Power is steadfast in its major commitment to plant seven million trees in 4,000 hectares in at least seven provinces nationwide.

We are happy to share with you that to date, we are on track with our targets, as we have planted over 3.5 million seedlings and propagules over the last three years. Our partners have been instrumental in the achieving our goals, as they not only help us plant, they also manage and take care of the trees we plant, ensuring they grow fully. This massive effort aligns with many other reforestation initiatives across the San Miguel Group, including San Miguel Brewery's (SMB) Trees Brew Life Program, Ginebra San Miguel Inc's (GSMI) DBI (Distileria Bago, Inc.) Mangrove Project, and Petron's proposed 10-year biodiversity conservation efforts for the Sarangani Bay Protected Seascape, among others.

Getting through the crisis

None of these would be possible without the dedication and hard work of our employees, who continued to deliver quality service to our customers and stakeholders, and ultimately helped our business recover.

The pandemic is not yet over. Many uncertainties lie ahead. But given the major programs we've laid out for ourselves in the coming year, the success of the San Miguel Group-wide vaccination effort and the high vaccination rates among SMCGP employees, we have every reason to be optimistic about the future.

We will continue to strive to do more than what's expected of us, both in terms of serving our customers, and pursuing our greater sustainability goals. *Sama-sama, babangon tayo.*

RAMON S. ANG
President

Creating Impactful Lives

AN UPDATE FROM OUR GENERAL MANAGER

(102-14, 102-15)

To our valued stakeholders:

The twofold pressure of the accelerating effects of climate change and the COVID-19 pandemic has only spurred our commitment to sustainability – a cause that demands constant improvement on our part. Powered by hope and resilience, we rise to the challenge of rebuilding a better and brighter future by directing our business strategies towards our purpose of providing affordable, reliable, and accessible energy to more communities, delivering returns to our lenders and investors, creating opportunities for our employees and suppliers, all while minimizing the impact on the environment. This allows us to achieve our vision and mission while living out the organization's values – to work with integrity, to always provide excellent service, to have *malasakit* in the face of adversity, to be socially responsible, and to put God above all.

We have continuously transformed our Company to meet the ever-changing needs of the world around us by expanding our portfolio with innovative, efficient, and sustainable investments. SMC Global Power, in line with its mission to bring reliable energy sources to more communities while being sustainable, has invested in the Battery Energy Storage Systems (BESS), which is expected to be completed by the year 2021 - 2023. The investments in the BESS technology aims to address a key challenge of intermittence for renewables. Our further investment in BESS has allowed us to forego our plans to invest in additional coal power plants, allowing us to contribute in carbon footprint reduction while helping address the country's need for reliable and affordable power. We commit to achieve renewable penetration of up to 10,000 MW over the long term and invest in reliable clean energy, particularly high-efficiency low emission (HELE) technologies such as the Circulating Fluidized Bed (CFB) and Supercritical Steam Generation.

Such investments result in operational improvements delivered with greater efficiencies without any additional harm to the environment. This forms a strong base that allows our businesses to thrive despite the pandemic. Our track record for meaningful community development, job creation, and emergency assistance is a testament to our dedication to stewardship and economic resilience. We also ultimately work to secure a sustainable future through our commitment to the United Nations' Sustainable Development Goals.

"We rise to the challenge of rebuilding a better and brighter future by directing our business strategies towards our purpose of providing affordable, reliable, and accessible energy to more communities."

The year 2020 was tremendously challenging, but this only sparks our commitment to creating impactful life experiences through our greater vision. We provided continuous support for the national pandemic response. SMC Global Power, through the SMCGP Philippines Power Foundation, has so far donated over Php 64 million worth of equipment and facilities to rural health units, district hospitals, and local government units, and relief goods to local communities, electric cooperatives, and our own people.

We also took innovative steps to strengthen the safety of our workplaces as the COVID-19 situation took hold through implementing a flexible work arrangement set-up for most of our office staff and a work bubble strategy in our plant sites. We provided free regular RT-PCR testing for our employees and third-party personnel, and enforced the COVID-19 Inter-Agency Task Force's guidelines and restrictions to improve on-the-ground safety.

With these strategies, we are committed to adapting and evolving in our business activities in response to the needs of our people and the communities where we operate.

Moving forward, we will remain transparent and steadfast in our commitment to sustainable growth with a holistic approach that puts our employees, operations, partner communities, customers, investors, and suppliers first and center. We will further solidify these commitments in the form of a Sustainability Roadmap which we plan to develop and design in 2022 and will be published in our succeeding sustainability reports.

ELENITA D. GO
General Manager
SMC Global Power

1 PANGASINAN

San Roque Power Plant
Strategic Power Devt. Corp.
(SMC Global Power Subsidiary)

8% SMC GLOBAL POWER CAPACITY

2 PANGASINAN

Sual Power Plant
San Miguel Energy Corporation
(SMC Global Power Subsidiary)

24% SMC GLOBAL POWER CAPACITY

3 BATANGAS CITY

Ilijan Power Plant
South Premiere Power Corp.
(SMC Global Power Subsidiary)

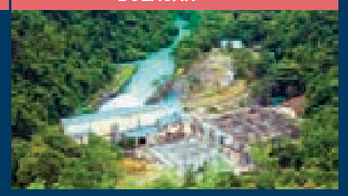
29% SMC GLOBAL POWER CAPACITY

4 ZAMBALES

Masinloc Power Plant
Masinloc Power Partners Co. Ltd.
(SMC Global Power Subsidiary)

16% SMC GLOBAL POWER CAPACITY

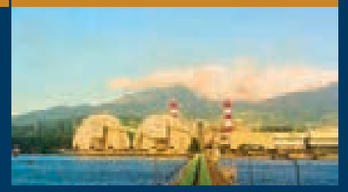
5 BULACAN



Angat Hydroelectric Power Plant
Angat Hydropower Corporation
(Joint Venture between SMC Global Power and K-Water)

5% SMC GLOBAL POWER CAPACITY

6 BATAAN



Limay Power Plant
SMC Consolidated Power Corporation
(SMC Global Power Subsidiary)

11% SMC GLOBAL POWER CAPACITY

7 DAVAO

Malita Power Plant
San Miguel Consolidated Power Corporation
(SMC Global Power Subsidiary)

7% SMC GLOBAL POWER CAPACITY

Our Company

(102-2, 102-5)

SMC Global Power Holdings Corporation (SMC Global Power) is the power business of the San Miguel Corporation (SMC), one of the Philippines' leading publicly-listed conglomerates with businesses in the food, beverage, fuel, infrastructure, banking, and property sectors.

Established in 2009, SMC Global Power is one of the largest power companies in the Philippines, controlling 4,697 MW of combined capacity*. We have a diversified power portfolio, including natural gas, coal, hydroelectric power, and more recently, battery energy storage systems (BESS). The Company's installed capacity comprises approximately 20% of market share of the National Grid, 27% of the Luzon Grid, and 8% of the Mindanao Grid based on the total installed generating capacity*. Our multi-fuel baseload and peaking plants allow us to manage costs and offer more competitive power rates in the market.

We are currently exploring new avenues of growth by way of new greenfield power plants nationwide to scale with market demand over the coming years. We have planned improvements in interconnectivity to bridge the Luzon and Visayas grids, as well as the implementation of the Wholesale Electricity Spot Market (WESM) in Mindanao to synchronize commercial operations with these coming regulatory and infrastructural developments. SMC Global Power is confident that the experience we gained from building our greenfield power plants will enable us to build cost-competitive plants in new sites.

**As of December 31, 2020, based on ERC Resolution No. 2, Series of 2020*

In addition, we aim to maintain the cost-competitiveness of these new projects by exploring modern technologies and strategically locating them near the grid's more demanding areas. For example, we plan to complete the installation of the 1,000 MWh of BESS nationwide by 2022.

SMC Global Power also actively seeks to identify and pursue liquified natural gas (LNG) and renewable energy investments utilizing hydroelectric and solar. This is in line with the Company's environmental advocacy of securing reliable and affordable power for its stakeholders. This is also our contribution to the country's plan to transition to more renewable sources of energy, following the Department of Energy's moratorium on new coal-fired power plants.

The diversification and expansion of our portfolio is motivated by our dedication to operating in an environmentally responsible manner and to be aligned with the Philippines' Nationally Determined Contributions (NDCs) to the Paris Agreement. We actively seek to identify and pursue renewable energy investments that simultaneously ensure energy security and affordability for our customers.

NUMBER OF ACCOUNTS BY TYPE AND POINT OF CONNECTION

(EU3)

Type of Account	Point of Connection			
	Transmission		Distribution	
	2019	2020	2019	2020
Residential	0	0	4	4
Industrial Commercial	23	23	184	188
Institutional	1	1	4	4
Distribution Utilities	48	47	0	0

Our Vision

To be the largest power company, with the biggest generation capacity, and a key player in Southeast Asia.

Our Mission

Giving you the power to celebrate life

Values

(102-16)

Integrity
Service Excellence
Malasakit
Corporate Social Responsibility
God Above All

List of Membership Associations[1]

(102-13)

Retail Electricity Suppliers Association

Philippine Independent Power Producers Association

Philippine Electricity Market Corporation - Rules Change Committee

Philippine Electricity Market Board

Philippine Electricity Market Corporation (as participant in WESM)

Oyon Bay in Masinloc, Zambales

SMC Global Power Wins Awards from The Asset Triple A Awards

To finance our expansion, we issued US$ 500 million in senior perpetual capital securities to the international capital market in April 2019. A number of Asian and European companies invested in the project. It was SMC Global Power's first USD perpetual issuance since 2015. It was also the first perpetual securities transaction from the Philippines in 2019, a milestone that earned us the Best Corporate Bond Award at that year's Asset Country Awards.

We launched another US$ 500 million in senior perpetual capital securities to the offshore market in December 2019 to fund our 1,000 MWh Battery Energy Storage Systems (BESS). We have been spearheading the use of this technology since 2016 which is one of the first in Southeast Asia. BESS infrastructure allows for the more efficient use of renewable energy, lifting strain from the grid and reducing the overall carbon footprint.

Aside from regulating reserve services to cover instantaneous variations in supply and demand in the grid, this also advances our contribution to UN Sustainable Development Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all. This technology paves way for higher shares of renewable energy in the country — winning us the Best Transition Energy Bond Award at The Asset Triple A Sustainable Capital Markets Regional Awards 2019.

These awards signify the trust investors have in our Company's capabilities and financial performance. As we continue to tap the global investment market, we aim to deliver on our commitment to expansion — providing financial returns to secure our investors' continued trust and confidence.

As one of the largest and leading power companies in the country, we go beyond providing reliable power- we pioneer the technology needed to push us closer towards a more sustainable future. This holistic approach embodies the values of integrity and service excellence. Beyond these gains, we also seek to ensure financial return on the investments of our partners.

US$500 M

SENIOR PERPETUAL CAPITAL SECURITIES ISSUED

This holistic approach embodies the values of integrity and service excellence.

Integrated Management System Certifications

Internationally recognized certifications ensure that we safely and efficiently deliver reliable energy. Our power plants have been accredited with several International Organization for Standardization (ISO) certifications ranging from occupational health and management systems to quality management systems. We have undertaken these initiatives to show our commitment to employing best practices to better serve our stakeholders and help protect the environment. These certifications also serve as our guide to consistently deliver desired outputs while minimizing risks specific to our business.

	Masinloc Power Plant	Limay Power Plant	Malita Power Plant
ISO 45001: Occupational Health & Safety	✓	✓	✓
ISO 14001: Environmental Management	✓	✓	✓
ISO 55001: Asset Management	✓		✓
ISO 9001: Quality Management		✓	✓
ISO 50001: Energy Management			✓

ISO 45001: Occupational Health and Safety Management Systems (OHSMS)

We advocate for occupational health and safety (OHS) in SMC Global Power. The ISO 45001 certification for occupational health and safety management systems (OHSMS) is an internationally recognized framework that guides us in managing our OHS risks and opportunities, and in providing a safe and healthy workplace to our employees and contractors. One of the most important aspects of the standard is its emphasis on a more proactive approach in eliminating hazards and minimizing safety risks.

With ISO 45001, we demonstrate our commitment to promoting safety excellence, creating consistency, and establishing world-class practices for OHS in our power plants. Moreover, it shows our dedication to protect our most important asset – our stakeholders – from any injury and health impairment. It has also allowed us to better monitor and measure key performance indicators in health and safety that resulted in reduced work-related illness, injury, and fatality. Thus, there has been a reduction of downtime, less absenteeism, and a lower turnover rate among workers, which improved the efficiency of our operations and translated to better business performance.

ISO 14001 – Environmental Management Systems

SMC Global Power always takes proactive measures and goes beyond prevention to protect our environment and stakeholders. The ISO 14001 certification of our environmental management system (EMS) is one of the ways in which we show our commitment to contribute to the environmental pillar of sustainable development. It is the most recognized international standard for an effective EMS to enhance environmental performance and improve efficiency within the organization. Additionally, it provides us with a systematic approach to reduce and manage our environmental impact, continuously deliver environmental performance, and ensure that we comply with applicable legal and corporate requirements.

Through ISO 14001, we have a robust EMS that enables us to manage the environmental performance of each aspect of our operations. More significantly, our EMS has helped us in prioritizing and monitoring environmental issues that need to be addressed. We are also able to quantify and achieve our objectives and intended outcomes in reducing emissions and wastes, and at the same time, in improving our resource management such as water, energy, and raw materials consumption.

ISO 55000: Asset Management

The ISO 55000 series is a universal international framework for implementing and advancing asset management strategies. Through this certification, we are able to align our operational goals with our asset performance to realize greater value from our assets. It helps us establish and implement an asset management system that creates a consistent, risk-based approach in managing and protecting our assets, as well as in identifying and correcting equipment failures which result in an improved overall organizational performance.

ISO 9001: Quality Management Systems

We value having an optimal quality management system as this ensures that we have well-designed workflows to deliver reliable energy to our customers. ISO 9001 is a global quality management system standard designed to help us in effectively meeting customer requirements and statutory and regulatory standards. Our ISO 9001 certification is a manifestation of efficiency within the Company and the continuous improvement of our processes and structures. It helps us achieve cost savings while minimizing our liability risks as this ensures that we employ the strictest standards in our operations. We guarantee our stakeholders that we have a process-oriented approach and good management practices to achieve effective quality management within our power plants. It also contributes to the development and empowerment of our employees as they have a better understanding of their roles and responsibilities.

ISO 50001: Energy Management Systems

ISO 50001 is the international standard for Energy Management Systems (EMS) that provides a robust framework for organizations pursuing energy efficiency gains. With this certification, we ensure our stakeholders that we are generating energy savings, meeting cost and greenhouse gas emission reduction targets, while also improving energy security. The implementation of an EMS improves the energy-related performance of our Malita Power Plant.

RISING IN RESILIENCE:

SMC Global Power Sustainability Framework

It is our mission to give stakeholders the power to celebrate life. With the United Nations' Sustainable Development Goals (SDGs) as our guide, we approach every facet of our organization in a holistic manner— building towards greater goals with each group's unique capacities. We are stronger together, and it is together that we rise.

RESPONSIVE AND RESPONSIBLE PRODUCTS

INNOVATIVE AND INCLUSIVE SYSTEMS

RELIABLE AND RESILIENT INFRASTRUCTURES

UN Sustainable Development Goals (UN SDGs)

Reliable and Resilient Infrastructure

As one of the country's leading energy providers, we contribute significantly to national progress and development. We are in a unique position where we can tackle greater social and environmental challenges, while also garnering stakeholder support. As the power unit of SMC, we are guided by our parent company's action points to contribute to the attainment of a sustainable future for the next generations:

- In-depth social and environmental assessments to identify the gaps and solutions to the impacts that might arise from our activities
- Collaboration with the government in providing affordable and reliable power to the country
- Partnership with communities to provide our services in a sustainable manner
- Improving targets for our operations that will reduce GHG emissions intensity significantly over the next two decades
- Reflecting on our business roadmap to increase the proportion of investment into renewable energy sources over time, as we value the importance of conserving the nation's natural resources.

Moving forward, we are committed to developing our sustainability roadmap that will serve as our foundation in navigating a more sustainable future. We believe that being a responsible business, good neighbor, and steward for future generations involves allocating equal importance to sustainability's key tenets — prosperity, people-centered perspective, ecological awareness, peace, and nation-building. Balancing these doesn't just benefit our bottom line, but also secures our natural environment, stakeholders, and partners' welfare. We will continue to work to be economically competitive, while at the same time, contributing to the betterment of society and the environment.

Malita Power Plant Eco Park
Pre-pandemic photo

Our Power Plants at a glance

(102-7, EU1, EU2, EU10, EU11, UE30)

Reliable and affordable energy is essential to the lives of our fellow Filipinos. This motivates us to further improve our operations and enhance the value we create for the economy and society at large. We make this our priority, ensuring that the energy we deliver embodies responsible stewardship towards the environment and stakeholders.

We are taking crucial steps to aid the country's transition to renewable energy— upholding our commitment to a sustainable future. At the same time, we continue to develop innovative solutions that help us optimize our energy mix. We also proactively respond to the challenge of the intermittent nature of renewable energy through our battery energy storage system (BESS) projects. Our diversified portfolio allows us to cater to the needs of our customers and ensure the reliability and availability of electricity.

Unit 3 Supercritical Technology, Masinloc, Zambales

Angat

Hydroelectric Power Plant

The Angat Hydroelectric Power Plant (AHEPP) is located in the Angat Watershed Reservation in Bulacan with an installed capacity of 218 MW. The water discharged generates power and flows to the Ipo Dam supplying water to Metro Manila and the Bustos Dam for irrigation in farmlands of Bulacan and Pampanga.

The AHEPP was privatized through an asset purchase agreement between Power Sector Assets and Liabilities Management (PSALM) and Korea Water Resources Corporation ("K-water"). K-water assigned its rights in favor of Angat Hydropower Corporation (AHC), a joint venture between K-water and a subsidiary of SMC Global Power, PowerOne Ventures Energy Inc. (PVEI). AHC was established to manage the acquisition, rehabilitation, operation, and maintenance of AHEPP.

The majority of the generated capacity is sold to the Wholesale Electricity Spot Market (WESM) at the prevalent spot price unless capacity is sold under bilateral contracts. The main units of AHEPP operate as peaking units, primarily used during peak hours, while the auxiliary units serve as baseload units which require continuous supply following the water requirement from Metropolitan Waterworks and Sewerage System (MWSS).

The AHEPP utilizes water resources of the Angat reservoir following the Water Code of the Philippines, and the Angat Reservoir Operation Rules issued by the National Water Resources Board (NWRB). The concerned agencies, including National Irrigation Administration (NIA), National Power Corporation (NPC), MWSS, AHC, PSALM, and NWRB, signed a Memorandum of Agreement on the Angat Water Protocol, stating the respective purposes of the following entities:

- MWSS, for domestic water supply to Metro Manila;
- The provincial government of Bulacan, for water supply in the Bulacan Province;
- NIA, for irrigation diversion requirements; and
- AHC (through a lease contract with KWPP), for power generation.

PLANT TYPE: Hydropower Plant	
Location	San Lorenzo, Norzagaray, Bulacan
Installed Gross Capacity	218 MW
Installed Net Capacity	159 MW
Installed Capacity by Regulatory Regime	Subnational (Luzon-Visayas Grid)
Acquisition, Rehabilitation, Operation, and Maintenance	Angat Hydropower Corporation

By Unit	Main Unit 1	Main Unit 2	Main Unit 3	Main Unit 4	Auxiliary Unit 1	Auxiliary Unit 2	Auxiliary Unit 3
Date of Commercial Operations	1967		1968		1967		1978

Performance	2019	2020
Net Generation	261.91 GWh	378. 8 GWh
Number of Hours of Planned Outage	377 hours	0 hours
Number of Hours of Forced Outage	1,640 hours	189 hours
Average Availability Factor	73.34%	85.20%

TOTAL NUMBER OF EMPLOYEES

2019	2020
88	88

Limay

Circulating Fluidized Bed Power Plant

The Limay Greenfield Power Plant is a 4 x 150 MW coal-fired power plant, utilizing the circulating fluidized bed (CFB) technology. It is located in Limay, Bataan, and is operated by one of our subsidiaries, SMC Consolidated Power Corporation (SCPC).

The Limay Greenfield Power Plant is contracted to various distribution utilities, electric cooperatives, directly connected customers, and contestable customers under offtake agreements.

PLANT TYPE: Coal-Fired Thermal Plant	
Location	Limay, Bataan
Technology	Circulating Fluidized Bed (CFB)
Installed Gross Capacity	600 MW
Installed Net Capacity	536 MW
Installed Capacity by Regulatory Regime	Subnational (Luzon-Visayas Grid)
Operations and Maintenance	Mantech Power Dynamics Services Inc

Performance	2019	2020
Net Generation	3,217.28 GWh	3,512.93 GWh
Average Annual Efficiency	31.90%	35.89%
Number of Hours of Planned Outage	1,517 hours	2,065 hours
Number of Hours of Forced Outage	3,552 hours	3,506 hours
Average Availability Factor	84.13%	81.23%

By Unit	Unit 1	Unit 2	Unit 3	Unit 4
Date of Commercial Operations	May 2017	September 2017	March 2018	July 2019

TOTAL NUMBER OF EMPLOYEES

298 2019

353 2020

Malita

Circulating Fluidized Bed Power Plant

The Malita Greenfield Power Plant is a 2 X 150 MW coal-fired power plant that utilizes the circulating fluidized bed (CFB Technology under one of our subsidiaries, San Miguel Consolidated Power Corporation (SMCPC). The Malita Greenfield Power Plant has offtake agreements with various distribution utilities, electric cooperatives, and industrial customers.

PLANT TYPE: Coal-Fired Thermal Plant	
Location	Malita, Davao Occidental
Technology	Circulating Fluidized Bed (CFB)
Installed Gross Capacity	300 MW
Installed Net Capacity	270 MW
Installed Capacity by Regulatory Regime	Subnational (Mindanao Grid)
Operations and Maintenance	Safetech Power Services Corporation

By Unit	Unit 1	Unit 2
Date of Commercial Operations	July 2017	February 2018

Performance	2019	2020
Net Generation	1,896.43 GWh	1,894.86 GWh
Average Annual Efficiency	32.59%	35.89%
Number of Hours of Planned Outage	745 hours	1,440 hours
Number of Hours of Forced Outage	282 hours	318 hours
Average Availability Factor	93.37%	89.99%

TOTAL NUMBER OF EMPLOYEES

203 2019 | **230** 2020

Masinloc

Coal-Fired Thermal Power Plant and Battery Energy Storage Systems (BESS)

The Masinloc Power Plant is a 1,025.75 MW coal-fired power plant located in Masinloc, Zambales. We acquired the Masinloc Power Plant and Masinloc BESS, with 10 MWh capacity, in March 2018. It was expanded through Unit 3, a brownfield project within the Masinloc Power Plant, which commenced its operations in September 2020.

