



Global Ferronickel
Holdings, Inc.

MOVING FORWARD TO GROWTH

Integrated Report 2021



ABOUT THE REPORT

102-46, 102-50, 102-51, 102-52, 102-53, 102-54

Now in its fourth year of publishing a Sustainability Report, the Company shares here the performance and impact of its Economic, Environmental, and Social programs and activities from January 1, 2021 to December 31, 2021. The report has been prepared in accordance with the Global Reporting Initiative Standards: Core Option.

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COMPANY PROFILE

MISSION

102-16

To deliver value by carrying out our activities in an environmentally, socially, and financially responsible manner for the benefit of the nation, the communities where we operate, our employees, customers and other stakeholders.

VISION

To be a leading Filipino company engaged in the mining of metals and related businesses.

LIST OF INDUSTRY ASSOCIATION

102-13


1. Chamber of Mines
2. Philippine Nickel Industry Association
3. Filipino Chinese Chamber of Commerce
4. Caraga Chamber of Mines

PMIEA PRESIDENTIAL AWARD

ORGANIZATIONAL STRUCTURE & SUBSIDIARIES

102-5





We operate the Cagdianao Nickel Expansion Project (CNEP) mine with an area of 4,376 hectares in the municipality of Claver, in the province of Surigao del Norte. We have seven known lateritic nickel deposit sites referred to as Cagdianao Areas (CAGA). Mining season is from March thru October. Our maximum allowable nickel ore production per year is 7.69 million wet metric tons.

Our lateritic nickel deposits are near-surface, blanket-like layered deposits with minimal overburden and generally five to 30 meters thick. This allows us to conduct simple surface mining using trucks and excavators without blasting, the use of chemicals or complex waste handling. Moreover, our nickel deposits are located in short hauling distance from our mining operations to our loading facilities which substantially contributes to our favorable cost position. Compared to other international mining companies such as those in New Caledonia, Russia and Canada, our mine site is closer to our end customers in China which minimizes the shipping costs for our customers and the related risks involved with long transit.

CORE VALUES



INTEGRITY



SOCIAL RESPONSIBILITY



CARING FOR THE ENVIRONMENT



MERITOCRACY



TEAMWORK AND SYNERGY



TAKING CARE OF OUR PEOPLE



ACCOUNTABILITY



FISCAL RESPONSIBILITY

PGMC AT A GLANCE

102-1, 102-2, 102-3, 102-4, 102-7, 102-8, 201-1

Platinum Group Metals Corporation (PGMC) is a subsidiary of Global Ferronickel Holdings, Inc (listed in the Philippine Stock Exchange with symbol: FNI)

General Information



Mineral Production Sharing Agreement Contractor

Platinum Group Metals Corporation



Mineral Commodity

Nickel Laterite Ore and other associated mineral deposits



Mining Tenement

MPSA No. 007-92-X (SMR)



Mineral Resource

72.773 million Dry MT @ 1.1% Ni and 30.9% Fe (As of October 15, 2021)



Date Approved (Renewal)

June 21, 2016



Office Address

7th Floor, Corporate Business Center Bldg., 151 Paseo De Roxas cor. Arnaiz Ave., Makati City



Date of Expiration

February 14, 2042



Company Structure

100% Filipino



Term of MPSA

25 years: renewable for another term not exceeding 25 years



Basic Information

Region: Region XIII (CARAGA)
Province: Surigao del Norte
Municipality: : Claver
Barangays: 14
Population of Claver (as of 31 August 2015): 32,773



Contract Area

5,220 hectares or 16.18% of Claver's total land area



Total Land Area & Mineral Potential

Land Area: 32,260 hectares
Major economic activities: Nickel mining and processing, farming and fishing

Economic Contribution

102-7, 201-1



Mining Investments

PhP 2.29 Billion

(as of December 2021)

Gross Output

2.8 Million

Dry Metric Tons of Nickeliferous
Ore worth

PhP 7.14 Billion

(as of December 2021)



Exports



4.89 Million WMT

worth US\$143.85 Million

(as of December 2021)

China is the Company's major
market.

Taxes & Fees Paid

PhP 1.75 Billion

Amount of national and local taxes, fees
and royalties generated and contributed to
the Philippine economy in 2021



Employment

102-8



2,520

Company employed as of 2021

PhP 250.15 Million

Estimated total cost of labor at
the mine site in 2021



Social Development & Management Program



PhP 44.78 Million

Amount committed by the company
for the development of its host and
neighboring communities in 2021.

SDMP Beneficiaries

One host barangay, one neighboring
barangay, and 10 non-impact bar-
rangays in Claver, Surigao del Norte
(The Company also assisted selected
municipalities within the Province of
Surigao del Norte during the onset of
the COVID-19 pandemic)



Environmental Protection & Rehabilitation

PhP 118.97 Million

Amount committed by the
company for the implementation
of approved plans / programs /
projects / activities in 2021.