All units of the Masinloc Power Plant are contracted through medium to long-term bilateral contracts with Meralco, electric cooperatives, and contestable customers. The Masinloc BESS provides regulating reserves as ancillary services to the Luzon Grid under its Ancillary Services Procurement Agreement with the National Grid Corporation of the Philippines (NGCP).

PLANT TYPE: Coal-Fired Thermal Plant	
Location	Masinloc, Zambales
Technology	Units 1 and 2: Subcritical Corner-Fired PC Boiler Units 3 and 4: Supercritical Wall-Fired PC Boiler
Installed Capacity by Regulatory Regime	Subnational (Luzon-Visayas Grid)
Operations and Maintenance	Mantech Power Dynamics Services Inc.

	Unit 1	Unit 2	Unit 3	BESS
Generating Capacity	1 x 330 MW	1 x 344 MW	1 X 351.75 MW	10 MWh (Flexible Resource)
Date of Commercial Operations	June 1998	December 1998	September 2020	March 2018

Performance	2019	2020
Installed Gross Capacity	659 MW	1,004 MW
Installed Net Capacity	619 MW	935 MW
Net Generation	4,265.65 GWh	4,396.24 GWh
Average Annual Efficiency	35.89%	35.41%
Number of Hours of Planned Outage	1,036 hours	1,,478 hours
Number of Hours of Forced Outage	35 hours	393 hours
Average Availability Factor	87.78%	75.15%

TOTAL NUMBER OF EMPLOYEES

243 (2019) | 260 (2020)

IPPAs

San Miguel Corporation (SMC) ventured into the power industry in 2009 and became the Independent Power Producer Administrator (IPPA) of the following power plants:

IPPA Power Plants	IPPA Subsidiaries	Date of IPPA	Location
Sual Power Plant	San Miguel Energy Corporation (SMEC)	November 6, 2009	Pangasinan
San Roque Power Plant	Strategic Power Development Corporation (SPDC)	January 26, 2010	Pangasinan
Ilijan Power Plant	South Premiere Power Corporation (SPPC)	June 10, 2010	Batangas

It was through the Power Sector Assets and Liabilities Management Corporation (PSALM) auctions conducted by the government that SMC had acquired the rights to administer the output produced by Independent Power Producers (IPPs).

As the IPPA, we have the right to sell electricity generated by the power plants owned and operated by the relevant IPPs without having to bear any of the large upfront capital expenditures for power plant construction or maintenance. All our IPPA subsidiaries can manage both market and price risks by entering bilateral contracts with off-takers while capturing potential upside from the sale of excess capacity through the wholesale electricity spot market (WESM).

SMC consolidated the power-generated business in September 2010. We have received all the equity interests of SMEC, SPDC, and SPPC, making them wholly-owned subsidiaries of SMC, granting it control of the 2,545 MW combined contract of the IPPA Power Plants through the IPPA agreements executed by the IPPA subsidiaries.

Ilijan
Power Plant

The Ilijan Power Plant is a 600 MW combined-cycle power plant that utilizes natural gas located on a 60-acre site at Arenas Point, Barangay Ilijan, Batangas City. It was constructed and is currently owned by KEPCO Ilijan Corporation (KEILCO) under a 20-year year Energy Conversion Agreement (ECA) with the National Power Corporation (NPC) under a Build-Operate-Transfer (BOT) scheme that expires on June 4, 2022. It consists of two blocks with a rated capacity of 600 MW each. NPC/PSALM supplies natural gas to the Ilijan Power Plant from the Malampaya gas field in Palawan under a gas supply agreement with Shell Exploration Philippines BV. It can also run on diesel oil stored on site.

Under the IPPA Agreement, we have the right to manage the generation capacity of the Ilijan Power Plan through SPPC, our subsidiary. SPPC may exercise the option to acquire the Ilijan Power Plant prior to June 2022 under certain circumstances, such as changes in law or non-performance by KEILCO of its obligations pursuant to the Ilijan ECA.

PLANT TYPE: Natural Gas Plant	
Location	Ilijan, Batangas
Ownership	KEPCO Ilijan Corporation
Installed Gross Capacity	600 MW each
Turnover Date	June 2022
Date of Commercial Operations	June 5, 2002

San Roque

Power Plant

San Roque Power Plant is a 345 MW hydroelectric power plant located in San Manuel, Pangasinan, it commenced operations on May 1, 2003. It is a peaking plant that was constructed by a consortium composed of Marubeni Corporation, Sithe Philippines Holdings, Ltd., and Italian-Thai Development Public Company Limited under a Power Purchase Agreement (PPA) with NPC under a BOT scheme.

San Roque Power Corporation (SRPC), is responsible for the operations and maintenance of the San Roque Power Plant for 25 years. SRPC is owned by Marubeni Corporation and Kansai Electric Power Company Ltd. Under the San Roque PPA, SRPC is responsible for the management, operation, maintenance, and repair of the San Roque Power Plant at its own cost until transfer to NPC or SPDC, as the case may be.

Under the San Roque IPPA Agreement, our subsidiary, SPDC, has the right to acquire the San Roque Power Plant in May 2028, the end date of the cooperation period between NPC and SRPC, or on some earlier date due to certain events such as changes in law or non-performance by SRPC.

PLANT TYPE: Hydropower Plant	
Location	San Manuel, Pangasinan
Ownership	KEPCO Ilijan Corporation
Installed Gross Capacity	345 MW
Turnover Date	May 2028
Date of Commercial Operations	May 1, 2003

Sual

Power Plant

The Sual Power Plant is a 2 x 647 MW coal-fired thermal power plant located in Sual, Pangasinan, on the Lingayen Gulf. It is the largest coal-fired thermal power plant in the Philippines in terms of installed capacity. The Sual Power Plant was built by CEPA Pangasinan Electric Limited pursuant to an ECA with the NPC under a 25-year BOT scheme. On September 1, 2009, our subsidiary, SMEC, was declared the winning bidder and received the notice of award for the IPPA of the Sual Power Plant. SMEC has the right to manage up to 1,000 MW of the generation capacity of the Sual Power Plant SMEC also has the option to acquire the Sual Power Plant in October 2024 without additional consideration.

PLANT TYPE: Coal-Fired Thermal Power Plant	
Location	Sual, Pangasinan
Ownership	CEPA Pangasinan Electric Limited
Installed Gross Capacity	345 MW
Turnover Date	October 2024
Date of Commercial Operations	October 1999

Materiality Assessment

(102-21,102-40, 102-42, 102-43, 102-44, 102-47)

As important partners to the success of the company, we ensure to provide our stakeholders with timely information and updates about our sustainability performance. As a commitment to transparency and accountability, we work closely with them by conducting regular stakeholder engagement and materiality assessments. We plan to carry out this exercise every two to three years to get an updated and valid list of sustainability topics that are of utmost importance and relevance to our stakeholders.

Our most recent materiality assessment was completed in preparation for our first sustainability report in 2018. It covered our Division Office and plant sites including Angat, Limay, Malita, and Masinloc. Our IPPA plants were not covered in the said assessment as they were not wholly-owned by SMC Global Power as of 2020.

We partnered with the Center for Social Responsibility of the University of Asia and the Pacific (UA&P-CSR) to ensure the independence of the assessment. UA&P-CSR facilitated a survey among key representatives of the identified stakeholder groups to determine which sustainability indicators are important in their daily lives. Moreover, it facilitated focus group discussions (FGDs) to provide an avenue for our stakeholders to further explain their concerns and experiences related to our operations.

We consulted a total of 170 stakeholders, both internal and external, representing various institutions and demographics. These individuals represent the interests relating to each of our plants, with the breakdown as follow:

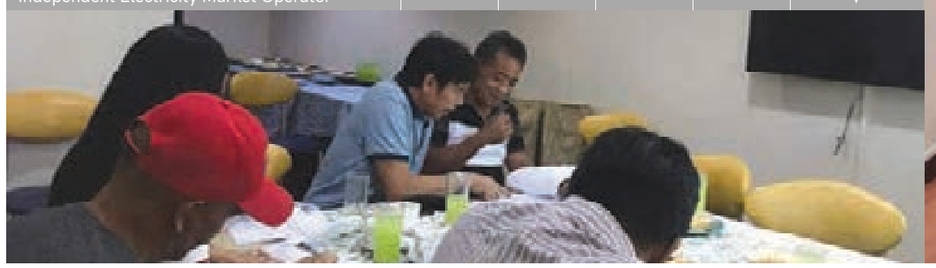
ECONOMIC CATEGORY	ENVIRONMENTAL CATEGORY	SOCIAL CATEGORY
GRI 201: Economic Performance	GRI 301: Materials	GRI 401: Employment
GRI 202: Market Presence	GRI 302: Energy	GRI 402: Labor-Management Relations
GRI 203: Indirect Economic Performance	GRI 303: Water and Effluents	GRI 403: Occupational Health and Safety
GRI 204: Procurement Practices	GRI 304: Biodiversity	GRI 404: Training and Education
GRI 205: Anti-competitive Behavior	GRI 305: Emissions	GRI 405: Diversity and Equal Opportunity
GRI 206: Anti-corruption	GRI 306: Effluents and Waste	GRI 406: Non-discrimination
	GRI 307: Environmental Compliance	GRI 407: Freedom of Association and Collective Bargaining
	GRI 308: Supplier Environmental Assessment	GRI 408: Child Labor
		GRI 409: Forced or Compulsory Labor
		GRI 410: Security Practices
		GRI 411: Rights of Indigenous Peoples
		GRI 412: Human Rights Assessment
		GRI 413: Local Communities
		GRI 414: Supplier Social Assessment
		GRI 415: Public Policy
		GRI 416: Customer Health and Safety
		GRI 417: Marketing and Labeling
		GRI 418: Customer Privacy
		GRI 419: Socioeconomic Compliance

The stakeholder engagement and materiality assessment process ensure that the economic, environmental, social, and governance topics that we are reporting based on the GRI Standards are relevant to our business and operating environment. This process also enables us to get insights on the key areas that are most important for our stakeholders which we have factored in the decision-making process of the company.

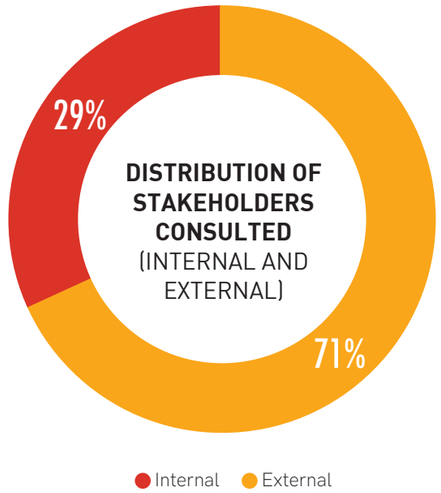
The process resulted in the identification of 25 material topics which we also adapted for the 2019-2020 reporting. Prior to the reporting, these 25 material topics have also been reviewed by SMC Global Power's top management.

Key stakeholders groups consulted during the materiality testing process

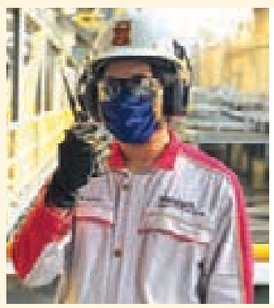
	Masinloc	Limay	Angat	Malita	Division Office
LGU	√	√	√	√	√
Government Agencies	√	√	√	√	
Employees	√	√	√	√	√
Associations	√	√			
Third-party service providers			√	√	√
Local Communities	√	√	√	√	
Schools in Local Barangays	√			√	
Independent Electricity Market Operator					√



Stakeholder consultation (Pre-pandemic photos)





Our agility allowed us to adapt and overcome the various challenges brought about by the COVID-19 pandemic. These actions were highly driven by one of our core values—*malasakit*.

PAVING THE WAY FOR RECOVERY:

SMC Global Power's COVID-19 Response

In 2020, the COVID-19 pandemic has caused a global crisis. SMC Global Power immediately mobilized our power plants and corporate headquarters to quickly execute our COVID-19 response after the World Health Organization declared the COVID-19 outbreak as a global pandemic. Our agility in responding to an unforeseen crisis of this scale, allowed us to adapt and overcome the various challenges brought about by this pandemic; all the while, we were able to continuously provide reliable power supply for the country. These actions were highly driven by one of our core values– malasakit.

Providing Reliable Power Supply

Since the beginning, one of SMC Global Power's main thrusts is to innovate and be a leader in the industry. Our years of effort and continuous transformation to expand our portfolio and improve performance have helped us become one of the largest power companies in the Philippines. These endeavors allowed us to provide a reliable electricity supply to our consumers despite the challenges that the country has been experiencing due to the pandemic.

During this challenging situation, our drive to appropriately allocate resources and manpower across our plants had played a crucial role for us to continue catering to our customers' needs. A balance of careful strategic planning and efficient execution propelled us to continue providing our services with minimal disruption in the face of adversity.

Protecting our Workforce

Safeguarding the welfare of our personnel is one of our top priorities, especially during times of pandemics. We made sure to not only meet our employees' physical and mental health needs but also their need for job security. Throughout the pandemic, our employees were assured of their employment. We were able to accomplish this by strengthening our operations and continuing our expansion.

We have taken the necessary steps to protect our employees' physical and mental health. We continue to provide accommodation, food, and essential needs for our plant personnel who stay on site. We have also launched various information, education, and communication (IEC) campaigns on COVID-19 to contribute to proper health information awareness. We initiated employee engagement activities across our sites and set up telehealth services that helped our employees access virtual consultations with our accredited doctors to address their physical and mental health concerns. We value the holistic welfare of our employees, so we ensure that their essential needs onsite are met so they could in turn perform their tasks well, which enables us to continue providing quality service for our customers and to the country.

P67 M

TOTAL AMOUNT OF COVID-19 DONATIONS NATIONWIDE AS OF OCTOBER 2021

Helping Communities Recover from COVID-19

Recognizing the widespread impact of the pandemic, SMC Global Power, through our CSR arm, the SMC Global Power Foundation, diverted efforts and resources to address the following immediate needs of our partner communities during the pandemic.

These initiatives were the result of our continuous consultation with our partner communities in providing meaningful and relevant interventions.

Supporting the Nation's Fight

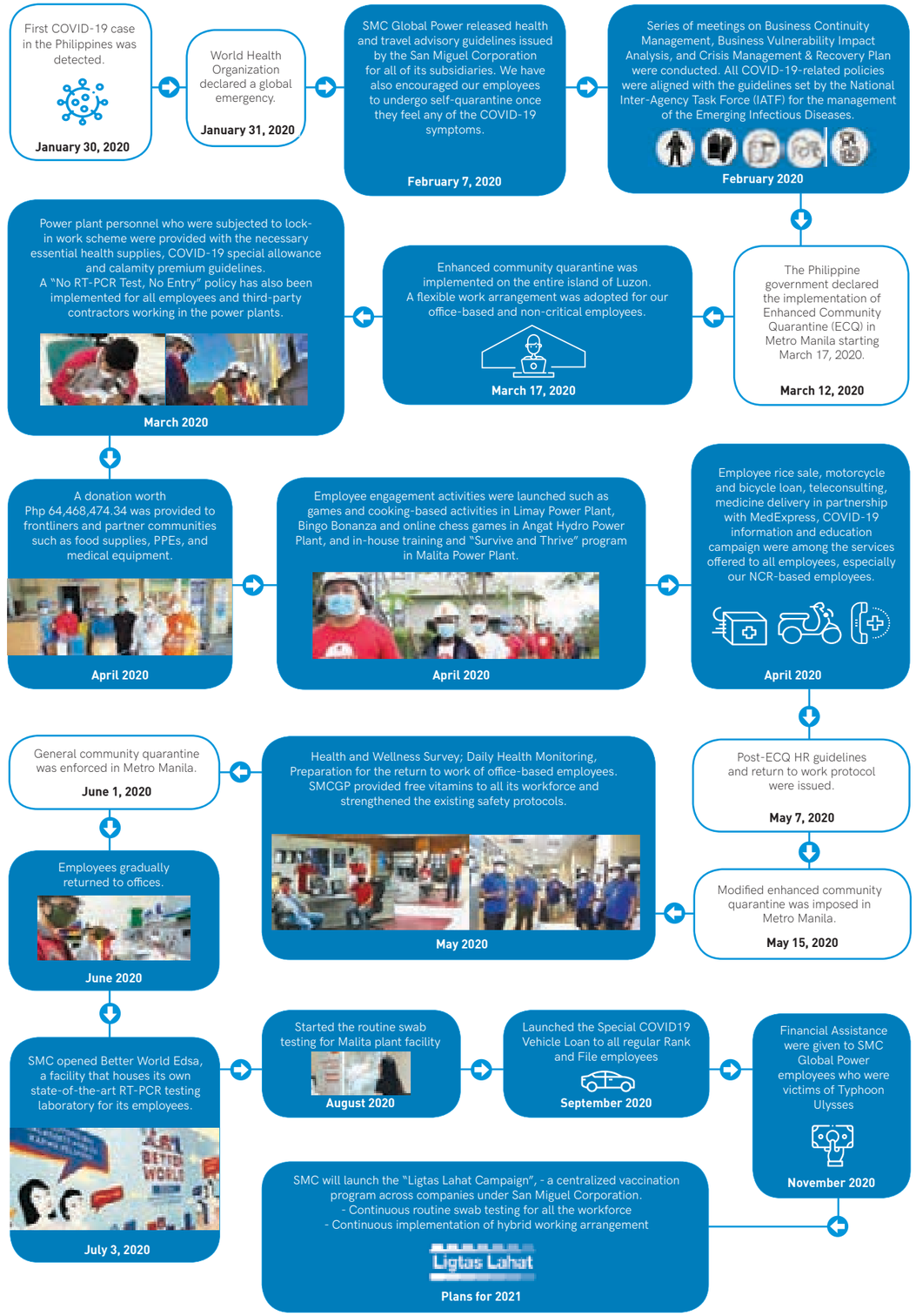
One of the major initiatives in 2020 of our parent company, SMC, was the free RT-PCR testing for our employees and third-party service providers (TPSPs). SMC put up Better World EDSA, a facility that houses its own state-of-the-art RT-PCR testing facilities and laboratory. The center supports COVID-19 surveillance and safety in the workplace, ensuring our continued operations. This has also contributed to the country's testing and processing facilities as fast and affordable RT-PCR testing was made available to the public. We strive to help whenever we can, by also providing food supplies and PPEs to our frontliners and partner communities.

Despite the pandemic's direct impact on the country's economic activity, we continue to honor our financial obligations as a company by paying our capacity fees to the Power Sector Assets and Liability Management Corp. (PSALM) and ensured to pay our taxes on time regardless of the extended deadline issued by the government.

All these initiatives were carried out as we continue to do our part in contributing to the economic recovery of the country.

Thinking Ahead: Road to Recovery

SMC Global Power aspires to take an active part in the country's recovery from the COVID-19 pandemic. Through the initiatives of SMC, we have commenced plans to fast-track the collective efforts of the government and private sectors in the fight against the COVID-19 pandemic. One such initiative is SMC's Php 1 Billion "Ligtas Lahat" Vaccination Program. The company's goal is to fully vaccinate our 70,000 employees and TPSPs and to create micro herd immunity in our offices and facilities nationwide. Our initial plan is to create vaccination sites in various locations across the country. We have successfully procured vaccines through a tripartite agreement with the government and are looking forward to receiving supplies within 2021. Our goal is to work quickly and efficiently. With all these initiatives in place, SMC Global Power remains optimistic that together we will rise.



PAVING THE PAVING THE WAY FOR RELIABLE AND SUSTAINABLE ENERGY:

The Battery Energy Storage System

The Battery Energy Storage System (BESS) has the potential to transform how the Philippine power system is conceived, designed, and operated. SMC Global Power, through our pioneering and innovative BESS projects, heeds the call for a more reliable power grid and universal access to affordable, reliable, and modern energy for all. It is the most effective resource to support grid security than any traditional reserve provider and can be used to address challenges related to large-scale grid integration of renewables. The system allows electricity to be within the communities' reach as it can store renewable energy resources such as wind and solar. BESS is a cost-effective alternative to network expansion, avoidance of peak charges by supplying energy during on-grid peak consumption hours, power quality solution, among other benefits. Grid operators around the world have adopted BESS to support the respective power systems given its speed and accuracy of response. Through the battery energy storage facilities, we plan to expand our reach nationwide.

BESS, as a pioneering system in the country and in the Southeast Asia, will pave the way for the country's use of a sustainable energy mix. Our company, through the Masinloc Power Partners Co. Ltd., was the first to commission a grid-scale 10 megawatt-hours BESS facility in the country and in the Southeast Asia region in May 2016. The said pioneering BESS installation is located inside the Masinloc Power Plant in Zambales.

By 2023, we target to complete and commence the commercial operations of 31 BESS facilities nationwide, with a total capacity of 1,000MWh, making SMC Global Power the energy company with the biggest installation globally.

BESS San Manuel, Pangasinan

The R-HUB Platform

Our battery energy storage facilities serve as the foundation for SMC Global Power's bigger initiative — to make the Philippine power system capable of accommodating more renewable energy sources while maintaining reliability, power quality, and stability of the grid through our platform, the Integrated Renewable Power Facility Hub or R-HUB. R-HUB was designed to help address the intermittent nature of renewable energy sources particularly solar, wind and run-of-river, and pave the way for cleaner energy sources in the Philippines.

The R-HUB allows us to take advantage of numerous benefits that bring positive impact to the environment and the communities we serve:

- R-HUB enables the penetration of variable renewable energy sources
- Offers multiple ways to generate RE
- Generates a stable and reliable power supply
- High level of reliability and flexibility for the transmission and distribution of electricity
- Enable Smart Grid integration
- Resilient system

Given these advantages, the R-HUB platform provides the best solution to allow access to a reliable electricity supply. Infrastructure services, including power, are a critical concern for businesses especially as this is what makes their operations possible. Electricity is also a driving force for a nation's economic growth. Without a stable power supply, entrepreneurial and commercial activities will instantly halt, putting the economy in paralysis. Through R-HUB, we are able to offer a sustainable and practical approach to countering the adverse consequences of intermittent power infrastructure.

The BESS Advantage

The BESS is well-positioned to support the grid by providing frequency regulation as an ancillary service. It contributes to stabilizing frequency to the grid, maintaining the balance between the demand and supply of power. Its flexibility enables the grid to accommodate a greater volume of renewables safely.

BESS is also supporting the ancillary services of the National Grid Corporation of the Philippines as it provides power quality, reliability, security, and adequacy.

Key Areas and Contributions of BESS in the Ancillary Services of the NGCP

POWER QUALITY

ancillary services of NGCP have experienced improvements in voltages, frequency and current. BESS also helps maintain these within the safe and ideal operating limit.

RELIABILITY

Delivery of electricity of NGCP has become more reliable because of the high degree of frequency regulating reserve.

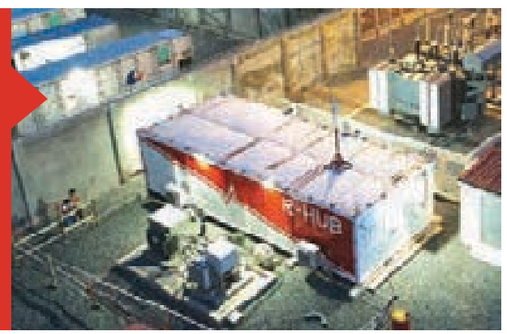
SECURITY

BESS has boosted the grid capability to withstand disturbances

ADEQUACY

BESS ensures sufficient capacity and reserves to supply demand in consideration of scheduled and unscheduled outages.

The R-HUB is envisioned to pioneer and drive innovation to actively respond and support our country's target towards a cleaner, reliable, and resilient power supply.



Furthermore, compared to a conventional power plant. the response time of BESS is much faster, allowing it to be extremely useful for grid frequency balancing. BESS is capable of a more dynamic regulation, with instantaneous and more precise regulation support with almost zero lag from the desired response. It also entails no fuel charge, unlike other technologies.

Aside from ensuring that there is a reliable energy source for communities, BESS also assures that its operations bring no negative impact to the environment. With the absence of power generation units and fuel in its operations, BESS is able to ensure power quality without any direct emissions produced. It also does not use discharge water. It leverages solar energy in charging its batteries and guarantees that no noise pollution is created within communities where the site is located.

Advantages of BESS:

Environment

- Compensates for the intermittency of renewables like solar and wind
- Facilitates influx of renewable energy
- ZERO direct emissions
- Displace less cost-efficient and environmentally friendly generating units

Technical

- Fastest response time compared to ancillary providers
- 85% + Roundtrip efficiency
- 97%+ Availability
- Battery life of up to 15 years

The BESS as an Investment in advancing SDG 7: Affordable and Clean Energy

BESS is a push towards achieving the call for SDG 7 or access to reliable and affordable modern energy for all. It is a great achievement for SMC Global Power to be able to meet the following targets and goals through BESS:

- Ensuring universal access to affordable, reliable, and modern energy services;
- Substantially increasing the share of renewable sources in the energy mix;
- Doubling the rate of improvement in energy efficiency;
- Enhancing international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency, and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology; and
- Expanding infrastructure and upgrading technology for supplying modern and sustainable energy services for all in developing countries.

With its world-class technology, we can make this a reality for our fellow Filipinos. We are driven to fulfill the vision of this project to continue powering families to celebrate life.

Initially, BESS was used to operate in islands where power supply is scarce and generators are the main source for electricity. However, as we saw the emerging need for a reliable energy source in other communities, we have recognized that this is an essential innovation towards nation-building.

With the transition of the Philippine grid towards renewable energy, we will continue our service anchored to our vision and mission. SMC Global Power has opened up a new era of renewable energy in the country with its diversified portfolio of renewable energy power sources, and we will strive to continue responding to the country's growth and changing needs.

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POWER ON: Rising to the Challenge

We recognize our bigger role in society as nation-builders. Along with our investments that strive to contribute to the sustenance of the country's economic growth, we aim to deliver our commitment to our mission of giving Filipinos the power to celebrate life.

Recognizing that power is essential to drive economic growth and to achieve the United Nations Sustainable Development Goals (SDGs), we are committed to continuing to take part in keeping the economy up and running. Amid the backdrop of the pandemic, our power plants delivered the needed energy requirements of communities and businesses.

Undoubtedly, the COVID-19 pandemic has affected our operations and financial conditions. As the pandemic is far from over, we will continue to traverse in an uncertain business environment that can bring about disruptions in the overall business performance. Given the uncertainties that come with the pandemic, adjustments have been made to ensure that our business strategies and our people are adaptive and agile to unforeseen circumstances. These efforts aim to mitigate the impact of the pandemic in the future that can help guarantee our continuing reliable service.

Pre-pandemic photo
Limay Power Plant, Bataan

Powering the Nation's Economic Growth

(102-25, 102-45, 103-1, 103-2, 103-3, 201-1, 201-4)

We are one of the major contributors to the country's economic growth. The power supply we provide supports thousands of infrastructures, communities, and businesses nationwide. Our diversified portfolio comprising five (5) operational power plants (Ilijan, San Roque, Sual, Angat, and Masinloc) and three (3) greenfield power plants in the pipeline (Limay, Malita, and Mariveles) has allowed us to become one of the most competitive and reliable electricity providers in the country.

Serving the Filipino people has always been at the forefront of our business. We believe that the Company's investments and expansionary plans reflect our steadfast commitment to provide stable and reliable electricity and to offer a long-term value proposition to our investors.

In 2019, we obtained a direct economic value worth Php 137.43 billion. This was a 13% increase from 2018, primarily driven by revenues from the full-year generation from the 660MW Masinloc Power Plant, the full-year operations of Unit 2 Malita Power Plant and Unit 3 Limay Power Plant, and the start of commercial operations of Unit 4 Limay Power Plant on July 26, 2019. The figures also include 60% of the revenues of Angat Hydropower Corporation. Our expansion projects also entailed more manpower, hence our employee wages and benefits increased by 6%. We had higher contributions in our community investments as we supported various educational and environmental programs.

However, the impact of the pandemic did not spare SMC Global Power as we saw a decline in the direct economic value generated for the year 2020. This decline can be attributed to the limited operations of our contestable clients, especially those with major industrial facilities, during the government-imposed Enhanced Community Quarantine from March 16 to May 15, 2020. This was compensated by improved distribution utility customers' demand, representing mainly residential customers, as household consumption increased. Nonetheless, our 2020 direct economic value gradually improved as quarantine measures relaxed allowing the gradual re-opening of industrial and commercial activities starting May 16, 2020.

Moreover, there was a significant increase in the economic value distributed. In 2019, there was a 64.54% increase from the previous year, ending at a total of Php 121.43 billion. Meanwhile, the returns generated in 2020 amounted to Php 100.64 billion. While the returns in 2020 had approximately decreased by 16% from 2019, it was still a significant 6.54% increase from the 2018 figure.

DIRECT ECONOMIC VALUE GENERATED

₱137.4B
2019

₱116.2B
2020

DIRECT ECONOMIC DISTRIBUTED

₱121.4B
2019

₱100.6B
2020

Our operating expenses declined by approximately 27% at Php 60.21 billion from Php 82.93 billion in 2019. This decline can be attributed to the following: (i) lower average cost of coal prices for Sual, Masinloc, Malita, and Limay Power Plants as coal indices continue to decline, (ii) lower average cost of spot purchases, (iii) lower energy fees due to lower net generation of the Sual, Ilijan and San Roque Power Plants coupled with lower average natural gas prices for the Ilijan Power Plant, (iv) lower regular operating expenses incurred relating to contracted services, repairs and maintenance works, sales and marketing, fuel and oil, and travel due to quarantine restrictions during the COVID-19 pandemic, and offset by (v) higher costs incurred by SCPC on account of the full-year operations of its 150MW Unit 4-Limay Greenfield Power Plant, and by the Masinloc Power Plant with the start of commercial operations of its 335 MW Unit 3-Masinloc Power Plant on September 26, 2020.

ECONOMIC VALUE DISTRIBUTED

OPERATING EXPENSES

₱82.9 B
2019

₱60.2 B
2020

EMPLOYEE WAGES & BENEFITS

₱1.33 B
2019

₱1.57 B
2020

COMMUNITY INVESTMENTS, DONATIONS & CONTRIBUTIONS

₱487 M
2019

₱502 M
2020

FINANCIAL ASSISTANCE FROM THE GOVERNMENT

₱2.4 B
2019

₱1.7 B
2020

NOTE: Monetary values include tax relief and tax credits, subsidies, investment grants, research and development grants, and other forms of grant, awards, royalty holidays, financial assistance from Export Credit Agencies (ECAs) among financial incentives among others.

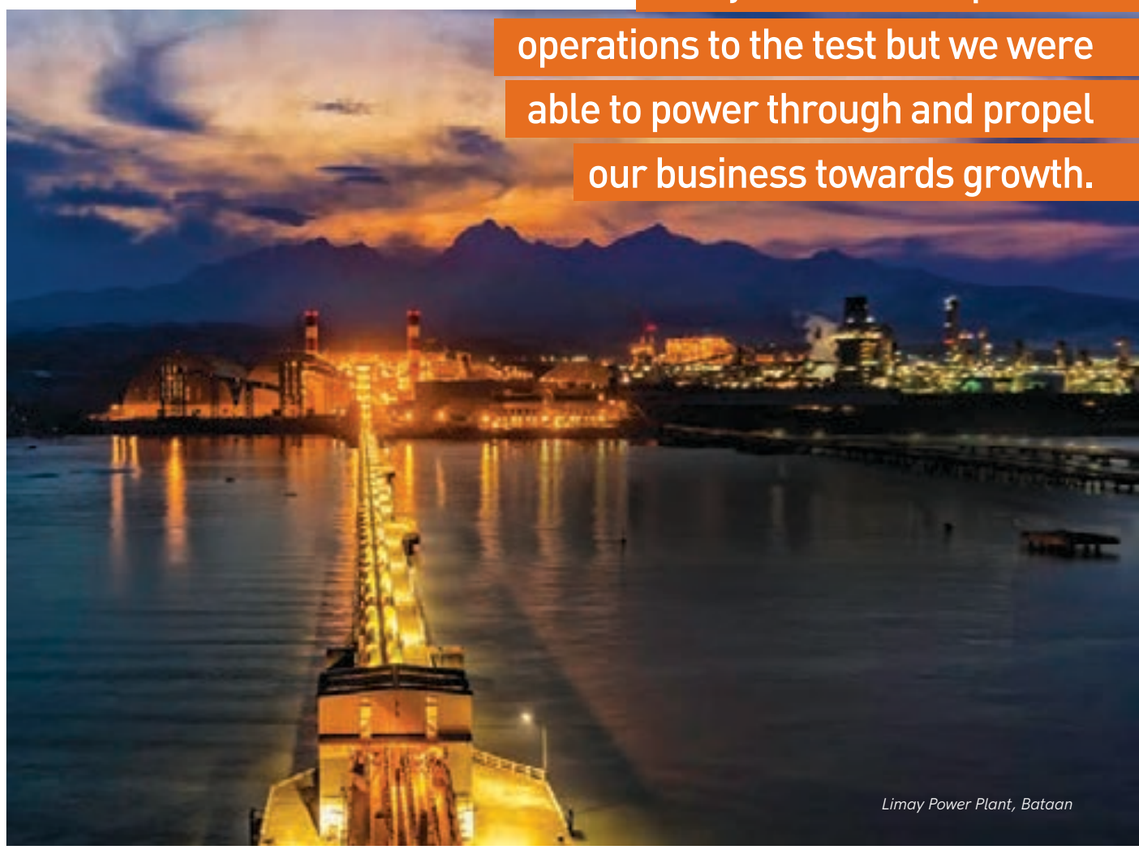
Despite the decline in the operating expenses, employee wages and benefits increased by an estimated 18% from 2019, ending at Php 1.57 billion in 2020. As our employees continued to support company operations during the pandemic, we ensured that they are properly compensated by providing additional allowance. These benefits were specially provided to those that manned our Malita, Limay, and Masinloc Power Plants during the quarantine period.

We also had higher contributions to the communities as part of our COVID-19 response initiatives. As Corporate Social Responsibility is one of SMC Global Power's core values, we answered the call of the community during this critical time as we rolled out our COVID-19 response initiatives.

This brought up the Company's spending on community investments, donations, and contributions by almost 3% from 2019, amounting to Php 502 million.

We also received an increase in financial assistance from the government in 2019 as compared to 2018. While in 2020, the amount of assistance was lowered mainly due to the change in the tax rate of the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Act, which effectively reduced the rate from 30% to 27.5%. Our Limay, Malita, and Masinloc Power Plants and operational BESS project were registered in the Board of Investments as pioneering enterprises wherein we are granted incentives such as income tax holidays.

The year 2020 has put our operations to the test but we were able to power through and propel our business towards growth.



Limay Power Plant, Bataan

Excellence in Environmental Stewardship

(103-1, 103-2, 103-3)

Part of our continuing commitment to sustainability is addressing environmental concerns. Utilizing cutting-edge technologies, conducting regular impact monitoring and evaluations, and implementing programs that help protect our ecosystem, have been some of the ways we elevate environmental stewardship. Our multipartite monitoring team (MMT), composed of representatives from our partner communities and local government units, conducts regular environmental monitoring activities in the surrounding areas where we operate, and keeps track of our compliance with the following environmental laws:

- Philippine Clean Air Act
- Philippine Clean Water Act
- Ecological Solid Waste Management Act
- Toxic Substances and Hazardous and Nuclear Wastes Control Act
- Revised Rules on Prevention, Containment, Abatement, and Control of Oil Marine Pollution
- Department of Energy's Circular for Operator of Oil Rigs or Platforms, Power Plants, Tankers and Barges

Our sustainability efforts ensure reliable energy for Filipinos, as we continue to develop an efficient and strategic energy portfolio.

Common Name: Agoho
Scientific Name: Casuarina equisetifolia
Nursery in Candelaria, Zambales

Resource Management to Limit the Impact on Natural Resources

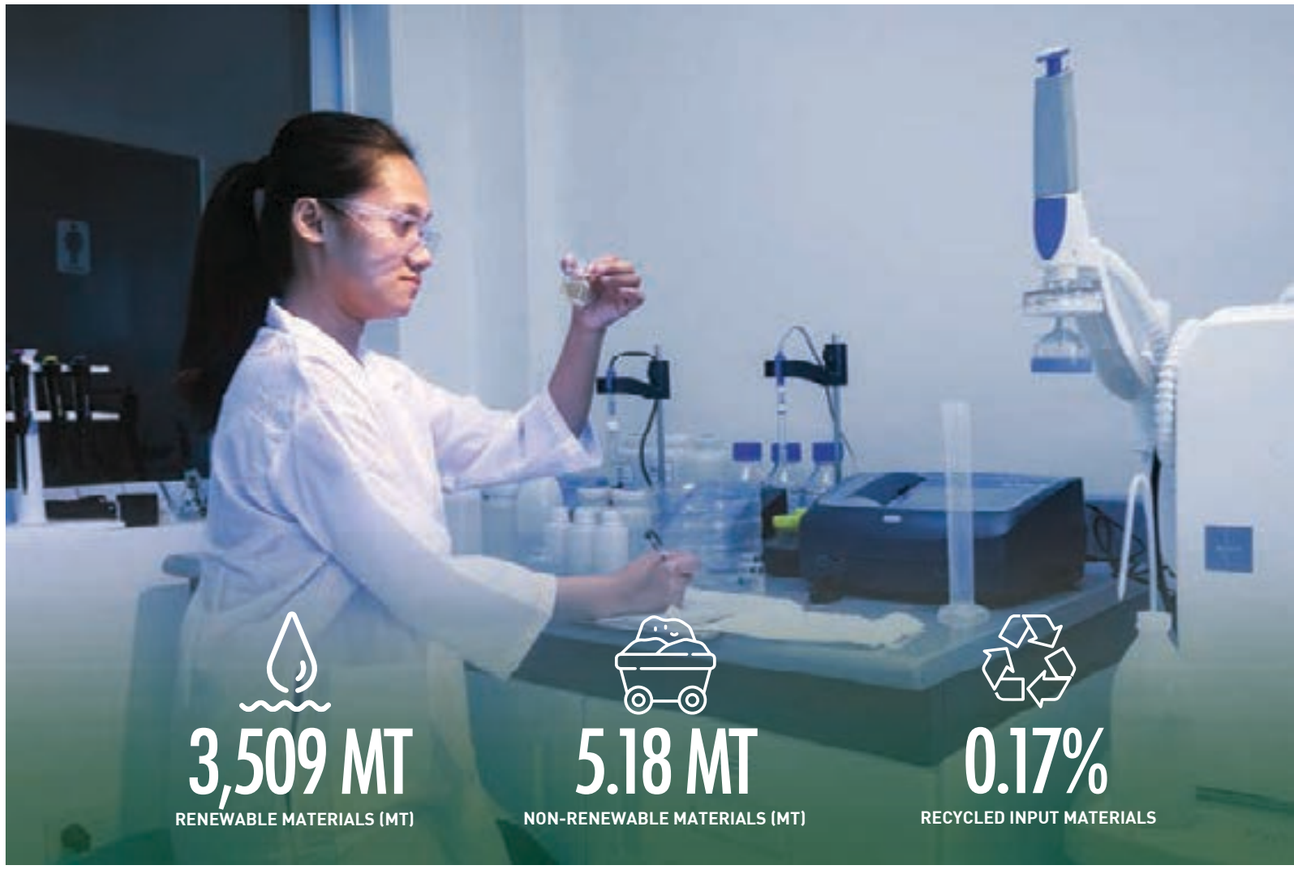
(103-1, 103-2, 103-3, 301-1, 302-2)

We recognize the importance of resource conservation, and we demonstrate our commitment to minimize our impact on the environment through efficient operations and the use of leading-edge technologies.

As articulated in the Assessment Management Policy of our Malita Power Plant, all our assets are appraised from acquisition, operation, maintenance, retirement, and disposal. Doing so reduces the need to procure more materials and inputs thus optimizing the value-for-money of our power plant. With this, we are proud to have complied with ISO 55001 Asset Management System (AMS).

We continuously improve our environmental systems and processes, stringently adhering to the terms and conditions of discharge permits both for the main units and auxiliary units of our power plants. In Angat Hydroelectric Power Plant, we ensure that we are closely guided by the government regulations in accordance with Republic Act 9275 otherwise known as the "Philippine Clean Water Act of 2004". As we put prime importance on conserving resources and reducing air pollution, we use thermal coal with less than one percent sulfur content for better quality and combustion rate. The variety of coal types are specifically selected to allow efficient and reliable operations while utilizing coals with the least concentration of carbon. Our skilled operators are trained to do coal blending which combines a specified ratio of coal that improves operational performance, helps minimize production cost, provides competitive power rates to our customers, and generates energy in an environmentally responsible manner.

Furthermore, in our continuing effort to scale down the power consumption of the coal grinder and increase its pulverizing capacity and efficiency, we have constructed the roller press-grinding system in our Masinloc Power Plant. This action results in more efficient boiler and furnace operation while reducing fuel consumption.



Materials used by weight or volume to produce the company's primary product

	2019	2020
Renewable materials (MT) (water)	2,867 Million	3,509 Million
Non-Renewable materials (MT) (coal, diesel, limestone, silica,sand, river sand)	5.14 Million	5.18 Million

Percentage of recycled input materials used to manufacture the organization's primary products and services

2019	2020
0.34%	0.17%

The increase of 0.08% in 2019 from the previous year was due to the increase in Recycled Bottom Ash (RBA) production from continuous sieving with fewer outage hours compared to last year in our Malita Power Plant. Meanwhile, the decrease of 0.17% from the previous year was due to the bed material shortage from consuming a high calorific value of coal in Unit 2 of the same power plant.

Taking Action to Improve Power Reliability

Our Malita Coal-Fired Power Plant utilizes the Circulating Fluidized Bed (CFB) technology and uses silica sand as a top-up material. In a power plant such as this, tube erosion is one of the leading causes of forced outages. While tube erosion is inherent and cannot be avoided, it can be minimized.

To slow down the boiler tube erosion rate and improve the reliability of the boiler tubing system, we investigated the causes behind the tube erosion and performed studies for suitable remedies. Taking into consideration the controlling factors, the result of our study showed that river sand can be a better alternative to silica sand.

Controlling Factors:

- Coal Quality
- Ash Abrasiveness
- Sorbent and Inert Quality that Impinge the Water Walls
- Fluidizing Velocity & Furnace Temperature

River sand is being utilized to supplement the net loss of bed material if the amount of recycled bottom ash is not sufficient. This usually happens when the coal being used has low ash content. As a comparison, river sand is less abrasive than silica sand as make-up bed material due to its high silica content and high erosion index which classifies it as an erosive material.

Furthermore, using silica sand as a supplement for the net loss of bed material inventory is more expensive which contributes to the increase of plant operating costs. It also harms boiler tubes due to its abrasiveness. Conversely, river sand is more accessible and is safer for people's health.

As a result of the case study, we launched the Malita River Sand Project in April 2020. Since then, we have observed that the incidents of boiler tube leaks were decreased, preventing boiler forced outages. Utilizing river sand has truly made our operations more efficient. This enables us to provide a more reliable power supply to our customers.

As our commitment to sustainability, we plan to roll out this technology to our other power plants to ensure that we further minimize our impacts.

To show our commitment to responsibly managing our energy consumption, we invested in new technologies and upgraded our facilities which resulted in a reduction in energy intensity from 2018. We will continuously leverage effective technologies and systems to further improve our energy utilization.

As our commitment to sustainability, we plan to roll out this technology to our other power plants to ensure that we further minimize impacts.

Promoting Efficient Energy Consumption

(103-1, 103-2, 103-3 302-1, 302-2, 302-3, 302-4)

At SMC Global Power, we commit to decreasing the organization's overall environmental footprint. We continue to improve how we operate by employing innovative technologies adherent to energy efficiency standards that help us contribute to the UN Sustainable Development Goals.

LED streetlight in Masinloc Power Plant Housing Facility

Our Malita Power Plant demonstrates its commitment to energy efficiency by cutting down energy intensity, optimizing consumption, and establishing methods and procedures in implementing best practices. Thus, adhering to the following international management standards:

1. ISO 9001 Quality Management System
2. ISO 14001 Environmental Management System
3. ISO 50001 Energy Management System (EnMS)
4. ISO 55001 Asset Management System (AMS)
5. ISO 22301:2019 Business Continuity Management System (BCMS)

With the same aim to manage energy efficiency, the Angat Hydroelectric Power Plant, on the other hand, is undergoing rehabilitation to restore and enhance its performance while optimizing the cost-effectiveness of the facility, thereby extending the life of the plant for another 50 years. In addition, the Unit 3 turbine of the Masinloc Power Plant considerably differs from other typical subcritical cycles. The combination of utilizing supercritical throttle pressures, along with an increase in throttle temperatures and supercritical boilers, are designed to take full advantage of variable pressure turbine operation. This technology results in more efficient fuel usage and management, flue gas treatment, and ash disposal. In other words, it allows us to generate the same amount of energy while using less fuel.