Mining Forest Program

2,464,343

Number of seedlings planted by
the mining company in more than
1,057.09 hectares of mined-out and
other areas in 2021.



*(Cumulative number of seedlings planted by the mining
Company since year 2000 up to December 2021)*

Our Mining Process

1. Clearing/Grubbing and Topsoil Removal
2. Bench Forming
3. Ore Mining
4. Ore Beneficiation and Stockpiling
5. Ore Barge/LCT Loading
6. Vessel Loading

Progressive Rehabilitation, Temporary Revegetation
Program, Dust Control, Siltation Mitigation Measures,
Drainage Management

PRESIDENTIAL AWARD FOR SURFACE MINING CATEGORY

PRESIDENTIAL MINERAL INDUSTRY ENVIRONMENTAL AWARD (PMIEA) 2021

The Presidential Mineral Industry Environmental Award is the highest honor bestowed upon responsible mining companies by the Department of Environment and Natural Resources (DENR). PGMC takes pride in having gained this industry recognition, which recognizes the Company's efforts in creating a culture of environmental stewardship and social responsibility that guides all PGMC operations. As the PMIEA Presidential Awardee, PGMC considers the award as a testament to our performance in going beyond compliance, in pursuit of our primary goal to positively impact communities while fostering significant economic growth.

Through the years, PGMC continues to uphold the principles that enable a safe and sustainable mining industry with respect to energy efficiency, waste minimization, and environmental protection.



PAST AWARDS



2020 Platinum Achievement Award



Best Surface Miner (2020)



Top Exporter Award (2019)



2019 Platinum Achievement Award



Most Improved Safety Performance Award (2014)

TYPHOON ODETTE RESPONSE

On December 16, a Category 5 typhoon locally named “Odette” (international name “Rai”) battered the regions of Visayas and Mindanao. The calamity left 71 dead, 508 injured, 5 missing, and 176,000 family homes damaged in the Caraga Region (comprised of five provinces: Agusan del Norte, Agusan del Sur, Dinagat Islands, Surigao del Norte, and Surigao del Sur, along with its six cities, 67 municipalities and 1,311 barangays.

From the situational report provided by the Vice President for Operations Engr. Corsino Odtojan to Global Ferronickel Holdings President Dante Bravo and Chairman Joseph Sy, PGMC responded to the needs of the mining communities and neighboring municipalities and immediately conducted relief operations.

With the advice of Community Relations Manager Alex Arabis on the essential needs of the mining communities and nearby barangays, a total of 1,000 50-kilogram sacks of rice and 530 gallons of water were distributed to Barangays Cagdianao and Hayanggabon as well as to the local government units of Claver, Surigao, and Siargao Island by December 20-22. At the same time, MGB Caraga received cash assistance worth 100,000 from the PGMC’s corporate social responsibility fund.

A PGMC team was also deployed to Siargao to deliver relief goods such as rice and water, using a Load Craft Transport (LCT) along with the company’s service trucks, water lorries, and other vehicles coming from the mine site. The Siargao Island team helped with clearing operations and distributed food and water to assist the nine municipalities in the island. A total of 2,000 50-kilogram sacks of rice were handed over to the community. There was a follow-up relief operation conducted on January 14, 2022 to deliver a total of 1,976 sacks of rice for nine municipalities in Siargao.

Aside from basic needs, PGMC also provided 400 liters of diesel fuel, mosquito nets, and 20 rolls of tents for the needs of families in the Municipality of Del Carmen, Surigao Del Norte.

PGMC also took steps to send help to neighboring municipalities on the mainland of Surigao del Norte. Placer, Bacuag, Gigaquit, and the municipalities of

Sison, Tagana-an, Tubod, Mainit, Malimono, Anaon in San Francisco, received 10 kilos of rice and food packs for each family.

The Company found it important to support the LGU’s shelter assistance program and therefore provided corrugated sheets, plywood, and other housing materials which were turned over to Municipal Mayor Georgia Gokiangkee of Claver.

PGMC spent around P13,860,000 for its relief and recovery operations, providing help and assistance not only for our mining communities but also our adopted municipalities on the island of Siargao. A total of PHP9.1 million came from the Corporate Social Responsibility fund and PHP4.7 million came from the Social Development and Management Program.

PGMC will always be one with our communities, as we lift the spirit of resilience that shines through in every Filipino, especially in times of need such as disasters and natural calamities like Typhoon Odette.