By introducing and implementing these systems and technologies we are able to fulfill our commitment towards energy efficiency with little to no "waste" heat from all our power plants. Our conservation and efficiency initiatives allowed us to reduce our energy consumption by 1,129 million GJ and 1,005 million GJ in 2019 and 2020, respectively. Such initiatives include the following:

- Malita Plant Optimization project
- Heat input reduction for having a supercritical technology for Unit 3 of Masinloc
- Masinloc MRS unburned carbon improvement
- Masinloc Energy savings due to lighting changes

Energy consumption within the organization (fuel and electricity)

	2019	2020
Total consumption from non-renewable sources (coal, diesel)	224.86 M GJ	214.30 M GJ
Electricity consumption from outside the organization	30.77 M kWh	31.65 M kWh
Electricity Sold	26,814 M kWh	25,992 M kWh
Total energy consumption within the organization	128.44 M GJ	120.84 M GJ

302-2 Energy consumption outside the organization

2019	2020
110,759.73 GJ	113,932.21 GJ

302-3 Energy intensity

2019	2020
5.25 GJ/MWh	5.27 GJ/MWh

Reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives

2019	2020
1,129 M GJ	1,0005 M GJ
• Malita Plant Optimization project	• Malita Plant Optimization project • Heat input reduction for having a supercrit technology • Masinloc MRS unburned carbon improvement • Masinloc Roller Press Unburned Carbon Improvements • Masinloc Energy savings due to lighting changes in Masinloc

In 2020, our operations consumed 120.85 million GJ of energy (2019: 128.44 million GJ). Our energy use has consisted of 214.30 million GJ of fuel consumption from non-renewable sources (2019: 224.86 million GHJ) and 31.65 million kWh (2019: 26,814 kWh) of electricity consumption from activities outside the organization.

Water Conservation

(103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5)

As we generate energy for the country, we are committed to ensuring the quality of water supply through our efforts to adhere, if not go beyond compliance with R.A. 9275, otherwise known as the Philippine Clean Water Act of 2004. Our Environment, Health, and Safety (EHS) manual also serves as our guide to ensure responsible use of natural resources in the operations and maintenance of our power plants.

In terms of managing effluents, we have established wastewater treatment facilities in our sites to ensure that our wastewater discharges do not harm the ambient water and are within the applicable standards of the Revised Water Quality Guidelines and General Effluent Standards of 2016 or DENR Administrative Order 2016-08 (D.A.O. 2016-08). We also established monitoring activities for both wastewater discharges and ambient water quality to ensure that the plant's operations have diminished significant effects on the water quality. As a result, we have reduced water consumption due to initiatives that include water recycling. For 2019 and 2020, we were able to recycle 5.51 ML and 7.07 ML amounts of water respectively.

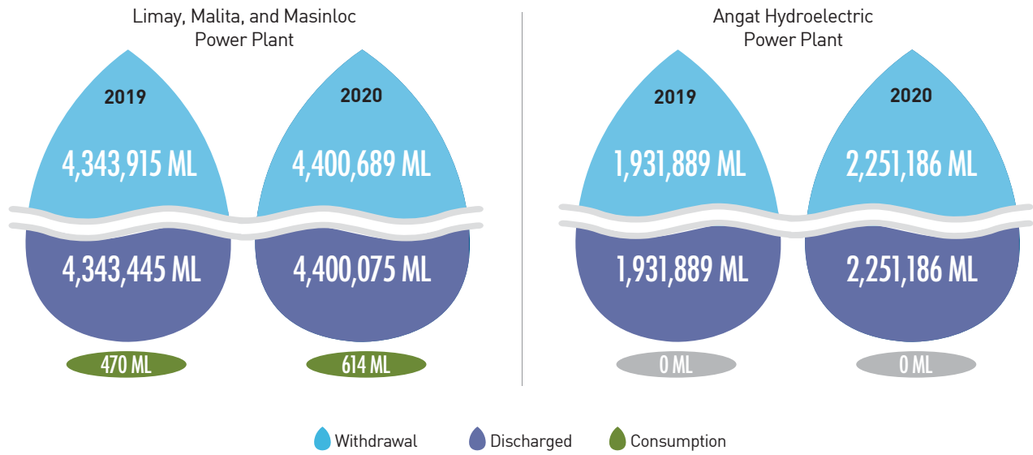
Our Angat Hydroelectric Power Plant which generates water for the Greater Metro Manila area and major agricultural lands motivates us to consciously manage water in our operations effectively. We ensure that the proper management and utilization of water in our operations are maintained while necessary discharge permits for our effluents in both principal and auxiliary units are secured.

Our Limay Power Plant guarantees that our water discharge does not negatively affect Manila Bay. With the help of our Wastewater Treatment Facility, our process water is efficiently treated to comply with the requirement of R.A. 9275. Likewise, we have championed water conservation initiatives that include utilizing our clean water effluent for dust suppression and cleaning activities to minimize our water usage. Our Circulating Fluidized Bed (CFB) technology lowers our water consumption through its closed loop-water cycle system that allows us to recycle our makeup water.

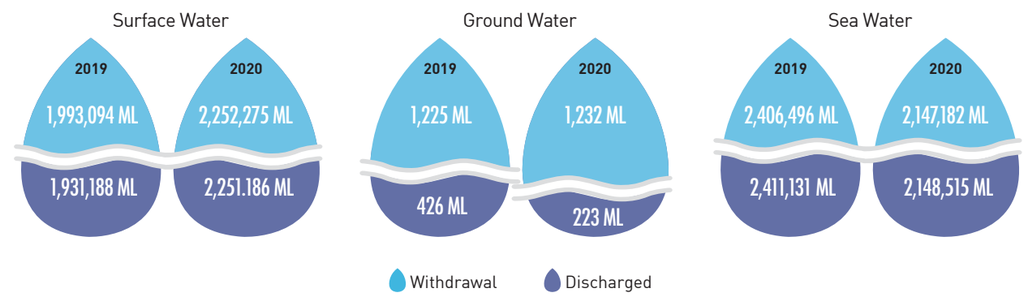
For our Malita Power Plant, raw and potable water are extracted from the Culaman River, while the condenser cooling water comes from the Davao Gulf. We have secured water extraction permits from the National Water Resources Board (NWRB) to maintain our operations. Upholding our commitment towards responsible water utilization, effluents are properly treated before getting discharged to the Davao Gulf to maintain the quality of river water. We also conduct regular monitoring of water quality in partnership with the Environmental Management Bureau (EMB) of the DENR and the local barangay. Moreover, we have established a Multipartite Monitoring Team (MMT), consisting of the same parties, to monitor our water and air discharge compliance.

For our Masinloc Power Plant, we extract raw water from Lauis River, potable water from a deep well, and condenser cooling water from Oyon Bay. The Masinloc Power Plant also has a discharge channel made of rubber stone, armor stone, and accropode, that are used to condition the condenser cooling water before being released into Oyon Bay. The area occupied by the discharge channel is covered by a permit called Special Use Agreement in Protected Area (SAPA), which is issued to enable productive use of our protected areas as defined under the National Integrated Protected Areas Act of 1992 while maintaining its status as a protected area. Similar to our other power plants, we also secure the necessary discharge permits from the NWRB and other relevant agencies before discharging to Oyon Bay.

Total amount of water withdrawal, water discharged, and water consumption in megaliters (Ml)



Water Withdrawal and Discharge by source and destination in megaliters (Ml)



Biodiversity Management as our Response to Sustainability Challenges

(103-1, 103-2, 103-3, 304-1, 304-2, 304-3, 304-4)

SMC Global Power promotes efforts and advocacies to safeguard the ecosystems around us. Standing by this commitment to the environment, we have forged long-standing partnerships with local communities, environmental experts, and government agencies.

In support of these efforts, we closely monitor the flora and fauna found in and nearby our power plants to ensure that areas of biodiversity of significance are not affected by our operations. We conduct tree planting activities and coastal clean-ups within and outside the plant. We continuously invest in pollution control devices and dust suppression systems to mitigate any potential effects on biodiversity. Moreover, we go beyond the compliance of regulations associated with ecosystem and biodiversity protection, such as the Wildlife Resources Conservation and Protection Act. In all these efforts, the active participation of our employees through Team Malasakit is a testament to the spirit of volunteerism that is alive in our organization. We believe that everyone can contribute to environmental stewardship.

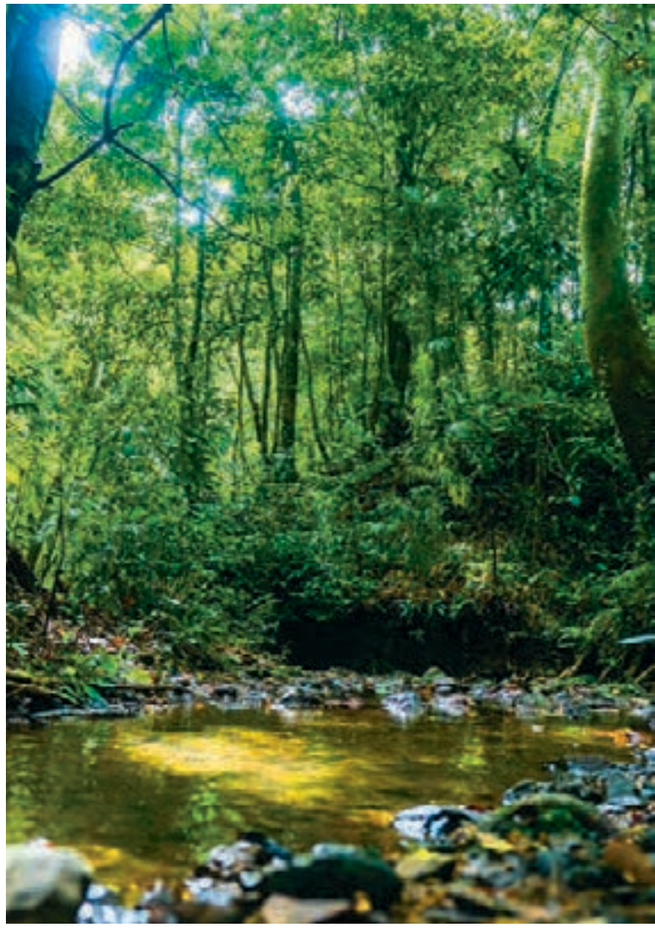
Our Angat Hydropower Plant is situated within the Angat Watershed Reservation, which is one of the remaining well-forested and managed watersheds in the country. We have put conservation plans in place in partnership with the National Power Corporation-Angat Watershed Area Team (NPCAWA). We also commissioned GHD Group Pty Ltd in 2018 for the Angat Dam and Dykes Strengthening Project. The engagement produced a terrestrial ecology report, which recorded a total of 165 flora species and 51 vertebrate species in the watershed. These initiatives allow the continuous protection of the watershed through skillful foresight and strengthened structures to mitigate the risk of a dam or dyke failure.

In both our Limay and Malita Power Plants, environmental impact assessments were carried out to identify, analyze, and review potential impacts and create corresponding mitigating measures to minimize if not eliminate risks. Hence, we target to rehabilitate both marine and terrestrial habitats through various activities such as reforestation and coral reef rehabilitation projects.

At Malita Power Plant, we implemented several initiatives to protect and restore habitats through partnerships with various third parties. We have launched our reforestation initiative called the Carbon Sink Program, which was patterned after the National Greening Program of the DENR. It covers 53.79 hectares of land area, planted with 20,487 forest and fruit trees, and managed by a community of 20 farmers. Likewise, we have partnered with People's Organizations (PO) of barangay communities that host our program. Through collaborative efforts, we have achieved greater survivability of 20,194 trees in 2020. Monetary incentives were given to POs for the thriving results of the program.

The establishment of Project 747 under the SMC Global Power Foundation also brought together employee volunteers and partner farmers and peoples' organizations working together to plant and take care of the forests. Its upland and mangrove forest rehabilitation initiative covers 4,000 hectares of land that has expanded to more than seven provinces in the country. Through this program, we were able to maintain the high survival rate of 50,000 forest trees planted within an area of 30 hectares in partnership with the local people organizations. For instance, at Limay, monitoring was a collaborative effort between the Limay Power Plant's Community Relations and the Agricultural Technician of Provincial Environment and Natural Resources Office (PENRO). This has helped us achieve an 89% survival rate of forest trees. Likewise at Malita Power Plant, we have partnered with DENR-EMB Region XI and the Barangay Council of Culaman, which saw the adoption of a one-kilometer stretch of Malita River where quarterly monitoring for physicochemical properties and regular cleaning was performed. Hence, water in the river consistently reaches the minimum requirement for Dissolved Oxygen.

We also conduct various restoration activities in nearby areas and communities of our Masinloc Power Plant. Our foundation, along with the POs, maintains the 351-hectare upland plantation established in Masinloc, Candelaria, and Botolan towns of Zambales with a 90% survival rate of planted trees. Around 109,720 seedlings were planted in the additional 40-hectare Upland Plantation. With the help of Bantay Gubat and members of our partner POs, the seedlings have grown into mature trees, which are protected from illegal loggers in the area.



Project 747 Mangrove Plantation in Padre Burgos, Quezon

A 5-hectare mangrove plantation in Barangay Bani was also established by a group of fisherfolks which resulted in a total of 22,220 mangrove seedlings planted near the Masinloc Power Plant area. A 95% survival rate was reported by the Samahang Mangingisda ng Barangay Bani Association, Inc. (SMBBAI). SMCGP Global Power Foundation further commissioned the UP-Marine Science Institute (UP-MSI) to restock ten pieces of Tridacna Gigas species of Giant Clams in San Salvador Island in Masinloc.

With these initiatives, our goal is to continue preserving biodiversity where we operate, in partnership with local communities.

Common Name: Blue Soldier Crab
Scientific Name: Mictyris longicarpus
Location: Project 747 Mangrove Area in Cabuyao Sur, Padre Burgos, Quezon Province

Common Name: Long-tailed Macaque (Matsing)
Scientific Name: Macaca fascicularis
Location: Angat, Bulacan

Scientific name: Idea leuconoe
Common Name: Rice Paper
Location: Malita Power Plant Eco Park

A SYNERGISTIC APPROACH TO GROWING AND TAKING CARE OF OUR FORESTS:

The Project 747

(413-2)

With the environment as one of the main thrusts of SMC Global Power Foundation, we have undertaken a nationwide flagship program that is aligned with the United Nations Sustainable Development Goals called Project 747. Through this initiative, we aim to grow seven million trees over 4,000 hectares in at least seven provinces nationwide. Through a combination of reforestation initiatives, protected forests reserves, Biochar Community Enterprise Development, Adopt-a-River, and Coral Reef Rehabilitation projects, our overall goal is to help mitigate climate change through carbon sequestration. As forests capture carbon dioxide (CO2) from large point sources such as power facilities, planting trees and plants helps convert CO2 into oxygen through the natural process of photosynthesis.

Tree varieties planted in the upland forests are Narra, Molave, White Lauan, Palosapis, Agoho, Batino, Igang, and Malabayabas. Mangrove tree varieties planted include Bakawan Babae, Bakawan Lalaki, Bungalon, and Api-Api.

The program has already been implemented in the following provinces: Pangasinan, Zambales, Bataan, Bulacan, Quezon, Albay, Negros Occidental, and Davao Occidental – expanding more than the initial target of seven provinces. Key to the success of Project 747 is the active role that some of our key stakeholders play in the implementation of the project - these are Peoples Organizations (POs) from our partner communities, government agencies, and employee volunteers. As of December 2020, we have been able to plant over 1.9 million seedlings and propagules in over 888 hectares of land. This is largely due to the shared commitment and dedication that we have with our partners to rehabilitate forests and grow new ones in upland and coastal areas since we started the program in 2019. Due to the restrictions brought about by the pandemic, we were limited to planting 900,000 trees and mangroves in 2020. Hence, we have targeted to plant 1.1 million trees in 2021 to compensate for the gap

Through SMC Global Power Foundation, we are able to work hand-in-hand with our partner stakeholder groups and guarantee the achievement of the project goals. Local farmer and fisherfolk organizations are involved in Project 747 who identify the indigenous tree varieties to be planted in the respective areas and implement the planting and livelihood initiatives for high survival rates of young trees. Additionally, we collaborate with the Department of Environment and Natural Resources (DENR) to identify plant species endemic in the areas and to help in nurturing the trees to adulthood. With this synergistic approach, we uphold our role as a proactive partner of communities for sustainable development. Encapsulated in Project 747 is the Biochar Community Enterprise Development Project which complements the forest rehabilitation program as a carbon sequestration mechanism to mitigate climate change. Five partner communities help in the production and utilization of biochar as an organic fertilizer which is applied to the soil to

Members of the Pinagrealan-Lauis Upland Farmers Association in Candelaria, Zambales

Total Area (Has) 2019	Total No. of Seedlings/ Propagules Planted 2019	Total Area (Has) 2020	Total No. of Seedlings/ Propagules Planted 2020	Total Area (Has) 2019 as of November 15, 2021	Total No. of Seedlings/ Propagules Planted 2020 as of August 15, 2021
405	1,299,408	205	629,740	451	1,667,662

achieve a higher survival rate of the trees. To date, the survival rate of planted seedlings and mangrove propagules are at an average of 89% and 87%, respectively, exceeding the standard set by the government at 85%.

3,596,810

TOTAL NUMBER OF SEEDLINGS/ PROPAGULES PLANTED (2019-2021)

Project 747 fosters sustainable forest management practices by empowering local communities and POs. Through this project, we aim to create sustainable livelihood opportunities by providing them with proper skills training.

One of the beneficiaries of Project 747 is Maricel Ruiz. She is a member of the Pinagrealan-Lauis Upland Farmers Association, one of the partner organizations of SMC Global Power Foundation, works with the Foundation in planting seedlings and in the production of the biochar. She is also involved in monitoring and maintaining the trees planted in the upland of Candelaria, Zambales. Project 747 has given her and the other members of the association a stable source of livelihood that has significantly helped their families in their daily needs. According to Maricel, it was also through Project 747 that she was able to send her children to school. It encourages her to work hard because her participation in the project benefits the environment and her family.

The Adopt-a-River component of this project, on the other hand, is in line with the priority programs of the DENR. This initiative enables us to contribute to the national goal of rehabilitating major river

1,061 Hectares

TOTAL AREA (2019-2021)

systems in the Philippines through riverside tree planting projects and regular clean-up activities. In 2020, we were able to spearhead the rehabilitation of 33 kilometers of streambank by conducting a bamboo plantation initiative for the Lauis River in Candelaria, Zambales. This initiative significantly contributed to the health of the Lauis River by preventing soil erosion. Moreover, the strengthened streambanks reduce the occurrence of flooding in the communities adjacent to the Lauis River.

Finally, the Coral Reef Rehabilitation Project aims to protect coastal areas, including coral reef ecosystems. A Marine Protected Area (MPA) was selected as a recipient site for this pilot project in partnership with the DENR, BFAR, local fisherfolk associations, and the University of the Philippines Marine Science Institute. We were able to contribute to the reef biodiversity rehabilitation in Masinloc, Zambales through the seeding of ten giant clams (Tridacna gigas).

Leading the Way in Reducing Emissions

(305-1, 305-2, 305-3, 305-3, 305-5, 305-6, 305-7)

With *malasakit* and stewardship as two of our core values, we continue to drive our efforts in safeguarding the environment with the support and active participation of our stakeholders such as the local communities and the local government units in our sites. Guided by the Philippine Clean Air Act, we ensure adherence to the environmental standards and protocols of the national government. Above all, we go beyond compliance as we integrate global standards in our policies and state-of-the-art technologies that address our material topic and concern on reducing emissions, thereby assuring ISO 14001:2015 Environmental Management Systems for our Masinloc, Malita, Limay, and Angat Power Plants and ISO 55001:2014 Asset Management Systems compliance of our Masinloc Plant.

Member of Kapisanan ng Samahan ng Mamamayan Nagmamahal sa Kalikasan sa Quezon, Inc.

Our Masinloc Power Plant demonstrates our commitment to clean energy generation. Utilizing the supercritical steam generator technology enables a better cycle efficiency than normal, which results in less fuel consumption and emissions, and allows usage of lower calorific value coals. The use of this technology contributes to the decreased quantities of combustion products and waste such as carbon dioxide (CO2) emissions (expected 15% lower vs. subcritical plants), and significant decreases in the carbon monoxide (CO), sulfur oxides (SOx), and nitrogen oxides (NOx), and particulate matter (PM). Additionally, we have ensured that our Unit 3 will utilize the best available technology in reducing environmental emissions, such as:

- Seawater Flue Gas Desulfurization (FGD) system which was designed at 94% efficiency to significantly decrease sulfur dioxide and opacity emissions
- Electrostatic Precipitator (ESP) with 99.77% efficiency for particulate matter reduction
- Low NOx boiler burners to decrease NOx gases and adds control to CO emissions.

For the Subcritical Units 1 and 2, the pollution control systems, such as ESP and over fired air dampers, are always monitored, and stringent checking on coal shipments prior to delivery are being conducted. The decrease in SOx and PM emissions (from 2018-2019) is a result of the above-average performance of Masinloc's ESP which is at 98.91%. The decrease in demand caused a decline in coal consumption in 2019. In 2020, the market demand has increased which caused an increase in SOx and PM. The increase of value from the prior period is a result of the increased capacity of Unit 2. With this comes the elevation of CO levels. The period 2019-2020, on the other hand, is at a semi-constant level due to rigorous monitoring of Control Room Engineers (CRE).

Comparably, our Limay and Malita Power Plants have considerably lower carbon monoxide and nitrogen oxide emissions as an advantage of the Circulating Fluidized Bed Technology which vigorously recirculates its materials ensuring complete combustion, thus minimizing carbon monoxide emissions, and operating at lower temperatures thus producing low nitrogen oxide emissions. With the employment of engineering and management controls for sulfur oxides, our plant yields a low sulfur content coal requirement.

We utilize state-of-the-art technologies such as the ESP to mitigate 99.99% of particulate matter, a smokestack for the flue gas; a coal handling and storage system to extenuate fugitive dust from coal and ash handling; and a continuous emission monitoring system to monitor the plant's emissions in real-time. Alongside this, a DENR-accredited service provider conducts additional monitoring activities such as stack emission tests and ambient air quality monitoring services.

Over the reporting period, we have collected the following data regarding the GHG emissions related to our business activities. Direct (Scope 1) emissions are those that arise from sources under our ownership or control. Meanwhile, indirect (Scope 2) emissions pertain to our consumption of purchased electrical energy and district heating (distribution of thermal energy from a centralized source to provide heating or hot water). In 2020, we reduced our Scope 1 emissions by 0.55 million t-CO2e. Notably, our emission intensity of 0.92 and

GHG Emisssions

	2019	2020
Direct (Scope 1) (t-CO2e)	9.72 M	9.17 M
Indirect (Scope 2) (t-CO2e)	12,717	15,562
Other indirect (Scope 3) (t-CO2e)	Not Available	
Emission Intensity	0.92	0.86
IFC Prescribed Limits	>300MW = 0.796-0.970	
Reduction of GHG Emissions	0	0
Emissions of Ozone-depleting Substance	0	0

NOx Emisssion

NOx (ppm)	2019	2020	DENR Limit	World Bank Limit
Angat	0	0	NA	NA
Limay	67.78	58.45	531	399
Malita	56.31	68.28	531	399
Masinloc (Unit 1 & Unit 2)	216.26	199.8	797	399
Masinloc (Unit 3)		95.76	531	399
Total in MT	11,988	13,278		

SOx Emisssion

SOx (ppm)	2019	2020	DENR Limit	World Bank Limit
Angat	0	0	NA	NA
Limay	73.94	46.91	267	763
Malita	71.68	58.45	267	763
Masinloc (Unit 1 & Unit 2)	322.29	324.37	573	763
Masinloc (Unit 3)		44.39	267	736
Total in MT	22,557	24,291		

Particulate Matter Emisssion

PM (mg/ncm)	2019	2020	DENR Limit	World Bank Limit
Angat	0	0	NA	NA
Limay	3.53	5.28	150	50
Malita	6.18	8.92	200	50
Masinloc (Unit 1 & Unit 2)	52.11	55.38	200	50
Masinloc (Unit 3)		150	200	50
Total in MT	1,117	1,193		

CO Emisssion

CO (ppm)	2019	2020	DENR Limit	World Bank Limit
Angat	0	0	NA	NA
Limay	44.37	18.46	436	NA
Malita	3.92	6.72	436	NA
Masinloc (Unit 1 & Unit 2)	15.82	15.06	437	NA
Masinloc (Unit 3)		22.55	436	NA
Total in MT	1,247	760		

0.86 in 2019 and 2020, respectively, are within the estimate of comparable technologies as published by the International Finance Corporation (IFC). Moreover, our total CO emission in 2020 is almost 50% lower compared to the previous year. Moving forward, we commit to continue developing emission reduction initiatives across our power plants.

In our Masinloc Power Plant, NOx emission reduction of the subcritical units is a result of better management of over-fired air dampers, close monitoring, and stringent checking of coal shipments prior to delivery. The decrease in SOx and particular matter emissions (from 2018-2019) is a result of the above-average performance of Masinloc's ESP which is at 98.91%. The decrease in demand caused a decline in coal consumption in 2019. In 2020, the market demand has increased which caused an increase in SOx and PM The increase of value from 2018-19 is a result of the increased capacity of Unit 2. With this comes the elevation of CO levels. The period 2019-2020, on the other hand, is at a semi-constant level due to rigorous monitoring of Control Room Engineers (CRE).

Project 747 in Kinagunan River, Quezon

Managing our Waste

(103-1, 103-2, 103-3, 306-1, 306-2, 306-3, 306-4, 306-5)

Given our holistic approach to environmental stewardship, proper waste management is an important component of our operations. Thus, we have put in place programs that include reusing and recycling practices to help limit waste production.

This process involves relevant plant personnel—employees and third-party service providers—across our sites and includes monitoring procedures such as inspections, self-assessments, and external audits to ensure continuous process improvement.

The hazardous and non-hazardous wastes generated from the operation and maintenance of our power plants are safely and properly disposed of in compliance with the rules and regulations issued by the DENR-EMB and local government units. Hazardous wastes are stored at the hazardous waste storage building on-site and these are hauled, treated, and disposed of by a DENR-accredited treatment and disposal facility in compliance with the R.A. 6969 Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990.

Our Angat Hydroelectric Power Plant strictly adheres to the terms and conditions of the issued discharge permits both for the primary and auxiliary units. Additionally, we were issued a permit to operate air pollution source and control installation, and a certificate for hazardous waste generator registration. We also comply with the quarterly and semi-annual self-monitoring report (SMR) that submits important information to Department of Environment and Natural Resources (DENR)-Environmental Management Bureau (EMB) - Region 3. Covered in the regular monitoring are water quality test results, hazardous waste generated, solid waste generated, and total energy produced by the plant within the reporting period. Through the conduct of SMR, we are able to monitor and confirm the regulatory compliance of plant operations and standards as well as identify potential areas for improvement vis-à-vis environmental rules, orders, and regulations.

Our Limay Power Plant, on the other hand, has a material recovery facility where our solid waste and hazardous wastes are stored, segregated, and recycled before disposal. Necessary permits and a Hazardous Waste Generator ID are secured and prepared prior to every haul. Hazardous wastes are hauled out by a DENR-accredited transporter and treatment, storage, and disposal (TSD) facility. The residual wastes generated are disposed in a sanitary landfill managed by the Metro Clark Waste Management.

Around 80 to 90% of the waste by-products from the Limay Power Plant are subject to recycling, while other wastes undergo treatment before safely disposing them into a sanitary landfill. Additionally, about 70 to 95% of our fly and bottom ash are hauled out and recycled to be utilized by our accredited partner companies. Fly ash is collected by the Eagle Cement Corporation and Northern Cement Corporation to be used in their cement manufacturing; while the bottom ash is being hauled out by Limay Power Plant's Unit 2 to be used as an alternative for silica sand. The remaining ash is properly disposed in our managed ash storage facility, an engineered landfill to accommodate the plant's by-products.

As part of our continuing waste reduction effort, we constantly seek partnerships with private and local government sectors in Zambales that need fly ash for their by-products. From 2019 to the 2nd quarter of 2020, we partnered with a thirdparty cement company, Holcim Philippines Inc. Davao Plant, to haul out our fly ash. With this, we observed a 1.9% drop in fly ash generation. In addition, our Quality, Environment, Safety and Health (QESH) and Logistics Department have established a monitoring system in line with the IMS (ISO 9001:2015 and ISO 14001:2015). We have also partnered with our local communities in managing recyclable wastes from our Malita Power Plant. We take into account any findings and observations concerning waste management, setting them as guidelines for improvement.

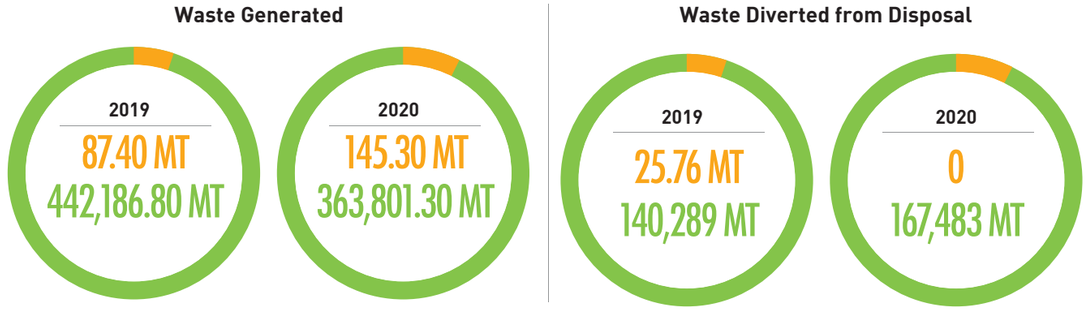
For the Masinloc Power Plant, we have implemented a standard operating procedure (SOP) in alignment with ISO 14001 (environmental management systems). We partnered with a DENR-registered service provider for the treatment of hazardous wastes as well as a recycling process-capable facility for the generated used oils. As stated in the SOP, contractors' waste will be disposed of at the plant as transporting waste outside is not allowed. In line with this, we have a centralized material recovery facility (MRF) and hazardous waste facility within the plant for the management of such types of waste. Additionally, the Masinloc Power Plant ensures that employees and contractors are aware of the facility's waste management activities through:

a. Inclusion of site induction for all incoming contractors

b. Inclusion of waste minimization in the overall plant goals, as part of the program being managed by the ESH committee

WASTE BY TYPE AND DISPOSAL METHOD

Hazardous Non-Hazardous



Waste diverted to disposal (MT)

	2019				2020			
	Hazardous		Non-Hazardous		Hazardous		Non-Hazardous	
	Onsite	Offsite	Onsite	Offsite	Onsite	Offsite	Onsite	Offsite
Incineration (with energy recovery)	0	0	0	0	0	0	0	0
Incineration (without energy recovery)	0	0	0	0	0	0	0	0
Landfilling	0	1,634	254,209	50,073	0	19,680	171,993	24,350
Other Disposal Operations	0.92	68.89	13.30	0	0	70.44	6.87	0

MINIMIZING WASTE:

Limay Ash Recycling Program

In its nth year of its Waste Recycling Program, our Limay Power Plant aims to recycle around 80-90% of coal ash produced from its operations. This is part of our continuing commitment to further diminish waste and maximize opportunities for collaboration that benefit the environment. For instance, our recycled bottom ash is used by Petron Corporation as a replacement of its raw materials, specifically silica sand, in their operations in Bataan Refinery's 140-megawatt (MW) solid fuel-fired power plant. Similarly, recycled fly ash from the Limay Plant is also being used as an aggregate material for cement manufacturers including Eagle Cement Corporation (ECC) and National Cement Corporation (NCC). It becomes a supplementary cementitious material that can substitute the use of the clinker at a certain percentage. A clinker, composed of lime, silica, alumina, and iron oxide, contributes to the strength of the cement. However, the clinker manufacturing process can be energy exhaustive. Thus, our partner companies conduct several tests to determine the optimal percentage of fly ash to be mixed with cement and ensure that it satisfies the quality parameters under the Philippine National Standards on Cement. Although the clinker cannot be completely replaced in the production of cement, the use of recycled fly ash contributes to reducing the carbon emissions of the plant. This way, we can work with our partner companies in promoting environmental sustainability without compromising the quality of their products.

The remaining 10-20% of ash generated is safely disposed of in a customized storage area facility in our Limay Power Plant. This 27-hectare storage facility, properly managed and monitored to be compliant with proper waste management procedures, serves as a landfill where it can accommodate around 3.4 million tons of ash. It was designed as a relatively small facility as we intend to recycle as much coal ash as possible. Our recycling program partnerships have proven valuable as it extends the life of our engineered storage facility by approximately 25 years. Without the program, the projected life span of the storage facility is cut in half. In fact, in 2018, we were able to recycle around 68,000 metric tons of fly ash and bottom ash which is roughly equivalent to 35 hectares of land area.

We implement information, education, communication (IEC) campaigns to discuss the program benefits as well as the specific measures taken to ensure that they do not cause harm to the environment and the health of individuals. The communities are well-informed about the proper management and disposal process of ash through this campaign.

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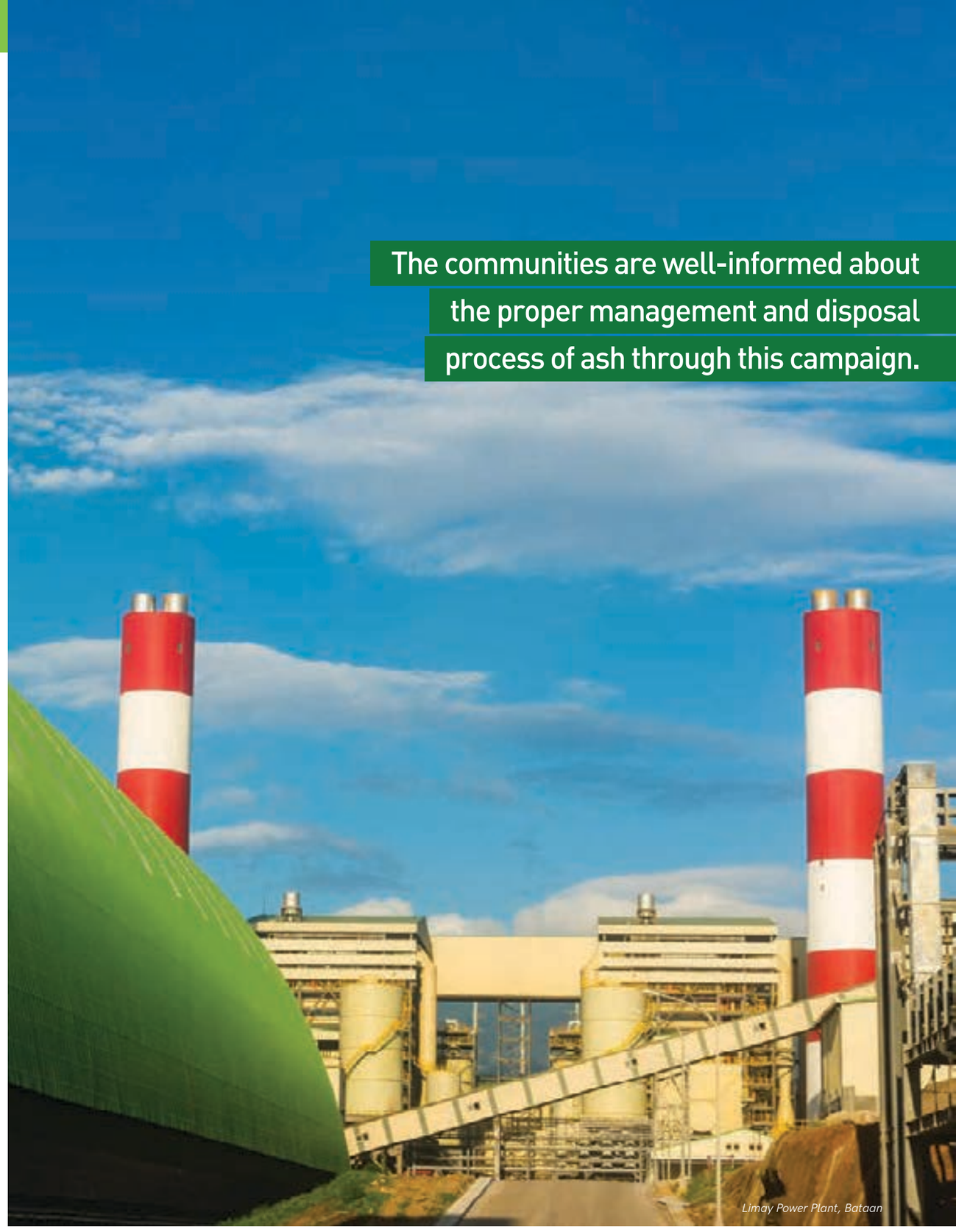


Limay Power Plant, Bataan

Rising with the SMC Global Power Community

As a Company that upholds *malasakit* as one of our values, we give utmost importance to the welfare of our employees and partner communities. They are our trusted partners in attaining the Company's goal to deliver a sustainable future that will benefit our current and future generations.

At SMC Global Power, we build a positive and inclusive environment that enables all people to thrive - an environment that empowers and creates opportunities for our employees and local communities. With them, we rise as one community to fulfill our mission of giving everyone the power to celebrate life.

Members of Kapisanan ng Samahan ng Mamamayan Nagmamahal sa Kalikasan sa Quezon, Inc. (KASAMAKA Quezon, Inc.) with SMCGP's Environmental Project Coordinator, Allan Sumague

Implementing a Holistic Approach to Employee Health and Well-being

(103-1, 103-2, 103-3, 102-8, 201-3, 401-1, 401-2, 401-3)

Our employees play a crucial role in the success of the business. Amid the pandemic, we achieved our common vision of delivering safe, affordable, and reliable energy together with the more than 1,000 members of our team.

We conduct an annual performance evaluation for all employees to identify and assess how they are achieving their goals. These evaluations also help the Company provide support by identifying gaps in employees' performance. By providing training programs that would fit their identified needs, we are able to close gaps and help strengthen our employees in areas they need to grow further to improve performance. Appropriate rewards are also given to employees with outstanding performance.

Benefits for Our Employees:

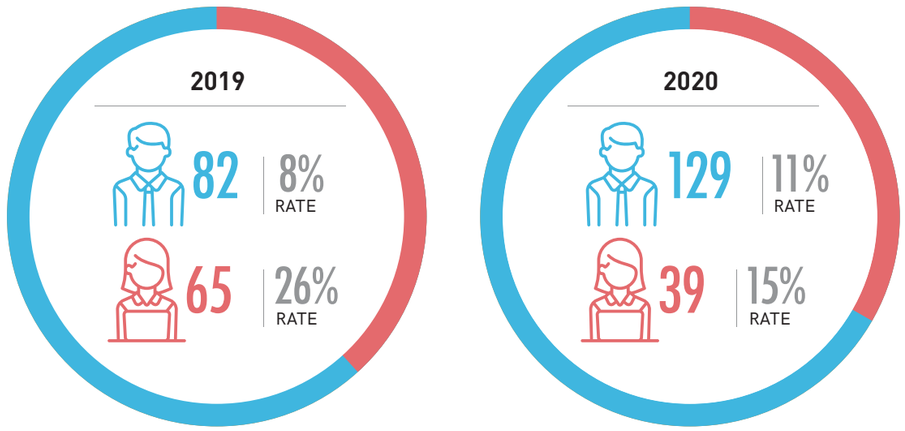
- Group accident insurance coverage
- Health Maintenance Organization (HMO) and subsidies for dependents
- Vacation, sick and parental leaves
- Supplemental and medicine allowances
- Burial assistance for employees and dependents
- Multi-purpose loan
- Provision of uniforms for plant-based employees

Aside from the mentioned benefits, we also have unfunded, noncontributory, and defined benefit retirement plans covering our permanent employees. We provide a retirement benefit for our employees that is a sum equivalent to 100% of their final pay for every year of credited service, plus commutation of unused sick leave credits, if any.

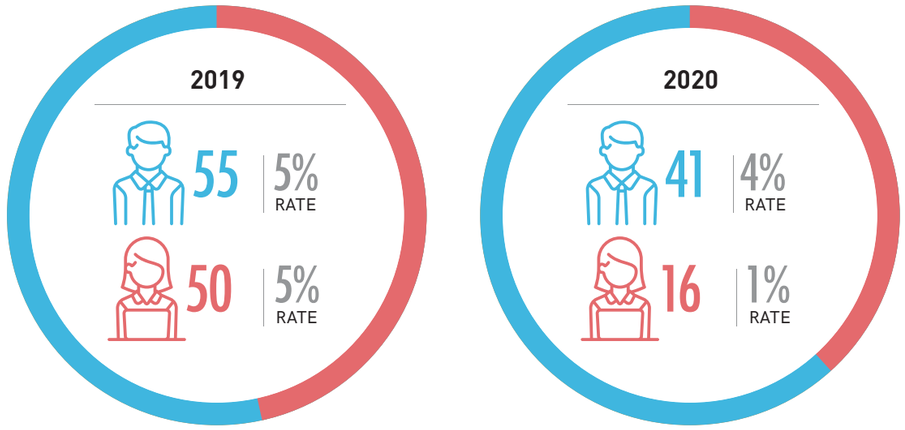
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY GENDER

We recorded a total of 147 and 168 new hires for 2019 and 2020, respectively. Women accounted for 15% in 2020 (2019: 26%). Meanwhile, our attrition rate in 2019 was 5% for both male and female employees. This was brought about by the non-acceptance of job offers of AES Philippines employees when we acquired the said company in 2019.

Employee Hires

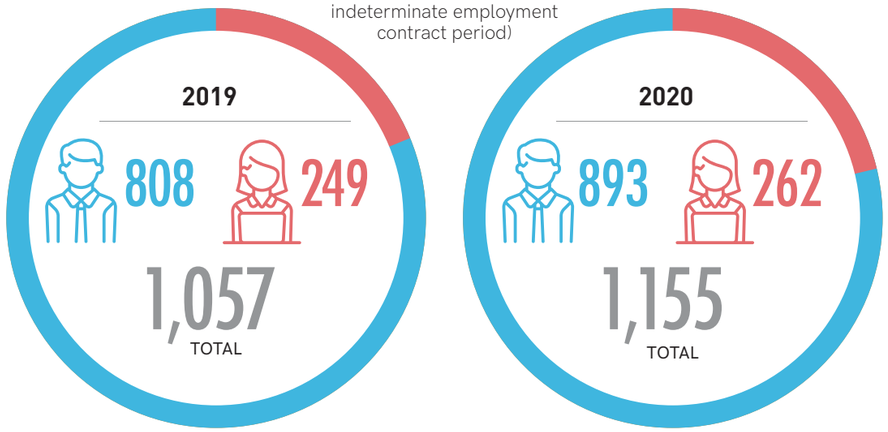


Employee Turnover

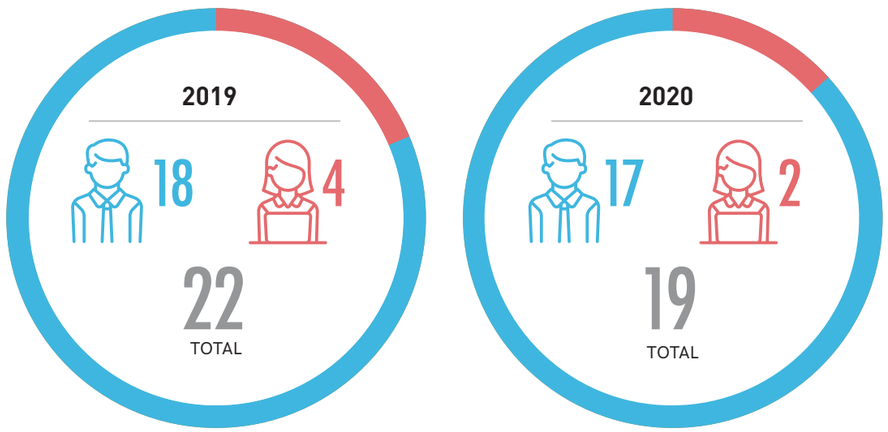


TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT

Permanent
(Full-time or part- time with an indeterminate employment contract period)



Fixed Term/Temporary
(Employee with a defined or specific end time employment period or limited duration, e.g. project or return of replaced employee, or a "reliever")



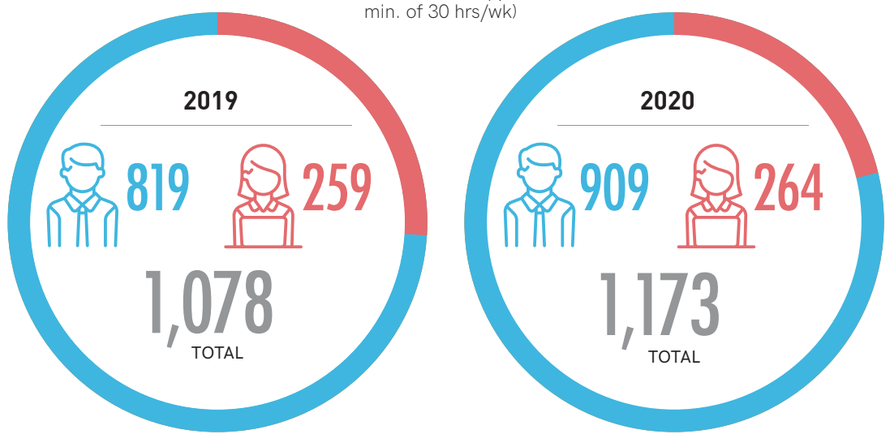
We also comply with the quarterly and semi-annual self-monitoring report (SMR) that submits important information to Department of Environment and Natural Resources (DENR)-Environmental Management Bureau (EMB) - Region 3

TOTAL NUMBER OF EMPLOYEES
(Permanent & Temporary)

2019	2020
1,079	1,174

EMPLOYMENT TYPE

Full-time
(min. of 9 mos/yr
min. of 30 hrs/wk)



Temporary
(less than 8 mos./yr;less than 30 hrs/wk)

	2018	2019	2020
Male	0	1	1
Female	0	0	0
Total	**0**	**1**	**1**

The share of male employees with permanent working contracts is 75% and 76% in 2019 and 2020, respectively. In 2020, SMC Global Power had 1,173 full-time employees (2019: 1,078) - those who work at a minimum of nine months per year or 30 hours per week.