PHP 2,073,040.00

TOTAL AMOUNT SPENT FOR TS ODETTE AFTERMATH OPERATIONS FROM DECEMBER 20-31, 2021

ASSISTANCE INCLUDES:

1,000 SACKS OF RICE (50 KGS), **530 GALLONS** OF MINERAL WATER (6 LITERS), **3 CHAIN SAW** AND OPERATORS IN CAGDIANAO, TRANSPORTING RELIEF GOODS THRU LCT'S FOR SIARGAO, **2 WATER LORRIES** FOR WATER DELIVERY IN SURIGAO CITY

CHECKS WORTH

PHP 100 thousand

ASSISTANCE TO 135 EMPLOYEES OF MGB AFFECTED



PGMC President Dante Bravo turned over the relief goods for Surigao City as immediate support to typhoon victims. Witnessing were Engr. Corsino Odtojan and Legal Consultant Atty. Jex Bayana received by City Mayor of Surigao Hon. Ernesto Matugas, Jr.

MGB Caraga Region representative lauded all mining companies who helped in the relief and recovery efforts, recognizing the essential aid and support in disaster preparedness, search and rescue operations, and relief assistance for typhoon victims in the Provinces of Surigao del Norte and Dinagat Islands. Engr. Larry M. Heradez gives thanks in the recognition ceremony held last March 08, 2022 at Philippine Gateway Hotel, Surigao City.



NEW PGMC BUILDING



MESSAGES FROM OUR LEADERS

JOSEPH C. SY CHAIRMAN

To our Stakeholders,

Going through the experience of the global pandemic, we have all been witness to how the world continues to change. We are proud to say that PGMC, along with the FNI group, has been resilient and responsible, focusing on what matters for our stakeholders, showing care and community-spirit, and never losing sight of our path toward sustainability.

FNI has taken strategic steps to place us in a stronger position moving forward. These are part of our diversification program, to venture in other related businesses, which will add a sustainable revenue long-term. One of which is the re-opening of our project in Palawan under Ipilan Nickel Corporation. We see this as contributing to increasing revenue and volume of our exports. Another is acquiring 20% interest in China which is largely profitable and has been part of our overall growth strategy of integrating mining and value-adding processing. In addition, our acquisition of the majority interest in our ports in Mariveles is in preparation for the construction of our steel plant. The upcoming infrastructure and development push in the country will drive the demand for steel in the Philippines.

For PGMC, a very strong 2021 performance was the result of our people's dedicated work and the strong market demand for nickel coming from China and the electric vehicle sector. This technological development in the transportation sector brings growth in demand for batteries which in turn gives a positive scenario for nickel demand.

Of course, we recognize the challenges in our midst. Geo-political tensions such as the war in Ukraine affects all of us, influencing prices of fuel and all the other consumer products. Climate change is another global challenge that affects not only our business but all other

aspects of our lives and our way of life as a society. As an organization that values people and being responsible corporate citizens, we know we play a role in moving the needle towards positive action for the benefit of all.

As an organization, we aim beyond compliance and seek to contribute to the achievement of worthwhile UN SDGs. With the right people in our team, we continue to learn and improve our processes because our long-term goal as a sustainable and responsible company is to ensure we can remain strong, resilient, cohesive through our competence and innovative spirit.

PGMC, and the rest of the FNI group, continues to grow stronger as we find our passion and motivation to our deep commitment to our mission as one of the leading mining companies in the Philippines. We support the nation's drive towards inclusive progress for all communities, and we are one with the country's responsible mining industry in striving towards this shared goal.

We are grateful for the trust and support of our stakeholders throughout all these years as together we work towards a better future for the next generations of Filipinos.

PRESIDENT'S REPORT

In 2021, PGMC and FNI were active contributors helping to drive the resurgence of the country as markets began re-opening and mitigating the impact of the pandemic in our communities.

The resumption of infrastructure activities, coupled with the increasing demand for electric vehicles, benefited Nickel-related industries such as ours. Due to strong stainless-steel demand and fast-growing battery end-use sectors, global nickel usage surged by an astounding 16.2% year-on-year (YoY). As a result, the global Nickel supply deficit ballooned to a decade high of 168,000 tonnes. This is a reversal of the 104,000 tonnes Nickel surplus in 2020.

The consequent price rally in Nickel ore was beneficial to the Philippines and to FNI, being one of the top Nickel ore suppliers in the region. With our stable Nickel ore supply and continuous efforts to expand and augment our ore reserves, we were well-positioned to capture this opportunity in the market.

For the fiscal year 2021, FNI recorded a total export revenue of P7.71 billion, an increase of 6.1% YoY, and a net income of P1.98 billion, up by 5.9% YoY, on the back of this strong rebound in Nickel ore prices.

We also faced several headwinds as we experienced a drop in Nickel ore production to 4.89WMT from 5.62WMT in FY2020 mainly driven by higher rainfall during the year. Indeed, despite our continuous efforts towards operational efficiencies and revenue growth, we still contend with the changing climate and weather conditions. We are therefore very methodical in scheduling our production period and employ prudent stockpiling activities.

Overall, FNI also experienced a better profit margin for the year due to better market conditions for Nickel ores. For FY2021, our profit margin improved by 290 basis points to 70.3% mainly due to higher selling price and an 8% drop in contract hire because of lower production. We also managed to maintain our net income margin through prudent expense management, normalization of input VAT provisioning, and increase in ore reserves resulting in lower depletion and amortization rate.

Our belief in the strong growth potential and significance of the Nickel industry to societal development propels us to continuously seek growth in our core business. We are therefore strategically expanding our footprint by adding the Ipilan Nickel Corporation to our Nickel mine portfolio. The

target is to complete the acquisition this year.

Ipilan Nickel mine is in southeastern Palawan and is operated by Ipilan Nickel Corporation through an operating agreement with Celestial Nickel Mining Exploration Corporation (CNMEC), the holder of the INC mine MPSA. With the seasonality of mining activities and the difference in weather conditions in Surigao and Palawan, Ipilan will strategically enable us to have a stable Nickel ore supply all year round.

Furthermore, FNI is committed to pursuing an extensive exploration program to confirm and potentially expand our ore resources. For 2021 to 2023, our company allocated P73 million to continue production drilling in CAGA 1 to 4, and exploration drilling in CAGA 6 and 7. We expect these activities to improve our resource inventory and increase our confidence in our resource estimates.

At the same time, it is also prudent that tells us to remain proactive in diversifying our investments towards high-growth industries and businesses that provide operational synergies and improve our cost efficiencies, bringing risk reduction and optimal value for our stakeholders.

One such investment is our acquisition of a 20% equity stake in Guangdong Century Tsingshan Nickel Industry Co. Ltd. (GCTN). GCTN is a nickel alloy enterprise in China that operates in a 33-hectare area with more than 800 employees and has an annual optimal output of 30,000 tons of pure nickel. The acquisition will enhance synergies between FNI as an ore supplier and GCTN as a value-added processor.

In 2021, we also increased our stake in Seasia Nectar Port Services, Inc. (SNPSI) from 40% to 64%, effectively becoming the majority shareholder. SNPSI operates the first purpose-built Dry Bulk Terminal located within the FAB in Mariveles and handles shipments of coal, clinker, silica sand, and cement raw materials, as well as steel, fertilizer, and other dry bulk cargoes. SNPSI will be able to support the operations of our steel plant and will help us save on production costs. Easy and steady access to port services in relation to the importation of raw materials is crucial, especially during

the construction of the steel plant.

As an organization, we feel confident of our growth strategy because we have been working harmoniously and productively together with the host and neighboring communities where we operate. We are conscientious and responsible members of the community, optimizing our contribution through the Social Development and Management Program (SDMP) which encompasses many facets of community development. From the time PGMC first implemented its SDMP, Php 357 million has already been spent for programs and initiatives supporting inclusive development in the local communities.

Our programs on sustainable livelihood are designed to help reduce poverty by giving the people a regular source of income either through businesses or by strengthening industries that would help generate employment, such as the PGMC Food Security Project. We also prioritized helping the tourism industry recover from the challenges and effects of the Covid-19 crisis. Finally, in support of quality education that is a catalyst of real change, our team continuously works on improving our programs to help strengthen the education system and give local youths a chance to pursue higher learning.

Meanwhile, we also did our utmost for our Environmental Protection and Enhancement Program (EPEP) initiatives while adapting to the restrictions required due to the stringent health protocols that addressed the pandemic situation. There is a delay in the deployment of workers due to the difficulty in the hiring process and the imposition of Antigen/RT-PCR testing and quarantine protocols. Nevertheless, the company was still able to comply with other activities and projects. By end 2021, the implementation of projects accomplished about 89% of the physical targets while the financial accomplishment was 45%, amounting to P33.2 million out of the allocated P73.5 million for the year.

FNI is sensitive to the needs of the people, not just in our host and neighboring communities. Having adopted social good initiatives and incorporating them into our business framework, it has always been our

DANTE R. BRAVO

PRESIDENT

mission to support humanitarian and disaster relief and provide various assistance to those in need.

Following the massive devastation caused by Typhoon Odette in Puerto Princesa City and the northern towns of Palawan last December, FNI's Palawan team immediately mobilized our workforce and resources to respond to the call for help by procuring the necessary aid, which included food packs, beddings, toiletries, and housewares. The donations were delivered and turned over to the respective local government units to ensure efficient logistical support and collaboration. We were happy to have been able to show our support to the families and communities with at least P1.42 million in aid.

All our corporate social responsibility initiatives are geared towards a shared goal of being true change agents. That is why all our about 200 programs that are being conducted annually were aligned with the United Nation's roadmap towards eradicating environmental challenges and social ills. Among these are our initiatives in addressing challenges in education, health, livelihood, infrastructure, and other socio-cultural aspects for our host and neighboring communities.

It was, therefore, with humble gratitude that we received the most meaningful recognition from our partners in the government. Being conferred the Presidential Award in 2021 Presidential Mineral Industry Environmental Award (PMIEA) for surface mining category, all PGMCI stakeholders can take pride in having gained this industry recognition, which demonstrates our collaborative efforts in creating a culture of environmental stewardship and social responsibility.