By Region

	Male			Female		
	2018	2019	2020	2018	2019	2020
Employees entitled to Parental Leave	439	433	509	257	244	237
Employees took the Parental Leave	31	30	19	8	13	11
Employees returned after took PL	31	30	19	8	13	11
Employees returned after PL who are still employed 12 months after their return to work	31	30	19	8	13	11
Retention Rate	100%	100%	100%	100%	100%	100%

Eligible employees - pregnant women, men with pregnant wives, and solo parents - are also offered parental leave. In 2019 and 2020 respectively, 13 and 11 female employees opted for parental leave; while 30 and 19 male employees went on parental leave. All of them returned to work after availing of the parental leave benefit.

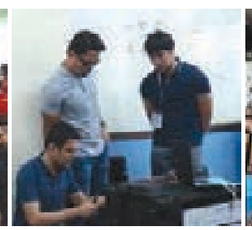
Enabling a High-performance Culture through Training and Education

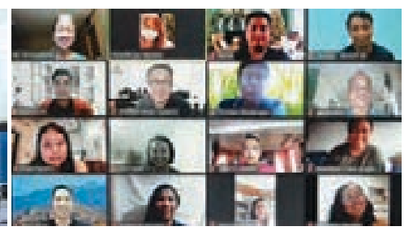
(103-1, 103-2, 103-3, 404-1, 404-2, 404-3)

Our employees are the backbone of the Company. Their advancement in the organization contributes to the success of the business. This is why we put in place mechanisms that are intended to promote career growth and provide development opportunities. This includes a holistic development program that consists of both internal and external training designed to hone talents and realize potentials.

To address the learning needs of the employees, we created the Learning and Development (L&D) Policy. Its objective is to promote a culture of learning in the Company through a progressive approach to every training. To keep the employees consistently adept at their jobs, the L&D policy defines the guidelines on how employees can be considered competent in the work that they do. This applies to all departments within the organization such as quality management, environmental management, OHS management system, among many others. We are committed to helping each of the teams meet their expectations as well as achieve their goals for the organization. We help our employees grow by exposing them to other areas of operations within the Company. Our progression plan and policies encourage employees to train in other areas outside of their current department. This helps create a learning environment that taps into employees' potentials and expands their knowledge and skills. Upon completion or certification, they are entitled to financial remuneration.


Pre-pandemic photo

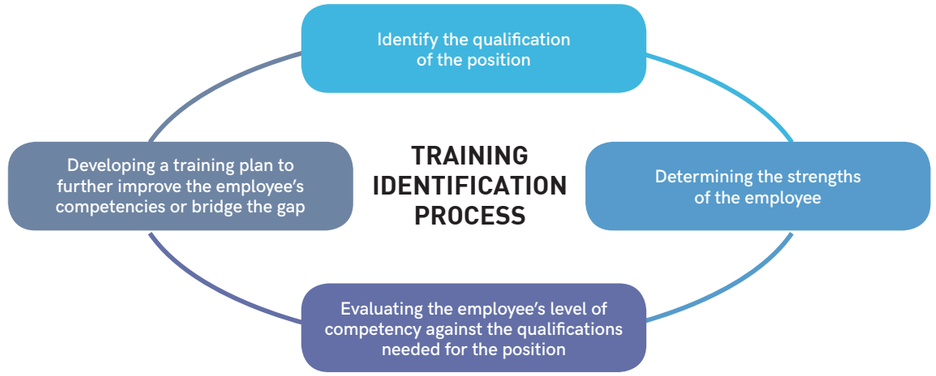




In as much as we prioritize the career advancement of our employees, we also give importance to their personal development. A Personal Development Program is in place that offers long-term opportunities for them to grow. This program is designed to encourage employees to pursue higher functions or positions. With proper training to complement their skills, employees are better positioned to achieve excellent performance that supports the needs of the business. To ensure that the training will benefit both the employee and the Company, the training requirements are discussed and planned with them.

To ensure that our employees only get trained by the best and credible mentors, our in-house training programs are conducted by internationally accredited facilitators and coaches. This helps enhance the employees' technical capabilities and utilize cross-posting as a tool to make team-leading more efficient for our business affiliates.

Each employee across all sites undergoes an annual performance evaluation. These programs and policies help employees fulfill their duties excellently and be qualified to assume higher roles in the Company.



AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

By Gender

Male
36.38 2019
13.79 2020

Female
36.38 2019
13.79 2020

By Function

Services
22.00 2019
4.14 2020

Operations
38.71 2019
15.5 2020

By level

Non-Supervisory
35.13 2019
13.64 2020

Supervisory
41.20 2019
16.88 2020

Managerial
24.50 2019
3.62 2020

FOSTERING MEANINGFUL PROFESSIONAL GROWTH FOR OUR EMPLOYEES:

The Limay Development Assignment

Pre-pandemic photo

In 2017, we developed the Development Assistance (D.A.) Program to prepare our employees for higher-level roles. The D.A. program is also designed to develop the next generation of leaders in the Company and prepare them for business expansion.

An employee's eligibility for the program is evaluated based on specific qualifications and supported by an endorsement from a supervisor. During the program, employees undergo a series of training sessions created specifically to expand their knowledge and hone their skills in their line of work. This training is also designed to equip and prepare them for bigger responsibilities. The D.A Program takes a minimum of six (6) months and a maximum of two (2) years, depending on the employee's performance. To date, more than 50 employees have undergone the program in Limay Power Plant. By preparing our employees to take up roles with greater responsibilities, we are also able to ensure that critical positions in the Company are filled up. With the support of our plant management, the D.A. Program has become a successful annual program that helps improve our employees' skills and knowledge, boost their morale, and retain a talented workforce. Employees who have finished the program are now eligible to be transferred to our upcoming site in Mariveles, Bataan. Over the years, the program has helped employees become highly specialized professionals who contribute significantly to the growth of our business.

Through the D.A Program, we rise above our commitment to our people. By recognizing the value of our employees' skills and capabilities, we are able to consistently develop and proactively engage them in fulfilling our mission as a company, allowing us to continuously create value not just for our employees but for the people we serve.

By realizing the value of our employees' skills and capabilities, we are constantly developing interventions and proactively engaging them in fulfilling our mission.

Promoting Diversity and Equality in the Workplace

(103-1, 103-2, 103-3, 202-1, 405-1, 405-2, 406-1)

We value and respect every individual in the SMC Global Power community - regardless of age, gender, race, and religion. We foster an inclusive working environment that welcomes everyone and recognizes their unique talents and perspectives. With our diverse workforce, we rise to any occasion as we remain agile in responding to the changing market and environment.

We advocate a welcoming culture and encourage a rich variety of ideas. We give equal employment opportunities that create diverse and inclusive teams. This encourages productivity in all areas of our business operations. Working with people with diverse talents and skills pushes employees outside of their comfort zone; hence, encouraging growth.

By providing career opportunities to every generation, SMC Global Power's workforce is composed of people with broad experience and background. With the diverse skills and knowledge that our employees offer, we remain flexible in responding to the unique needs of our customers.

Pre-pandemic photo

We follow all applicable Philippine laws and regulations to ensure that our operations are free from risks of child labor, and forced and compulsory labor. We adhere to the R.A. 10911 or the Anti-Age Discrimination in Employment Act and the Labor Code of the Philippines on the minimum employable age and prohibition against child discrimination.

We also comply with R.A. No. 6725, An Act Strengthening the Prohibition on Discrimination against Women with Respect to Terms and Conditions of Employment, which aims to protect women against discrimination. Despite having fewer women in the energy industry, we continue to support bringing in more women by offering them technical professions in the Company. SMC Global Power believes that women are equally capable as men. In fact, our Company is led by an accomplished female General Manager who is also a licensed electrical engineer.

Pre-pandemic photo
Malita Power Plant, Davao Occidental

DIVERSITY SCORECARD

Percentage of employees per age bracket

Diversity	Under 30 years old		30-50 years old		Above 50 years old	
	2019	2020	2019	2020	2019	2020
Non-Supervisory	53%	52%	35%	37%	12%	10%
Supervisory	19%	15%	54%	56%	27%	29%
Managerial	0%	0%	72%	70%	28%	30%

Percentage of employees based on gender

Diversity	Male		Female	
	2019	2020	2019	2020
Non-Supervisory	76%	77%	24%	23%
Supervisory	84%	85%	16%	15%
Managerial	62%	65%	38%	35%

Ratio of basic salary and remuneration of women to men

Diversity	Basic Salary		Renumeration (OT, Bonuses)	
	2019	2020	2019	2020
Non-Supervisory	0.96	0.80	1.06	1.74
Supervisory	0.82	0.78	0.94	0.80
Managerial	1.12	1.06	1.06	1.07

Pre-pandemic photo

As our company grows together with our host communities, we make sure that we prioritize the hiring of qualified local residents. As they help our business grow, we also aim to help them with their professional development. We partner with the Technical Education Skills and Development Authority (TESDA) in offering training courses that equip the locals with the skills needed to improve their employability. For more effective collaboration, these courses are aligned with the needs of the Company and based on continuous consultations with our partner communities and local authorities. We are especially proud of our Malita Power Plant, where they aim to have 21% of the total workforce composed of Malita residents. They will be investing in training 100 residents of their host barangays to the Shielded Metal Arc Welding (SMAW) NCII course by the end of December 2021.

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Diversity	2019		2020	
	Male	Female	Male	Female
NCR (P537)	2.14	1.51	2.14	1.51
Region III (P400)	1.69	2.57	1.84	2.49
Region XI (P370)	1.50	1.83	1.46	1.83

Pre-pandemic photo

Working Collaboratively with our Employees

(103-1, 103-2, 103-3, 402-1)

At SMC Global Power, we foster a culture of trust and transparency between employees and the Company. We believe that a healthy workplace should have adequate and effective means of registering concerns and grievances freely. To maintain a harmonious working environment, we put a premium on the timely resolution of grievances. For more streamlined communication, we have developed a process on how employees can report their concerns. A concerned employee may file a written complaint which will then be addressed by having several dialogues with the management. Upon investigation, the employee's concern is escalated to the CODI and Plant Manager. It will then be submitted to the Human Resources Manager for the implementation of the resolution.

As our partners in growing the Company, we believe that the voice of every employee matters. Aside from concerns and grievances, we also value our employees' feedback regarding the Company's programs. With their feedback, we are able to design and implement programs that improve our employees' performance and promote effective collaboration between the employees and the Company.

We understand that some changes require more time for adjustment. With this, we ensure to communicate major organizational changes to employees at least a month prior to implementation. This provides ample time to discuss and address any concerns, insights, and initial perception that helps in managing change.

Pre-pandemic photo

Protecting the Safety and Well-being of our Employees

(103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10)

For SMC Global Power, safety encompasses our stakeholder's overall health and wellbeing. We have a zero-tolerance policy for circumstances that compromise health and safety. We strive to have a world-class safety culture that constantly reinforces our guidelines and remind our employees and contractors that they play a crucial role in ensuring an injury-free work environment. In turn, we recognize the efforts of those who go the extra mile to adhere to our safety guidelines.

Occupational Health and Safety (OHS) Plan

SMC Global Power implemented the Occupational Health and Safety (OHS) Plan to establish a standard set of guidelines that ensure a safe workplace. The OHS Plan serves as the guiding principle for health and safety throughout all our operations, major projects, overhauls, and matters of regulatory compliance.

Our Hazard Identification, Risk Assessment, and Determining Controls (HIRADC) procedure covers all individuals including employees, contractors, and even visitors at the power plants. HIRADC also covers all OHS-related scenarios related to equipment, processes, work areas, materials, and human capabilities — whether routine or non-routine, permanent or temporary, inside the plant or within the vicinity.

Each power plant has an Environmental, Health, and Safety (EHS) Committee that provides guidance to employees and monitors their overall safety performance. They conduct regular safety meetings and safety training to develop accident prevention and contingency plans, among others. The EHS Committee is composed of members from the different departments at the plant and is headed by the Committee Chairman and CoChairman (representatives of the Plant Manager).

We regularly revisit our OHS procedures to meet the requirements of the government, particularly adhering to R.A. 11058 or the Act of Strengthening Compliance to Occupational Health Standards. Our Limay, Malita, and Masinloc Power Plants have already been certified with ISO 45001 Occupational Health and Safety - an international standard for OHS practices that takes a proactive and solutionsbased approach to safety. Furthermore, we strive to strengthen our integrated management system with our international certification in OHSAS 18001.

One of the core elements of our safety beliefs is the Stop Work Authority. It is the right and obligation of our employees and contractors to stop work in case of any imminent danger, which may take the form of an accident, or an environmental non-conformance event. When we see that someone is working without the proper protection, it is only right to stop work and to take the time to discuss the proper safety measures. Our employees are also prompted to report any form of hazard present in the workplace that can prove detrimental to the health and safety of everyone.

Safety Training Conducted

We have also implemented occupational health and safety training programs for employees and contractors to promote and reinforce safe work practices. Every SMC Global Power employee goes through a safety orientation upon joining the company. This is to ensure that they are properly informed and equipped with all basic safety practices that need to be observed at all times. This is supplemented by the safety topics discussed during monthly safety meetings that serve as a venue where employees and contractors can raise safety and health concerns and feedback. Periodically, training on hazardous work processes is also provided specific to the needs and requirements of the plant, such as permit to work, confined space entry, work at heights, and hot work safety.

Safety Programs for our Employees

Because of the nature of our operations, we understand the need to have proper healthcare facilities in all our sites. All our power plants are equipped with an onsite clinic, manned by qualified doctors and nurses. First aid kits are deployed at strategic areas of the power plants. We implement annual physical medical examinations, vaccination programs, health talks, and counseling, to ensure that everyone is physically and mentally fit to work. These programs help us achieve zero work-related ill health incidents. Through our program, 'Safety Awareness', posters and signages are also displayed in strategic locations of inside the plants to constantly remind all personnel of the potential hazards present in their respective workplaces.

Aside from these programs, we also put in place employee engagement programs that support our employees' work life balance. As an example, our Malita Power Plant organized activities such as dance sessions, the "Rethink Health" program, and "Bike for Life" programs, to encourage health and wellness as well as collaboration among employees.

Safety has always been one of our top values and we are committed to continue to strengthen our safety culture to ensure that every person in our facilities remain protected from any potential injury.

Work-related injuries

Employees	2019		2020	
	Number	Rate	Number	Rate
Non-Supervisory	0	0	0	0
Supervisory	1	0.37	1	0.55
Managerial	11	4.02	17	9.30
Number of Hours Work	2,734,705		1,828,043	

Workers	2019		2020	
	Number	Rate	Number	Rate
Fatalities	0	0	0	0
High-consequence injuries	3	0.51	0	0
Recordable injuries	21	3.55	14	3.31
Number of Hours Work	5,908,506		4,224,989	

In 2019, our employees and contractors worked 1.8 million and 4.2 million man-hours, respectively (2019: 2.7 and 5.9 million, respectively) and experienced no work-related fatalities. We recorded a few high-consequence and recordable injuries, all of which are minor. All personnel involved reported back to work immediately with no lost time incidents recorded. With these records, we ensure to continuously strengthen our efforts to further reduce incidents and to become a safer workplace for all.

Rising for Indigenous Peoples

(103-1, 103-2, 103-3, 411-1)

We are committed to protecting the rights of Indigenous Peoples (IPs) in the areas where we operate. We have no reports of any violation of indigenous rights throughout the span of 2019 and 2020 across our sites. Additionally, there are no indigenous groups affected by our projects in Angat, Limay, Masinloc, and Malita.

Our Company directly works with indigenous groups in the province of Zambales, particularly in the municipalities of Palauig and Botolan, through the SMC Global Power Foundation. Our initiatives include the Biochar Community Enterprise Development Project, as well as annual Christmas gift-giving, and medical and dental missions.

Aside from livelihood and health programs, the Foundation also implements the Tulong Dunong Program – an educational assistance program for IP students. Starting in 2019, the Foundation has provided up to P 2.2M of educational support to over 50 IP college students from the provinces of Zambales, Bataan, and Davao Occidental.

Number of Tulong Dunong Scholars

	Zambales Polytechnic College of Botolan	**Bataan** Bataan Peninsula State University (BPSU)	**Davao** Southern Philippines Agri-business and Marine Aquatic School of Technology (SPAMAST)
S.Y. 2019-2020	10	6	20
S.Y. 2020-2021 (1st Semester)	8	7	20

In Angat, we actively engage with the local indigenous population through various livelihood, community empowerment, education, social, and health programs — all while protecting the environment and the Kabayunan Ancestral Domain. We work closely with the National Commission for Indigenous Peoples (NCIP), the Angat Watershed Area Team (AWAT), and the Indigenous Peoples Mandatory Representatives (IPMR) to ensure proper project implementation. Additionally, through SMC Global Power Foundation's enterprise development program, our Dumagat IPs underwent a series of workshops in community livelihood appraisal, and product scanning to start preparing them and assessing their readiness in setting up a viable community-based enterprise.

For our intervention in Malita, we commissioned the GHD Group Pty Ltd, a third-party research and development institution to study our business' economic, environmental, and social impact. This partnership gives us a crucial window into the community's quality of life and helps us identify their felt needs while we actively collaborate with barangay leaders, the United Tribes of Malita, Local Government Unit (LGU) Officials, the NCIP, as well as other relevant government agencies.

Their findings are then cross-referenced with data gathered from our own Community Relations Team, as well as reports from the SMC Global Power Foundation. We also plan to develop a comprehensive monitoring and evaluation tool and set of indicators to accurately measure the success and effectiveness of our programs and activities.

Villa Maria Aeta Tribal Association

Tagacaulo Tribe beneficiaries of SMC Global Power Foundation

Building Shared Benefits with our Partner Communities

(103-1, 103-2, 103-3, 203-1, 203-2, 413-1)

Through the SMC Global Power Foundation, we aim to foster sustainable economic development and environmental protection in the areas where we operate. We implement strategic social investment programs—focusing on health, education, livelihood, and the environment— that respond to the felt needs of our partner communities.

CSR PROGRAMS AT A GLANCE

We care for the overall well-being of our host communities. We aim to help improve their health conditions through the establishment of community clinics and provision of medical equipment to district/municipal hospitals. We also conduct regular medical and dental missions, and other health-related programs in our partner communities. Below are the statistics on the number of people we provided service to in 2019:

- **8,839** beneficiaries of medical and dental missions organized by SMCGP
- **1,634** beneficiaries in Dental Mission
- **22** Barangay beneficiaries
- **8,839** beneficiaries for its Mobile Clinic during the Medical and Dental Missions
- **828** eyeglasses provided during the optical mission

We have developed educational programs to improve the literacy rate in our host communities. Our education programs also aim to enhance the capacities of the public-school teachers as well as the reading & comprehension levels of non and struggling readers in target schools within our host communities.

- **36** beneficiaries of Tulong Dunong Program

Program Objectives:

- To enhance skills and equip the teachers with competency in curriculum design and various teaching strategies to indigenous people
- To provide capacity enhancement and faculty development for the teaching staff, and students
- To assist in lifelong learning for students
- To facilitate sharing of best practices among schoolteachers teaching indigenous students
- To equip teachers with teaching methodology in subject areas
- To grant financial assistance to IP students

- **86** scholars under the E.N.G.I.N.E (Educating New Generation of Innovative and Empowered Leaders) program. The goals of this program are:

- To assist DepEd in their effort to scale up reading program in Grads 1- 3 to improve completion rate in targeted schools
- To assist local public schools to improve the delivery of K-12 curriculum by providing technical support
- To provide financial support to less privileged students

At SMC Global Power, we recognize our capability to inspire change and promote a better life for the members of our host communities. We acknowledge their needs for additional sources of income as well as decent work. To help address these felt needs, we have implemented livelihood programs that aim to benefit the indigenous groups of people as well as members of our host communities.

- **260** beneficiaries of CLAPS (Community Livelihood Appraisal and Product Scanning)
- **4** project areas: Angat, Bulacan, Malita, Davao Occidental, Botolan, Zambales, and Mariveles, Bataan

We continuously invest in programs that safeguard the environment and foster environmental stewardship among various stakeholders. With this, we spearheaded Project 747 to bring together employee volunteers and partner farmer and fisherfolk associations to plant and take care of the forests.

- **451** Hectares of Upland Rehabilitation and Protection established
- **159** Hectares Plantable Area for Mangrove Rehabilitation and Protection established
- **1,994,988** Seedlings and Propagules for Upland and Mangrove rehabilitation planted
- **33** Kilometers Streambank for Adopt-A-River Project
- **43** Peoples Organizations organized

We contribute to the development of the communities we serve by also extending our social investment programs to the local communities of our customers. We partner with our customers in designing and implementing relevant CSR programs that benefit their member-consumers.

- **5,591** beneficiaries during the Medical Mission in 17 electric cooperatives
- **1,175** beneficiaries in Dental Mission
- **6,600** school kits distributed to 8 Electric Cooperatives' member-consumers
- **1,000** packs of relief goods during the Relief Operations in APEC/ALECO and CASURECO II when Bagyong Tisoy hit the area.
- **2** units of 32-inch Samsung LED Smart TV received by Electric cooperatives during their Annual General Membership Assembly

Pre-pandemic photo
Maternal Health Care

Good Health to Celebrate Life

Pre-pandemic photo
Reading Comprehension Project

Educate a New Generation of Innovative & Empowered Leaders (ENGINE for Success)

Pre-pandemic photo
Livelihood Program - Welding

Local Economy Acceleration and Progress (LEAP)

Our community-based stakeholder engagement is both strategic and collaborative. Through the help of our Community Relations teams and the Foundation, we conduct consultations with the host LGUs and community members prior to implementing our CSR programs. This ensures continuing collaboration with our communities and promotes co-ownership of the programs. We use relevant baseline data in developing or improving the programs we implement. As part of the program design, feedback mechanisms are also put in place. This opens up dialogues for process improvement that help us achieve the desired targets of our CSR programs.

Our holistic initiatives reflect our drive towards sustainability—walking partners through with grounded solutions envisioned for the long haul. The SMC Global Power Foundation plans to establish more social investment programs designed in a way that enables our host communities to be more than just beneficiaries of our projects. Our continuing goal is to build a meaningful partnership with them as co-owners of the programs.