The PMIEA award fuels our deeper commitment to always strive for excellence in all that we do, for the benefit of all our stakeholders with whom we share relentless hope for a brighter future for our country and our people.



SOCIAL

Our SDMP aims to address the 17 Sustainable Development Goals (SDGs) of the United Nations. Guided with the statutory responsibilities of the mining industry stipulated in DAO 2010-21, the SDMP shall respond to the community's dire needs, particularly the marginalized and the poorest sectors of society.

The company's community change agents underwent consultations to ensure that about 200 programs being conducted annually are aligned with the UN's roadmap

towards eradicating environmental challenges and social ills. The primary goal is to make a positive impact in the lives of the people directly or indirectly affected by our operations. For 2021, PGMC purchased 3,814 doses of Moderna Covid-19 vaccines to augment LGU Claver vaccination program, provided financial assistance to 27 college students from Cagdianao and 9 college students from Hayanggabon, and constructed 5 unit elevated water tanks in Punta Naga, Cagdianao, to name a few.



SDMP and CSR spending totaled

PhP 42.9M for 2021.



PGMC has already spent

PhP 372M for the development of its host and neighboring communities since the implementation of SDMP.



PGMC allocated

PhP 8.2M

to purchase COVID-19 vaccines for the host and neighboring communities and the employees/workers chargeable to SDMP and SHP, respectively.



To date, the company has already produced

105 graduates

since the start of the program and an existing **125 scholars**

taking up mining, mining-related courses, and other fields of discipline.

The company spent **PhP 5.7M** on education projects and programs.

The company funded around **PhP 12M** to support the idea of guaranteed food on the table and provide income-generating programs that has benefited

56 families for the egg

machine with 48/44 ready-to-lay

chickens, **135 active family**

recipients for communal gardening, and the Bagacay River United Tourism Organization (BARUTO) – a 20 member association ventured for aqua-culture.



Purchased
1 unit brand new ambulance

for Barangay Cagdianao.



PhP 3.7M

total amount spent for Non-IP Communities and **951K** for IP Communities.

2021 SOCIAL DEVELOPMENT MANAGEMENT PROGRAM

ANNUAL ACCOMPLISHMENT



Php 28,582,652.28

DEVELOPMENT OF HOST & NEIGHBORING COMMUNITIES



Php 10,346,434.14

HEALTH ASSISTANCE



Php 4,835,209.72

LIVELIHOOD PROGRAM



Php 2,689,949.32

INFRASTRUCTURE



Php 5,277,011.77

INFORMATION, EDUCATION AND COMMUNICATION CAMPAIGNS



Php 9.03 Million

EDUCATIONAL SUPPORT



Php 4,523,729.78

DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCE



Php 466,155.50

OTHERS

TOTAL SDMP IMPLEMENTED

Php44.78 Million

ENVIRONMENT

Through the years, PGMCM has inculcated the principles of ISO 14001:2015 into our systems and operations -- from the clearing of vegetations, stripping off topsoil, mining, truck loading and hauling, stockpiling, LCT loading, pollution control measures, to rehabilitation of mined-out areas, and office operations among others. The PDCA principle of the EMS is reflected in standard procedures and guidelines and translated into reality by the allocation of adequate resources through the Company's Annual Environmental Protection and Enhancement Program (AEPEP).

**NUMBER OF TREES PLANTED FOR
THE YEAR FY 2021**

383,969

NUMBER OF MANGROVES PLANTED

36,650

**HECTARES COVERED BY
TREES PLANTED**

172.55

**NUMBER OF RIVER AND COASTAL
CLEANUPS**

**6 river/coastal
clean-ups**

**HECTARES COVERED BY
TEMPORARY REVEGETATION (TRP)**

17.85
(CY:2021)

**AREAS IMPLEMENTED FOR COASTAL
CLEAN UPS**

**Hinadkaban Delta,
PGMC minesite**

MARINE LIFE PRESERVATION PROGRAM (CORALS, FISH, ETC.)

Establishment of coral nursery at Lambason Island



OUR EMS PERFORMANCE



899,134 kWh Electricity Consumption

6% INCREASE COMPARED TO CY2020



3,056,079 liters Fuel Consumption

23% INCREASE COMPARED TO CY2020



264,098 cu. m. Water Consumption

22% INCREASE COMPARED TO CY2020



76,472 kg Solid Waste Generated

26% INCREASE COMPARED TO CY2020



60,688 liters Used Oil Generated

21% INCREASE COMPARED TO CY2020



706 pieces Busted Bulbs

68% INCREASE COMPARED TO CY2020



SEASIA NECTAR PORT SERVICES INC. (SNPSI)

In 2019, Global Ferronickel Holdings Inc (FNI) acquired 40.05% interest in Seasia Nectar Port Services Inc. (SNPSI) as part of diversification plans of the Company. SNPSI provides general services connected with the operation and management of port terminals in the Philippines. And in 2021, FNI acquired an additional 23.98%, resulting in 64.03% ownership in total. This investment is seen to pave the way for the successful operations of FNI subsidiary, FNI Steel Corporation (FSC), a steel processing plant located in proximity to the Mariveles Multi-Purpose Terminal in Bataan. At the same time, this investment is connected to PGMC which also relies on port services to ship its products to international

customers. *(As of December 31, 2021, FSC has not yet started its commercial operations.)*

Through PGMC, FNI also acquired an indirect 99.98% ownership of Wealthy Huge Corporation Limited (WHCL), incorporated under the Companies Ordinance of HongKong, to facilitate relations with offshore customers, collection of accounts, availment of offshore banking services, and such other services as will aid PGMC's strategic growth in the ASEAN region. *(WHCL has not started its operations as at December 31, 2021.)*



INFORMATION AND EDUCATION CAMPAIGN

PGMC supported the country's campaign against COVID-19 by providing the public with significant, reliable, and valid information about COVID-19 and the importance of vaccination, providing employment, delivering basic services, and implementing sustainable projects to our host and adjacent communities within its areas of operation.

The Company worked closely with the concerned LGUs, agencies, and associations and these relationships

contributed a lot to the continuous development of PGMC as a law-abiding, socially responsible, and environment-friendly company. PGMC sponsored Gold in the Philippine Mineral Reporting Code Committee's (PMRC) webinar series, which promotes responsible mineral exploration and development. The company also shared its best mining practices to the Philippine Nickel Industry Association's (PNIA) 1st episode of Nickel Initiative Talks and Webinar Series.



BEYOND COMPLIANCE

PGMC is determined to go the extra mile in supporting the Provincial Government's program for education, the Heals Plus Caravan sa Eskwelahan, where the company turned over modules and teacher's guides totaling PhP 599,992.30 in amount for the use of the students and SciEnergy teachers of Surigao del Norte. At the same time, the Company took steps to support the IP communities in Claver during the pandemic.



The company distributed

**289 sacks of rice
(25 kilos/sack)**

per family in Claver, participated in a tree planting activity at Punta Naga, conducted a feeding program for the undernourished IP children, and continuously rationed water to Gawad Kalinga area where water source is inaccessible.



PGMC provided
**400 doses of
Sinovac vaccine**
to its employees in the
head office and mine site.



A total of

**416 additional
antigen kits**



worth

PhP 353,600

donated to RHU Claver for their continuous fight against the dreaded virus.

These projects were funded under the company's Corporate Social Responsibility (CSR) component.





SAFETY AND HEALTH

The Company implements a Mine Safety and Health Policy, an ISO 14001:2015 Environmental Management System, to ensure the health and safety of our people in the workplace. The Occupational Safety and Health Program (OSHP) focuses on creating a safe working environment and ensuring the protection and health of workers and the local community. Through effective communication and a robust health and safety-oriented culture, which are inherent in the mining sector, the Company went through the pandemic with little production disruption and job loss. As part of the company's initiative and drive to ensure workers' prevention, protection, and health, 400 doses of COVID-19 vaccines had been procured for its regular employees. In partnership with the Surigao Fil-Chinese Chamber of Commerce, Rotary Club of Surigao City, and Surigao Medical Center, the rollout of the first dose of vaccines was successfully administered to PGMC employees. The Company also conducted a bloodletting activity called "*Dugoyanihan*", *Isang Pamilya*, *Isang Lahi*, *Isang Bansa*, in partnership with the Department of Health and Caraga Regional Hospital and RHU - Claver following minimum health protocols.



According to the company's monthly General Accident Reports for fiscal year

July 2020 to June 2021,
it incurred

7,658,982.97
man-hours

with 0 lost time accidents, including fatal and non-fatal.

The company provided
15 emergency
medical assistance,
6 burial assistance,
and assisted **20 pregnant**
women



for ultrasound.



Converted **9 training**
to the procurement of COVID-19
vaccines.

LAND RESOURCES MANAGEMENT

Considering the impacts of mineral extraction on land resources, PGMC aligns its operations to the regulatory mandates to create a safer and more sustainable post-mining land condition as stipulated in the Final Mine Rehabilitation and Decommissioning Plan. Among the notable steps taken have been the acquisition of Special Tree Cutting Permits and the increase in our nursery operations. Since 2007, PGMC has secured six (6) Special Tree Cutting and Earth-balling Permits (STCEBP) for the vegetation clearing, covering 438.88 hectares within its MPSA area, but only 104 hectares were cut. In replacement, 1,069,527 seedlings of indigenous species were planted, and 1,069,773 seedlings are currently being reared in the nurseries in preparation for the company's reforestation and rehabilitation.