One such example of a collaborative and inclusive initiative being implemented by the SMC Global Power Foundation is the Community Livelihood and Product Appraisal Program (CLAPS). Through CLAPS, we aim to address the needs of our host communities based on real-world experience and insights.

We also provide communication channels for our partner communities to express their views, concerns, and complaints. We have platforms for reporting grievances that are accessible to all stakeholders.

Community relations are part of the identity of our Company. Maintaining a harmonious partnership for the benefit of the members of our host communities remains our utmost priority. Through our CSR programs, our continuing goal is to add value to our stakeholders -- from our host communities, customers, and employees.

RISING TOGETHER TO SAVE LIVES:

Blood Donation Drives in Partnership with the Philippine Red Cross - Bataan Chapter

Access to a viable blood supply is very essential — more so considering the COVID-19 pandemic, where hospital staff are stretched thin and supply chains see continued disruption. In 2020, the country nearly reached critical levels due to the Department of Health's pause on blood donations. Guided by our commitment to conscious stewardship, we helped address this challenge with our Limay Power Plant, the leading corporate blood donor in the province of Bataan.

We have been participating in the Philippine Red Cross' (PRC) bloodletting program since 2017, through the organization's Bataan Chapter. This is a largely volunteer-driven effort, seeking to secure ample blood supply for those in need. The Limay facility served as the site for these bloodletting sessions in April and July in 2019, and February and October for 2020.

Over 416 bags of blood were donated to the Red Cross in 2019 and subsequently distributed to private and public hospitals within the province. This figure rose to 447 bags in 2020, which have since been released to those in need, including our employees' families. That same year, 12 Limay employees received Blood Galloner Awards from the PRC, a recognition given to those who have donated at least a gallon of blood. In 2020, eight employees were listed as candidates for the Blood Galloner Award but due to the pandemic restrictions, recognitions were not given out in the usual ceremony of the PRC.

We greatly value the contributions of our employees, and this includes their volunteer efforts, especially in the time of the pandemic. It highlights the values that we advocate and the commitment to conscious stewardship that benefit our stakeholders.

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MAKING LEARNING ACCESSIBLE AMID THE PANDEMIC:

Abutin Na10 Project and Adopt-a-School Program

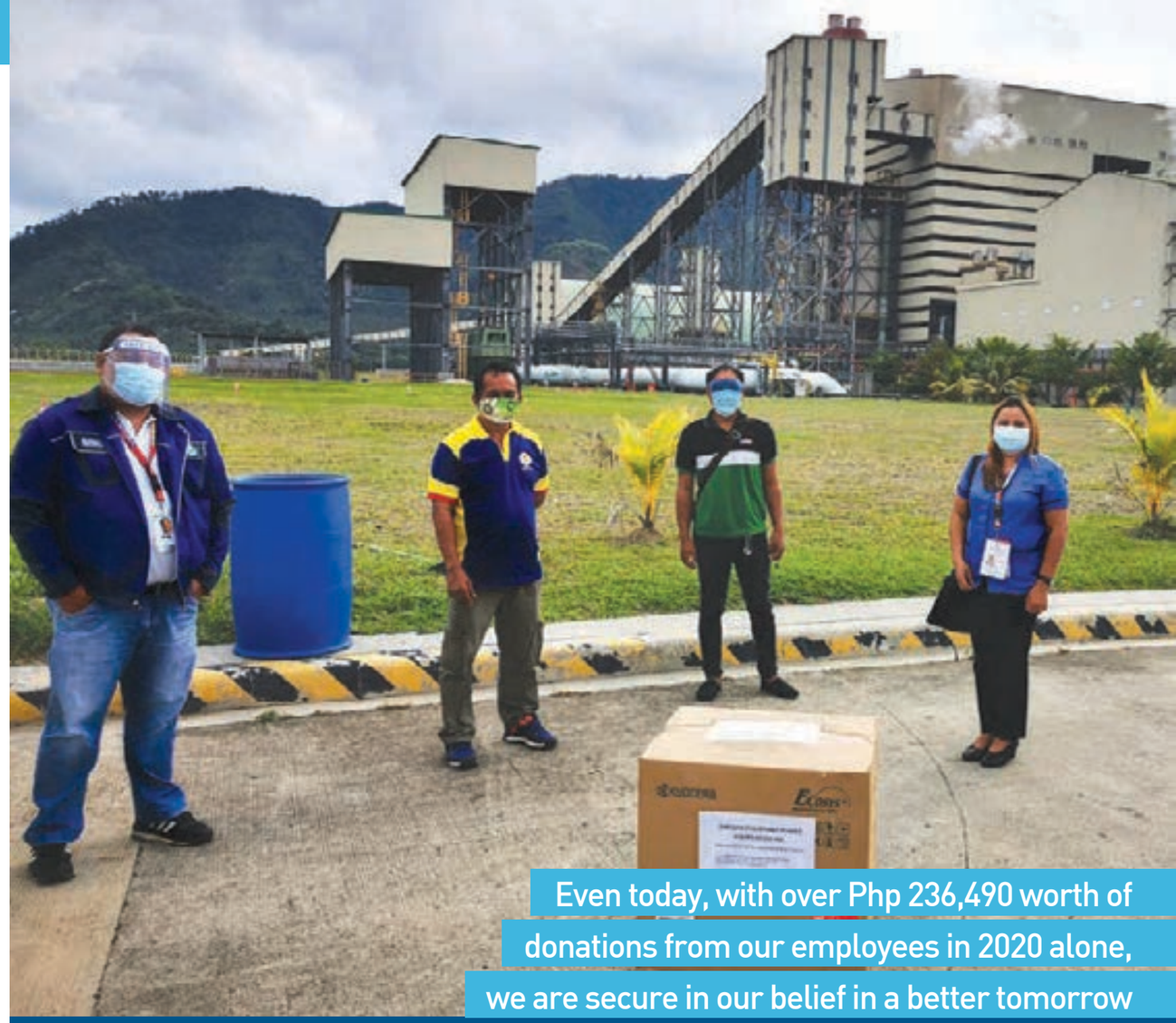
The sheer scale of the global health crisis has been disruptive in ways many the world could not have foreseen. Schools are in a tight spot— students and teachers alike are struggling between their new platforms' respective learning curves, and a material lack of access to equipment, stable internet connections, and suitable learning environments.

Recognizing the said challenges, we took the initiative to respond to the learning needs and help students cope with the difficulties brought about by the pandemic. We have supported the implementation of the Learning Continuity Plan of the Department of Education (DepEd). The plan serves as a guideline with which classes could be held in a safe work and learning environment, allowing students to continue their education throughout the pandemic, with necessary adjustments for student needs and changing COVID-19 restrictions.

In 2020, we participated in the Abutin Na10 project, a joint initiative of our parent company, San Miguel Corporation, DepEd, and World Vision to address the challenges posed by the COVID-19 pandemic by pooling resources (such as gadgets) and efforts. The campaign specifically aims to support 10 million Filipino learners by raising funds to print self-learning materials and procure equipment for online learning. It is heavily volunteer-driven, with our employees donating cash or gadgets for online classes. The SMC Global Power Foundation also adopted a matching scheme where the total fundraised by employees was complemented by the Foundation.

Likewise, the Adopt-a-School program was established by SMC Global Power Foundation, together with the Community Relations team under our Corporate Affairs department. Similar to the goals of the Abutin Na10 project, these sustained efforts underscore our commitment to partners in need. We augmented DepEd's existing effort with additional resources— donating essential equipment like desktop computers and multifunction printers used to produce learning materials.

Everything circles back to the notion of rising together and building a better future than we thought possible, especially given the limitations brought about by the pandemic. Even today, with over Php 236,490 worth of donations from our employees in 2020 alone, we are secure in our belief in a better tomorrow – one where we rise and grow together.



Even today, with over Php 236,490 worth of donations from our employees in 2020 alone, we are secure in our belief in a better tomorrow - one where we rise and grow together.

Abutin Na10 project

322 EMPLOYEE VOLUNTEERS

60% MASINLOC'S PARTICIPATION RATE

236,490 TOTAL AMOUNT COLLECTED

Adopt-a-School Program

2,400 STUDENTS

Partner schools:

Botolan District School
Limay Elementary School
Dike-Adwes Elementary School
Tambelang Integrated School (Tribal Filipino School)
Mandaluyong Addition Hills Elementary School
Mandaluyong Addition Hills Integrated School

Raising the Bar on Good Governance

(102-18)

SMC Global Power is committed to giving every Filipino the power to celebrate life. With our continuing pursuit for environmental and social responsibility, coupled with good governance, we believe that we can bring our vision and mission to life.

Our business has been molded by good governance and sound business management. We adhere to a system of policies, processes, and practices that allow us to distribute responsibility among the members of the organization. We ensure that this continues to be our guide in laying out our business' strategic goals and objectives. We are confident that the leadership under which SMC Global Power operates is well-equipped with the skills and qualities that will pave the way towards a more sustainable business.

Pursuant to its commitment to good governance and business practice, SMC Global Power continues to review and strengthen its policies and procedures. We give due consideration to developments in corporate governance which determines to be in the best interests of our Company, stockholders, and other stakeholders.

Enhancing Compliance and Strengthening Risk Management

(102-22)

SMC Global Power is driven to fulfill its vision and mission with service excellence and integrity at the forefront of it all. We believe that these values, when embodied, allow our people to provide unwavering service and commitment to our customers. These also guide our people to carry out their duties and responsibilities above and beyond the expected ethical standard.

This standard extends beyond our employees and applies to our total business operations. We remain compliant with the standards and regulations set by governing bodies. Our Company, along with its subsidiaries, undergo constant consultation and review with relevant governing agencies and approving bodies to ensure that all requirements, permits, and approvals are obtained promptly, especially for our expansion projects. Our adherence to laws and regulations also aims to guarantee that we practice due diligence in maintaining a strong compliance culture, especially in the processes that we have established.

To date, SMC Global Power remains compliant with our legal obligations and continues to perform under applicable laws and regulations relevant to our businesses. Backed up by our clean track record, SMC Global Power did not acquire any fines or nonmonetary sanctions due to non-compliance with any laws or regulations.

Further, we apply the same focus and resources in strengthening our risk management. Our Board of Directors (BOD) bears the overall responsibility for the establishment and the oversight of the risk management framework of the Company. The risk management policies of the Group are established to identify and analyze the risks faced by the Company, such as setting appropriate risk limits and controls and monitoring risks and adherence to limits.

Risk management policies and systems undergo regular review and monitoring to reflect the changes in market conditions and activities. The current health crisis and the rapidly changing climate prove the criticality of such risk management practices. These allow us to become an agile and adaptive business in the face of adversity.

2020 Board of Directors

Name	Position
Ramon S. Ang	Director/Chairman
Ferdinand K. Constantino	Director/Vice Chairman
Aurora T. Calderon	Director
Virgilio S. Jacinto	Director
Jack G. Arroyo, Jr.	Independent Director
Consuelo M. Ynares-Santiago	Independent Director
Josefina Guevara-Salonga	Independent Director

2020 Executive Officers

Name	Position
Ramon S. Ang	Chairman, Chief Executive Officer, President, and Chief Operating Officer
Ferdinand K. Constantino	Vice Chairman
Virgilio S. Jacinto	Corporate Secretary and Compliance Officer
Elenita D. Go	General Manager
Paul Bernard D. Causon	Vice President and Chief Finance Officer
Ramon U. Agay	Assistant Vice President and Comptroller
Irene M. Cipriano	Assistant Corporate Secretary
Reynaldo S. Matillano	Internal Audit Manager
Maria Floreselda S. Abalos-Sampaga	Data Protection Officer
Jeciel B. Campos	Assistant Vice President and Sales and Marketing Manager
Jose Ferlino P. Raymundo	Assistant Vice President and Energy Sourcing and Trading Manager
Danilo T. Tolarba	Assistant Vice President and Human Resources Group Manager
Julie Ann B. Domino-Pablo	Assistant Vice President and General Counsel
Gonzalo B. Julian, Jr.	Assistant Vice President, Sales and Marketing Manager-RES, and Head of the Battery Business

Gender and age group distribution of the members of SMC Global Power's governance bodies

By Gender

69% MALE

31% FEMALE

By Age Group

0% UNDER 30 YEARS

19% 30-50 YEARS OLD

81% ABOVE 50 YEARS OLD

The BOD constituted the Audit and Risk Oversight Committee to assist the Board in fulfilling its oversight responsibility of the Company's corporate governance process. The Committee also oversees the implementation of the enterprise risk management (ERM) plan, conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports, and assesses how the concerned units or offices are addressing and managing these risks.

Meanwhile, the Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Company. The Internal Audit also undertakes both regular and special reviews to aid the organization in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The results of various audit activities are reported directly to the Audit and Risk Oversight Committee.

Promoting Fair Commercial Transactions and Corruption Prevention

(103-1, 103-2, 103-3)

Our corporate values – integrity and service excellence are what drive SMC Global Power in fostering competence and productivity in its operations. These, along with the other corporate values, are embedded in the day-to-day work of our employees through various activities including regular values formation workshops. Furthermore, employees are also expected to manage their work in accordance with the Code of Business Conduct and Ethics.

SMC Global Power is committed to prevent corruption in all its forms. We have strict financial controls in the form of internal and external audits. Such audits are conducted regularly. All our procurement transactions are transparent and subject to workflow approvals by the management at various levels, up to the top management. Based on the risk assessment conducted in our power plants, there are no significant risks identified related to corruption.

Integrity is taken very seriously. We aim to prevent bribery by putting in place a "no gift" policy. Through this, we refuse to accept gifts that might be construed as a form of bribery by individuals or entities that are doing business with our Company. To further bolster this practice within our Company, we also conduct activities that raise awareness on fair commercial transactions such as email reminders to all employees especially during the Christmas season, and placement of posters and pull-up banners in the office lobby where we usually receive visitors and contractors.

There were no reported incidents of corruption in all our power plants or among our employees from 2019 to 2020.

INCIDENTS OF CORRUPTION IN ALL POWERPLANTS

Maintaining Security in our Power Plants

(103-1, 103-2, 103-3, 410-1)

Our security teams are held to high professional standards — acting with integrity and a strong ethical foundation. They are trained to interact with a wide range of personnel, from in-house staff to third-party contractors — always addressing them with fairness and dignity. Every security staff is trained to work in line with stringent human rights policy.

Security teams are outsourced from agencies with Supervisory Office for Security and Investigation Agencies (SOSIA) accreditation — further trained by the Dallas Investigation and Security Services Corporation to ensure the highest quality protection and security. The series of training, both mandatory and supplementary courses, covered the period from 2019 up to 2020.

Subjects of training include maritime security awareness, occupational safety and health orientation, search and rescue operations, fire prevention and fighting techniques, gun safety and firearms policy, rules of engagement, as well as lawful searches and arrests. All training are in accordance with R.A. 5487 (Regulating the Organization and Operation of Private Detective and Watchmen or Security Guards), R.A. 10591 (Comprehensive Firearms and Ammunition Regulation Act), and the Revised Penal Code and Rule of Court.

Our customers trust in our capacity to generate reliable energy without fail. With that in mind, properly trained security teams are an essential part of that ecosystem— protecting our facilities from any external threats. This allows us to protect our customers' and investors' interests by looking after the safety of our employees, stakeholders, communities, and physical assets.

Embedding SMC Global Power's Sustainability Culture to our Suppliers

(102-9, 103-1, 103-2, 103-3, 204-1, 308-1, 308-2, 414-1, 414-2)

We exercise our due diligence in mitigating our social and environmental impact across the supply chain. Suppliers are screened for accreditation, financial capacity, and business ethics, on top of Environment, Health and Safety (EHS) compliance.

We consider our suppliers as critical partners in the success of our business. This is why we make sure that we employ the appropriate procedures in the selection and onboarding of potential suppliers. Our supplier on-boarding process starts by submitting each supplier to a third-party accreditor prior to the transaction, followed by an internal evaluation through SMC's Vendor Portal. All new suppliers go through SMC's Corporate Procurement Group for assessment and screening. Our Supplier Management Team then contacts the supplier's listed trade references and asks pertinent questions regarding their services and overall client experience.

Environmental Compliance

The supplies and materials we use undergo a thorough evaluation to ensure that they conform to our standards. These standards consider the environmental impact of our operations — an example, the sulfur content of coal-based fuel, always has to be less than one percent, to ensure that any potential emission places the least possible strain on the plant's surroundings. On a similar note, we also try to ensure that the chemicals we use for wastewater treatment are fit for use, effective, and safe for disposal in compliance with the Philippine Clean Water Act.

We orient our suppliers to align them with our environmental management system, including policies on waste management. We highly value this as a company and we constantly act to minimize our strain on land, air, and water-based resources.

Additionally, we closely follow the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (R.A. No. 6969), which bans the polychlorinated biphenyl commonly used in industrial electronic applications, as well as the ozone-depleting substances used in cooling and refrigeration systems.

Health and Safety Compliance

We extend our health and safety standards and practices to our suppliers. Every supplier is required to comply with minimum Occupational and General Labor Standards (GLS) standards before they can qualify as registered service providers. Safety and health programs are submitted to our Safety team for evaluation, implementation, and monitoring. Annual audits are also performed to keep track of their compliance with GLS guidelines— doing so helps us maintain the quality of our service and insulates the Company from the potential negative impact a non-compliant provider could cause.

We expect suppliers to take our company guidelines as seriously as we do, particularly in compliance with the Department of Labor and Employment, the Department of Health, and the Department of Trade and Industry. Suppliers undergo annual performance evaluations, to gauge their successful adherence to operational standards.

These assessments safeguard us from poor performance and potential bad practices, allowing us to continue our stewardship of the communities we serve, as well as the environment. Each of our relationships works towards a bigger goal of providing excellent service against a backdrop of sustainable development and inclusive growth. No significant negative incidents were recorded during this reporting period.

PERCENTAGE OF LOCAL VS FOREIGN PROCUREMENT SPENDING

A significant portion of our procurement budget goes to the raw materials and automation systems purchased from foreign suppliers given the unavailability of these materials and technologies in the country.

Moving Forward

Guided by our mission and values, we will continue to rise to the call of the times. While the COVID-19 pandemic has been a challenge worldwide, it also deepened our commitment to provide reliable, resilient, and innovative solutions to power the lives of our fellow Filipinos. As we build back better, we remain dedicated to integrating sustainability in everything that we do.

Power On: Rising to the Challenge

We will help our country in the recovery of our economy from the COVID-19 pandemic. Our investments in the technologies of our power plants ensure the availability of reliable power throughout the country. We also expect the completion and start of the commercial operations of our BESS facilities within 2021-2023. We envision this zero-emission technology to pave the way for the use of more renewable energy sources in the Philippines.

Excellence in Environmental Stewardship

Climate action has been one of the priority concerns of our Company. Through the expansion and diversification of our portfolio, together with the Department of Energy's moratorium on the endorsement of greenfield coal-fired power plants, our continuing goal is to ensure the reliability and efficiency of our operations while consistently reducing our emission levels and utilizing resources responsibly.

Rising with the SMC Global Power Community

As we work together with our partner communities, our goal is to continue our social investment programs, putting premium on health, education, livelihood, and the environment. We also give utmost value to the holistic growth and well-being of our employees by helping them accelerate their skills and providing equal opportunities.

Moreover, we are cementing our commitments, aspirations, and contributions as we develop our Sustainability Roadmap starting in 2021. We are defining our goals and strategies for our sustainability pathways, covering the economic, environmental, social, and governance dimensions. We will adopt a holistic and participatory approach, ensuring that all aspects of our business and all our partners (e.g. our customers, employees, investors, partner communities, suppliers etc.) are considered in the planning and implementation phases of our sustainability roadmap.

In all of these, we aim to significantly contribute to a resilient and responsible growth for our country.

Post-harvest field in Masinloc, Zambales
Pre-pandemic photo

External Review Committee
Assurance Statement

(102-56)

A. General Disclosures

The SMC Global Power Holdings Corp. (SMC Global Power) selected three experts in the fields of economics, environmental, and social sciences as members of the External Review Committee (ERC) to evaluate the Company's 2019-2020 Sustainability Report (SR). The ERC members were requested to assess the economic, environmental, and social data in the SR of the Company as well as its compliance with the requirements of the GRI Standards.

The assurance process was conducted through online consultations with SMC Global Power's technical working group (TWG) as well as its internal and external stakeholders. The TWG members from each site presented their 2019-2020 sustainability performance and invited relevant stakeholder groups that the ERC requested to interview.

SMC Global Power shouldered the expenses including the honoraria of the ERC members and the administrative support provided by the Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) as host of the external assurance.

Level of Assurance

The second SR of SMC Global Power covers its sustainability performance from January 1, 2019 to December 31, 2020. It includes its owned and operated power plants and the Integrated Power Producer Administrator (IPPA) Power Plants, specifically the following:

- Angat Hydroelectric Power Plant;
- Limay Circulating Fluidized Bed Power Plant;
- Malita Circulating Fluidized Bed Power Plant;
- Masinloc Coal-fired Thermal Power Plant; and
- IPPA Power Plants (Sual Coal-fired Thermal Power Plant, San Roque Hydroelectric Power Plant, and Ilijan Natural Gas Combined Cycle Power Plant).

The report was prepared in accordance with the GRI Standards: Comprehensive Option. A total of 25 GRI topics were presented, composed of six (6) for the economic category, eight (8) for the environmental category, and 11 for the social category. It also reported eight (8) sector-specific disclosures from the GRI Electric Utilities Sector Supplement. The ERC reviewed these topics and disclosures that were considered material by the Company.

The assurance process commenced with a virtual meeting last June 15, 2021, and ended on the submission of the collective statement last December 16, 2021.

The ERC conducted online sessions with the TWG for the data presentations and interviewed both the internal and external stakeholders of the Company. The data presentations were conducted last July 8, 9, 12, and 21, 2021.

Below is the list of power plants included in the assurance process along with the respective dates of the stakeholder consultations:

Plant Site	Dates
Angat Hydroelectric Power Plant	July 13 and 15, 2021
Limay Circulating Fluidized Bed Power Plant	July 13 and 15, 2021
Malita Circulating Fluidized Bed Power Plant	July 13 and 19, 2021
Masinloc Coal-fired Thermal Power Plant	July 14 and 19, 2021
Division Office	July 21, 2021

Methodology

The observations, findings, and recommendations reflected in this report were based on the information and data provided by the SR Core Team of SMC Global Power, presentations of the TWG, and feedback provided by the internal and external stakeholders of the Company. During the online consultations, the TWG members presented the Company's performance for each material topic-specific disclosure from 2019 to 2020. The ERC raised questions and provided recommendations to further improve the reporting of data and comply with the Comprehensive Option based on the requirements of the GRI Standards.