As the primary source of seedlings for reforestation, the company's existing nurseries have dramatically increased to cater to all seedling requirements for reforestation on both understock and mined-out areas. Majority of the seedlings and wildlings raised come from mining areas affected by mining operation including areas included for Special Tree Cutting and Earth-balling Permit application. As of June 2021, the company has a total seedling stock of 1,233,016 raised and maintained in the five (5) nurseries. Nurseries were also installed with other facilities such as vermicomposting facilities for ready access to organic fertilizer.

As of December 2021, the company had accomplished the following:

Planted a total of **2,458,242 trees**
covering a total area of **519.91 hectares**

under the Mining Forest Program with a survival rate of 90.92%.



Temporarily re-vegetated a total of 170 hectares inactive mine areas in Caga 2 and Caga 4 wherein

1,063,988 grass cuttings
were planted since 2018.



Rehabilitated a total mined-out area of 161.14 hectares planted with

769,328 seedlings

of mixed-type species adhering to the principle of ecological successions.



To date, the company's **5 nurseries**

(Central Nursery, Agro-forestry Nursery, Biodiversity Conservation Nursery, Bamboo Nursery, and Mangrove Nursery) can produce a total of

1,500,000 different kinds of seedlings

and cuttings ranging from trees, shrubs, epiphytes, and types of grasses.

WATER RESOURCES QUALITY AND MANAGEMENT

Protection of the Kinalablaban River, Tandawa Creek, and other tributary streams against contamination from the mine workings, runoffs, and other industrial activities are another significant component of the AEPEP. PGMC has instituted the Stormwater Management Program as a guide for the proper handling of sediment flow and containment of the silt-laden runoffs.

During storms, the sediments that erode from the peripheral drainage's downslopes and accumulate in the riverbed were being dredged out by mechanized or manual means while the riverbanks are being stabilized with rip-rapped boulders to protect them against flood erosion. In the ancillary area, the mechanical shops, equipment preventive maintenance service (PMS) sites, and fuel depots were constructed with oil-water separators (OWS) to protect the water bodies against contamination of fuel, oil, and lubricants. Each OWS is also equipped with a WDP.

As of December 2021, PGMC has constructed a total of



98 units settling ponds

34 units of sediment traps

37 units of collector sumps

In combination, these structures have a total impounding capacity of 921,568 cu.m and have

26 discharge points

with corresponding Wastewater Discharge Permit (WDP). These structures have effectively protected the water quality of the river, attested by the "within standard results" of water samples analyzed for total suspended solids (TSS) and heavy metals by the 3rd party EMB-accredited laboratory. Annually, all sediment control structures are being desilted and repaired when necessary to render them fully functional year-round.

For this fiscal year, a total of

152,665 cu.m of sediments

have been taken out.





In April, a total of

15.96 tons of lead compounds

were transported by Oriental Lead Products and treated by RRDS Environmental Services, Inc.

In June and November 2021, a total of

96 tons of industrial oil, including sludge

were transported and treated by Wave Industrial Sales, Inc. The former and latter are both DENR-registered transporter-treaters. The transactions have been issued with a Certificate of Treatment (COT) equivalent to the volume of waste being processed.



Segregation has been practiced

where more than **11 tons of assorted plastics**

were isolated from March to December 2021. The plastic wastes were eventually donated to the local Plastic Recycling Plant for school chair production.

About **28 tons of biodegradable waste**

were shredded during the fiscal year, turned over to the nurseries for vermicomposting, and finally used as a soil conditioner in the nursery operation. The remaining wastes (residuals) were permanently kept in the landfill.



WASTE MANAGEMENT

PGMC's operations produce two major categories of wastes: hazardous and domestic solid wastes. The company has constructed the Central Waste Storage Facility (CWSF) equipped with an oil-water separator with WDP, spill kits, fire extinguishers, and other emergency response equipment. A hazardous waste generator, PGMC secured a registration ID GR-R13-67-00007 and an online registration ID OL-GR-R13-67-000056. The Company therefore is conscientious in the practice and advocacy for the 4Rs: Refuse, Reduce, Re-use and Recycle and an advocate of the #BeatPlasticPollution Campaign which aims to refuse the use of single-use or disposable plastics. Through an EMS memorandum, in-house and contractors' employees are discouraged to use disposable plastic bags as food packaging rather they are required to utilize reusable food containers for their meal consumption. Also, the company gradually refrain from purchasing and distributing disposable plastic water bottles intended for visitors.



NOISE ABATEMENT

As for the company's noise abatement measures, these include fencing of roadside with G.I. sheets, use of mufflers/ silencing systems on heavy equipment, and powerhouses for generators. PGMC follows a hierarchy of controls that includes engineering, administrative, and personal protective equipment like earplugs for personnel exposed to loud noise.

This year's monthly noise level monitoring results within the mine site and in nearby communities are



**all within the
acceptable level**

set by the National Pollution
Control Commission (NPCC).