The ERC members prepared individual management letters for the economic, environmental, and social performance, respectively. These management letters were submitted in the first week of August 2021. The ERC members received the revised and final SR of SMC Global Power last December 13, 2021.

Thus, this assurance statement is a consolidation of the individual assessments of the ERC. It should not be construed as the views of the organizations where the ERC members belong nor that of UA&P. The same does not provide a guarantee of data and information accuracy, as well as an endorsement of the Company's approaches, strategies, and plans. The assurance process assumed that all data and information provided by the Company were complete, true, accurate, and reliable.

B. Observations and Findings

Unlike the scope of the previous 2018 SR, the Company's IPPAs are now included in the review process covering the period 2019 and 2020. Added into the group's reporting of the performance and impacts of Company-owned and operated plants – namely in Angat, Limay, Malita, and Masinloc – are the power plant operations under the IPPAs – Sual Coal-fired Thermal Power Plant, San Roque Hydroelectric Power Plant, and Ilijan Natural Gas Combined Cycle Power Plant.

The SR meets the GRI reporting principles of materiality, completeness, stakeholder inclusiveness, and sustainability context – with the latter two playing prominent roles considering that half of the reporting period included the strict lockdown of 2020 due to the COVID-19 pandemic. SMC Global Power's "*Malasakit*" program manifested its strong commitment as a responsible and caring member of society after considerable financial and non-financial resources of the Company were dedicated to health, safety, and support of the day-to-day living of those affected by the pandemic and the ensuing nationwide lockdown: its human capital and the communities near the owned and operated as well as administered power plant facilities. Moreover, this commitment extends to protecting and preserving the natural environment where its power plants are located. The report shows the continuing vigilance on monitoring and even exceeding standards mandated by regulatory bodies, calling for sustained Company investments in technology and processes.

The report's disclosures and discussions are timely, easily discernable, with the data readily accessible and easily validated, facilitating comparability with earlier disclosures in the 2018 SR. The inclusion of the 2018 data in most of the environmental disclosures also provided a temporal perspective, further facilitating the progress and the impact of the plant-level operations and initiatives.

The report discloses critical information on the high degree of significance that SMC Global Power plays in meeting the growing energy needs of the nation, especially that 20% and 27% of power flowing through the national and Luzon grids, respectively, are reliant on SMC Global Power's power plants. Furthermore, the report gives a glimpse of the significant impact of a major shift in corporate strategy from fossil-based energy sources as a response to the call to climate justice: additional portfolio on natural gas (i.e., 1,300 MW combined cycle plant in Batangas), renewables (i.e., planned 10,000 MW), and pioneering in battery energy storage systems (i.e., with 4out of 31 - 1,000 MWh-projects nearing completion by 2021).

As a follow-through to the recommendations made in the previous SR (2018), the review of the social aspect revealed the beginnings of a more holistic approach in the recruitment process designed to facilitate its connectivity to the whole career development program of employees within the Company's job hierarchy structure. This is critical for the group as it progresses farther into newer fields of power generation and energy storage. The review also showed a long list of existing training programs which are either given internally by seasoned managers or externally by third-party trainers. It reflected an outstanding performance on the aspect of worker protection: strong, comprehensive, and organized implementation of the Company's program for the Occupational Health and Safety Management System across the different plants in the individual departments and sections of the Company.

C. Recommendations

To give more relevance to future performance and impact monitoring as well as planning and management, the ERC recommends the following:

1. To ensure that the Company's capital and resources are allocated efficiently and effectively and to achieve a coherent and focused effort, it is advisable that SMC Global Power formulates and adopts a group sustainability roadmap to guide its business sustainability initiatives and enlighten and align similar initiatives at the plant level and other levels of the organization. This is also a venue where other plants' benchmark practices can be incorporated in the sustainability roadmap, thus facilitating the adoption or replication by the other plants.

2. SMC Global Power's foray into renewable, natural gas, and battery storage will add to the diversity of its portfolio complementing its existing renewable energy portfolios, specifically the Angat and San Roque hydropower plants. This significant shift in the future direction of SMC Global Power's energy investments should be accompanied by a communication campaign heralding the Company's move towards renewables and energy storage. This will gain positive points for the Company and thus, expand its market base, targeting specific segments that prefer to tap these alternative energy sources. Additional highlights can be focused on the highly commendable environment-related initiatives (e.g., The Ridge to Reef Conservation, Project 7, etc.) where the practices are worthy of imitation and replication.

3. A good number of the Company's key suppliers (e.g., turbines and coal) have global-standard sustainability programs and initiatives. Hence, the Company can consider highlighting this in terms of its communication campaign and even enhance further collaboration with them (suppliers) on this initiative.

4 Since SMC Global Power does not handle the operations and maintenance of the IPPA plants, the limited number of disclosures is understandable, although this would be clearly an area for improvement in the next SR.

5. The Company's human capital development program and community consultation and dialogues should be pursued more actively as soon as the lockdown eases. The former will facilitate the development of core competencies needed by the modern or upgraded power plants, while the latter will review and plan for the "felt needs" of the community. Furthermore, collaborations with other organizations in civil society or with Foundations can be pursued by its community programs. It is also recommended to have a common institutional understanding of sustainability within the group as a concept beyond just business improvement but a holistic approach to bringing about positive impacts to both internal and external stakeholders of the businesses.

CERTIFICATION

We, the members of the External Review Committee, have validated through external assurance activities the SMC Global Power Holdings Corp. 2019-2020 performance, as presented in its Sustainability Report, based on the Global Reporting Initiative (GRI) Standards and relying on relevant data or information disclosed to and/or received by us during the validation process. This certification does not extend to matters beyond the coverage of such data or information and/or outside the scope of such process. More so, nothing in our assurance statement should be construed as a position or opinion of the organizations where we are presently connected.

Our collective external assurance statement is attached hereto.

IN WITNESS WHEREOF, we have hereunto set our hands this 16th of December 2021 at the University of Asia and the Pacific.

Winston Conrad B. Padojinog, DBA
President, University of Asia and the Pacific
Chair, External Review Committee for SMC Global Power Holdings Corp.
SR 2019-2020

Dr. Winston Conrad Padojinog or Stan – an associate professor of industrial economics and strategic management – is the fourth (4th) President of the University of Asia and the Pacific (UA&P). Before being appointed as President, he occupied various positions in the university – from a graduate staff member to the more recent ones of which are the School Secretary and Vice Dean of the School of Economics and the Dean of the School of Management.

He lectures and undertakes research in the fields of industry dynamics, strategic management, finance, and business sustainability courses in the graduate programs of UA&P. His extensive experience and research in the field as an industry economist and business strategist makes him a sought-after expert and consultant by industry associations, policymakers, and companies for their industry policy, corporate strategy, business sustainability, and governance requirements. He is frequently invited to speak in international and local forums to discuss issues related to competitive strategy, leadership, business sustainability, and industry-based policies. Since 2011, he has served as a member of the External Review Committee of various companies that pioneered and subjected their sustainability reports for external assessment.

Dr. Padojinog has a seat on the board of non-government organizations (NGOs) that promote good governance and education for the less privileged. He is a founding member of the Center for School Governance – an NGO aimed at promoting good governance in universities and colleges. He is also a board member of the Center for Research and Communication Foundation, Inc. – a think tank that promotes an enlightened private and public sector that should work for economic and business policies that bring about inclusive growth and development; and the Jose Jon Tiamsuy Foundation that extends scholarships to deserving students in schools in Iloilo City.

Nanette G. Dung, P h.D.
Former Chairperson, Department of Sociology
University of the Philippines Diliman

Dr. Nanette G. Dungo served as Chairperson of the Department of Sociology, College of Social Sciences and Philosophy (CSSP), University of the Philippines – Diliman; Professional Development Associate, Institutional Linkages Office of the Vice President; Professional Development Associate, Office of University of Instruction, Office of the Vice-Chancellor; and Coordinator, Office of Extramural Studies and Program Development, CSSP. She was a Research Fellow in Sociology, University of Wisconsin, Madison, and an Exchange Professor at Virginia Polytechnic Institute and State University (Virginia Tech) Blacksburg, Virginia. As the Coordinator of Extramural Studies, she conducted training seminars for social science teachers in state colleges and universities. Her research and papers read in international conferences are in the areas of development studies, Filipino family, women and children, urban and rural studies, and migration. She was part of a research on "The Social Costs of Migration," funded by UN Women in Bangkok, Thailand.

She also has experience in the GRI Standards Sustainability Review in several energy companies under the Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) Team, led by Director Colin Legarde Hubo since 2010.

She is currently teaching in the Political Economy Program of the School of Law and Governance, UA&P.

Rene N. Rollon, Ph.D.
Professor, Institute of Environmental Science and Meteorology (IESM)
College of Science
University of the Philippines Diliman

Dr. Rene N. Rollon – serves as a professor of the Institute of Environmental Science and Meteorology (IESM) of the College of Science (CS), University of the Philippines – Diliman (UPD) for 23 years. He was appointed as the Director of the IESM for two (2) consecutive terms (June 2009 to May 2012 and June 2012 to May 2015). Concurrently, he also serves as the Director of the Science and Society Program (CS – UPD). He specializes and conducts research in fields of aquatic ecosystem, coastal marine biology and ecology, mangrove and seagrass ecology, coastal resource management, environmental impact assessment, and environmental sciences. Dr. Rollon is prolific in publishing papers in indexed science journals, as well as in successfully mentoring MS and PhD students.

As a member of the Environmental Management Bureau of the Department of Environment and Natural Resources (DENR-EMB) Technical Review Committee – Environmental Compliance Certificate (ECC), Dr. Rollon works mostly as a resource person for marine biology and ecology aspects. Through his expertise, he served as a reviewer of project proposals with potential significant impacts on the environment and projects on aquatic ecology. He has also been a referee to more than 100 paper manuscripts submitted for publication to various science journals. For more than 30 years now, Dr. Rollon has been involved in different consultancy projects in the field of environment.

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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		Page number(s), direct answer and/or URLs	Reason for Omission
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Organizational Profile			
	102-1	Name of the organization	SMC Global Power Holdings Corp.	
	102-2	Activities, brands, products, and services	pp. 8-9	
	102-3	Location of headquarters	No. 155 EDSA, Brgy. Wack-Wack, Mandaluyong City 1550	
	102-4	Location of operations	Philippines	
	102-5	Ownership and legal form	pp. 8-9	
	102-6	Markets served	SMC Global Power, through its subsidiaries, sells power, through PSAs, either directly to customers (e.g. distribution utilities, electric cooperatives and industrial customers) or through the Wholesale Electricity Spot Market.	
	102-7	Scale of the organization	pp. 18-29	
	102-8	Information on employees and other workers	pp. 78-81	
	102-9	Supply chain	p. 110	
	102-10	Significant changes to the organization and its supply chain	There is no significant change to SMC Global Power and its supply chain.	
	102-11	Precautionary Principle or approach	SMC Global Power conducts a comprehensive due diligence prior to construction of our projects. These projects are carefully coordinated and consulted with relevant government agencies. We also conduct environmental and social impact assessments to evaluate the potential impacts of our power plants and to ensure that they do not cause degradation to the environment and communities where we operate.	
	102-12	External initiatives	SMC Global Power does not subscribe to any charters or other external initiatives.	
	102-13	Membership of associations	p. 11	
	Strategy			
	102-14	Statement from senior decision-maker	pp. 2-7	
	102-15	Key impacts, risks, and opportunities	pp. 2-7	
GRI 102: General Disclosures 2016	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	p. 11	
	102-17	Mechanisms for advice and concerns about ethics	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	Governance			
	102-18	Governance structure	pp. 104-107	
	102-19	Delegating authority	SMC Global Power has established a hierarchy of authorized representatives/ signatories depending on the kind of transaction, value of the contract, etc. which is provided under the general resolutions of the Corporation. This also includes the authority to further delegate certain authorities to individuals not included in the existing list of authorized representatives/signatories.	
	102-20	Executive-level responsibility for economic, environmental, and social topics	SMC Global Power's sustainability initiative structure is led by the Steering Council consisting of top management and key managers representing each of the functions who collectively decide on the Company's sustainability direction.	
	102-21	Consulting stakeholders on economic, environmental, and social topics	pp. 36-37	
	102-22	Composition of the highest governance body and its committees	p. 107	
	102-23	Chair of the highest governance body	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-24	Nominating and selecting the highest governance body	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-25	Conflicts of interest	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-26	Role of highest governance body in setting purpose, values, and strategy	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-27	Collective knowledge of highest governance body	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	

GRI 102: General Disclosures 2016	102-28	Evaluating the highest governance body's performance	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-29	Identifying and managing economic, environmental, and social impacts	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-30	Effectiveness of risk management processes	SMC Global Power Corporate Governance Manual	
	102-31	Review of economic, environmental, and social topics	SMC Global Power's Management regularly holds a monthly operation meeting which includes a review of economic, environmental, and social topics, as may be applicable and necessary.	
	102-32	Highest governance body's role in sustainability reporting	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-33	Communicating critical concerns	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-34	Nature and total number of critical concerns	There were no reported critical concerns that were communicated to the highest governance body during the reporting period. https://smcglobalpower.com.ph/disclosures.php	
	102-35	Remuneration policies	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-36	Process for determining remuneration	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-37	Stakeholders' involvement in remuneration	SMC Global Power Corporate Governance Manual https://smcglobalpower.com.ph/disclosures.php	
	102-38	Annual total compensation ratio	SMCGP Annual Report (17-A) – 2020 https://smcglobalpower.com.ph/disclosures.php	
	102-39	Percentage increase in annual total compensation ratio	SMCGP Annual Report (17-A) – 2020 https://smcglobalpower.com.ph/disclosures.php	

GRI 102: General Disclosures 2016	**Stakeholder engagement**			
	102-40	List of stakeholder groups	p. 36	
	102-41	Collective bargaining agreements	SMC Global Power does not have collective bargaining agreements but provides avenues for employees to raise their concern on company policies and other relevant matters.	
	102-42	Identifying and selecting stakeholders	p. 36	
	102-43	Approach to stakeholder engagement	p. 36	
	102-44	Key topics and concerns raised	p. 36	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	p. 48	
	102-46	Defining report content and topic Boundaries	p. 1	
	102-47	List of material topics	p. 36	
	102-48	Restatements of information	No restatements have been made.	
	102-49	Changes in reporting	None	
	102-50	Reporting period	January 2019 – December 2020	
	102-51	Date of most recent report	December 2020	
	102-52	Reporting cycle	SMC Global Power publishes its sustainability report every two years.	
	102-53	Contact point for questions regarding the report	Corporate Affairs Group corporateaffairs@smcgph.sanmiguel.com.ph	
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Comprehensive Option.	
	102-55	GRI Content Index	p. 118	
	102-56	External Assurance	pp. 114	

Material Topics				
GRI Standard	Disclosure		Page number(s), direct answer and/or URLs	Reason for Omission
Economic Category				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 48-51	
	103-2	The management approach and its components	pp. 48-51	
	103-3	Evaluation of the management approach	pp. 48-51	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distribute	pp. 48-51	
	201-2	Financial implications and other risks due to climate change	pp. 48-51	
	201-3	Defined benefit plan obligations and other retirement plans	p. 78	
	201-4	Financial assistance received from government	pp. 48-51	
Market Presence				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 86	
	103-2	The management approach and its components	p. 86	
	103-3	Evaluation of the management approach	p. 86	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p. 89	
	202-2	Proportion of senior management hired from the local community	All SMC Global Power's company officers are Filipino.	
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 96	
	103-2	The management approach and its components	p. 96	
	103-3	Evaluation of the management approach	p. 96	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	pp. 96-99	
	203-2	Significant indirect economic impacts	pp. 96-99	
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 110-111	
	103-2	The management approach and its components	pp. 110-111	
	103-3	Evaluation of the management approach	pp. 110-111	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	p. 111	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 108	
	103-2	The management approach and its components	p. 108	
	103-3	Evaluation of the management approach	p. 108	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	SMCGP has no current assessments of risks related to corruption.	
	205-2	Communication and training about anti-corruption policies and procedures	p. 108	
	205-3	Confirmed incidents of corruption and actions taken	There are no incidents of corruption and actions taken.	
Anti-competitive Behavior				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 108	
	103-2	The management approach and its components	p. 108	
	103-3	Evaluation of the management approach	p. 108	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is a pending case from 2013 related to MPPCL. Since then, there are no new cases on anti-competitive behavior filed against SMC Global Power or any of its subsidiaries.	

Environmental Category				
Materials				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 54	
	103-2	The management approach and its components	p. 54	
	103-3	Evaluation of the management approach	p. 54	
GRI 301: Materials 2016	301-1	Material used by weight or volume	pp. 54-55	
	301-2	Recycled input materials used	pp. 54-55	
	301-3	Reclaimed products and their packaging materials	This is not applicable since SMC Global Power does not use reclaimed products.	
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 58-59	
	103-2	The management approach and its components	pp. 58-59	
	103-3	Evaluation of the management approach	pp. 58-59	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	pp. 58-59	
	302-2	Energy consumption outside of the organization	pp. 58-59	
	302-3	Energy intensity	pp. 58-59	
	302-4	Reduction of energy consumption	pp. 58-59	
	302-5	Reductions in energy requirements of products and services	This is not applicable as SMC Global Power's products and services do not have energy requirements.	
Water				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 60-61	
	103-2	The management approach and its components	pp. 60-61	
	103-3	Evaluation of the management approach	pp. 60-61	
GRI 303: Water 2018	303-1	Interactions with water as a shared resource	pp. 60-61	
	303-2	Management of water discharge-related impacts	pp. 60-61	
	303-3	Water withdrawal	pp. 60-61	
	303-4	Water discharge	pp. 60-61	
	303-5	Water consumption	pp. 60-61	

Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 62-63	
	103-2	The management approach and its components	pp. 62-63	
	103-3	Evaluation of the management approach	pp. 62-63	
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	pp. 62-63	
	304-2	Significant impacts of activities, products, and services on biodiversity	pp. 62-63	
	304-3	Habitats protected or restored	pp. 62-63	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	pp. 62-63	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 68-71	
	103-2	The management approach and its components	pp. 68-71	
	103-3	Evaluation of the management approach	pp. 68-71	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p. 71	
	305-2	Energy indirect (Scope 2) GHG emissions	p. 71	
	305-4	Other indirect (Scope 3) GHG emissions	p. 71	
	305-4	Other indirect energy (Scope 2) GHG emissions	p. 71	
	305-5	Reduction of GHG emissions	p. 71	
	305-6	Emissions of ozone-depleting substances (ODS)	p. 71	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 71	

Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 72-73	
	103-2	The management approach and its components	pp. 72-73	
	103-3	Evaluation of the management approach	pp. 72-73	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	pp. 72-73	
	306-2	Management of significant waste-related impacts	pp. 72-73	
	306-3	Waste generated	p. 73	
	306-4	Waste diverted from disposal	p. 73	
	306-5	Waste directed to disposal	p. 73	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 52	
	103-2	The management approach and its components	p. 52	
	103-3	Evaluation of the management approach	p. 52	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations.	There are no significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.	
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 110-111	
	103-2	The management approach and its components	pp. 110-111	
	103-3	Evaluation of the management approach	pp. 110-111	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	pp. 110-111	
	308-2	Negative environmental impacts in the supply chain and actions taken	pp. 110-111	

Social Category				
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 78	
	103-2	The management approach and its components	p. 78	
	103-3	Evaluation of the management approach	p. 78	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	p. 79	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 79	
	401-3	Parental leave	p. 81	
Labor/Management Relations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 90	
	103-2	The management approach and its components	p. 90	
	103-3	Evaluation of the management approach	p. 90	
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	p. 90	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 92	
	103-2	The management approach and its components	p. 92	
	103-3	Evaluation of the management approach	p. 92	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	p. 92	
	403-2	Hazard identification, risk assessment, and incident investigation	p. 92	
	403-3	Occupational health services	p. 92	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p. 92	
	403-5	Worker training on occupational health and safety	p. 92	
	403-6	Promotion of worker health	p. 92	

GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 92	
	403-8	Workers covered by an occupational health and safety management system	All of our employees are covered by an occupational health and safety management system.	
	403-9	Work-related injuries	p. 92	
	403-10	Work-related ill health	p. 92	
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 82	
	103-2	The management approach and its components	p. 82	
	103-3	Evaluation of the management approach	p. 82	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p. 83	
	404-2	Programs for upgrading employee skills and transition assistance programs	p. 82	
	404-3	Percentage of employees receiving regular performance and career development reviews	100% of employees are subjected to performance & career development reviews, regardless of gender, level, and function. 'Probationary and new employees' performance are reviewed on their 3rd or 5th month. Regular employees' performance is reviewed on bi-annual and annual basis.	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 86	
	103-2	The management approach and its components	p. 86	
	103-3	Evaluation of the management approach	p. 86	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	p. 87	
	405-2	Ratio of basic salary and remuneration of women to men	p. 88	

Non-Discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 86	
	103-2	The management approach and its components	p. 86	
	103-3	Evaluation of the management approach	p. 86	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There are no reported cases of incidents of discrimination from 2019 to 2020.	
Security Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 109	
	103-2	The management approach and its components	p. 109	
	103-3	Evaluation of the management approach	p. 109	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	p. 109	
Rights of Indigenous Peoples				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 94-95	
	103-2	The management approach and its components	pp. 94-95	
	103-3	Evaluation of the management approach	pp. 94-95	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	There are no incidents of violations involving rights of indigenous peoples.	
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 96-99	
	103-2	The management approach and its components	pp. 96-99	
	103-3	Evaluation of the management approach	pp. 96-99	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	pp. 96-99	
	413-2	Operations with significant actual and potential negative impacts on local communities	p. 66-67	

Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pp. 110-111	
	103-2	The management approach and its components	pp. 110-111	
	103-3	Evaluation of the management approach	pp. 110-111	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	pp. 110-111	
	414-2	Negative social impacts in the supply chain and actions taken	pp. 110-111	
Socio-economic Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	p. 52	
	103-2	The management approach and its components	p. 52	
	103-3	Evaluation of the management approach	p. 52	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	There are no significant fines and non-monetary sanctions for non-compliance with social laws and/or regulations.	

Electric Utilities Sector Disclosures				
	EU1	Installed capacity, broken down by primary energy source and by regulatory regime	pp. 18-29	
	EU2	Net energy output broken down by primary energy source regulatory regime	pp. 18-29	
	EU3	Number of residential, industrial, institutional, and commercial customer accounts	p. 10	
	EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	pp. 18-29	
	EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	pp. 18-29	
	EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	There was no offset habitat as there was no requirement on additional areas for the project.	
	EU22	Number of people physically or economically displaced and compensation, broken down by type of project	There are no individuals physically or economically displaced during the reporting period.	
	EU30	Average plant availability factor by energy source and by regulatory regime	pp. 18-29	

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