AIR QUALITY MANAGEMENT

PGMC manages air quality by implementing dust control measures that are compliant with the Philippine Clean Air Act of 1999 and acceptable to the expectations of the nearby communities. Among these are regular water spraying, road ballasting and maintenance, roadside vegetation, and cleaning and maintenance of national highways. Total Suspended Particulates (TSP) are monitored monthly in five stations using the e-sampler by Met One Instruments, Inc.



The values of TSP in all stations for
the period July 2020 to June 2021
up to December 2021 were

**all within DENR
standards.**





MINING FOREST OVERVIEW

PGMC fully supports the DENR's Mining Forest Program, previously known as Adopt-A-Tree, Adopt-A-Mining Forest Program, which was instituted through Administrative Order No. 98-62. The program calls on all mining, cement, and quarrying companies to establish a mining forest within specified areas. Believing in the program's goals, PGMC began its Mining Forest Program even during the exploration period and planted fast-growing trees such as acacia mangium. We also took pains to include endemic species such as Mangkono, Agoho, Auri, Bamboo, Lahi-lahi, and Maribuhok, compliant to our environmental certificate. Plantations at mine-rehabilitated areas in Caga 2 and 4 were also maintained through regular watering, application of fertilizer, and re-planting. Both organic and inorganic fertilizers are used in reforestation maintenance. By December 2021, the Company was maintaining a 145-hectare forest.



PGMC has initiated other aspects that enhance individuals' capacity and engage them in socio-economic activities while developing and conserving the ecosystem. Among these practices are as follows:



The establishment of Clonal Facility has
8 chambers and reproduces
486 bamboo cuttings
from different species



The vermicomposting facility has
6 chambers
that improve structures and textures of the soil and helps wastes that would go to the dumpsites.



A dragon fruit garden located at Agroforestry Nursery, covering about 300 sqm, and has 80 concrete stands. About
393 kg of dragon fruits were harvested
during its first harvest in May 2021.



Integrated vegetable and livestock farming raise the production of organic vegetables and native chicken and tilapia, while
600 sqm of the vegetable garden
grows bell peppers, bitter gourds, and others. About 60 heads of native chicken are raised in a coop. The products are brought to the company's cafeteria.



CONSERVATION VALUES

As stewards of the environment, PGMC vows to undertake every measure to manage the impacts of our operations and carry out effective rehabilitation as part of our overall sustainability strategy. Being the responsible company, we always strived to uphold our role in developing communities by creating jobs, delivering basic and essential services for health, education, and infrastructure, and enabling communities to become self-sufficient, self-sustaining, and self-reliant even after mine-life.

PGMC promotes biodiversity conservation in parallel with responsible mining operations, recognizing the significant role of the ecosystem in sustainable development.



The Company has been proactive in pushing for development in this area through various impactful projects, namely:

BIODIVERSITY CONSERVATION.

For many years until the present, the 50-hectares Biodiversity Conservation Area in Caga 5 ridge of the SIRC MPSA area has continuously served as shelter and habitat for diverse flora and fauna.

DEVELOPMENT OF THE BOTANICAL PARK.

The 3-hectare Botanical Garden featured various forest plant species, ornamental plants, herbs, aerial plants like orchids, and many others. Aside from being the depository of floral species collected within the company's MPSA, this facility has been developed into a natural park offering a scenic view from the observation pad.

ESTABLISHMENT OF NATURAL FOREST NURSERY.

The company established a 50,000 square meters Natural Forest Nursery located within the mining areas of CAGA 2 and 4 to expand the seed sources and act as a natural seed dispersal area where all kinds of seeds from indigenous species may contribute to the rehabilitation stage. By the end of 2021, five (5) hectares of natural forest nurseries were developed.





INSTALLATION OF SATELLITE NURSERIES.

PGMC also installed five (5) satellite nurseries located at CAGA 2 and 4 in the mined areas, with a capacity of 20,000 seedlings per satellite nursery. Satellite nurseries are designed to gradually acclimatize seedlings transferred from central nurseries in order to be exposed to stress, such as changes in temperature, moisture conditions, and light intensity.



CORAL REEF ECOSYSTEM DEVELOPMENT.

In partnership with the BLGU-Cagdianao, PGMC assisted in implementing the coastal resource management program and initiated the deployment of concrete blocks to provide a stable platform wherein corals could colonize. In June 2021, PGMC established a coral nursery in the Lambason Marine Sanctuary to help provide a potential source of coral species. This method encourages the natural recovery of damaged reefs, creating a habitat for fish and other aquatic life forms.



MANGROVE PLANTATION AND MAINTENANCE.

This has been a regular program of PGMC done in the Kinalablaban river mouth and Sitio Panyog, both in Brgy. Cagdianao. Enrichment planting, replanting, and removing of entangled debris are routinely done to maintain and enrich the plantation areas.



RIVERS FOR LIFE- ADOPT BAORY RIVER

Partnership with PENRO-CENRO SDN for the "Recognizing Individuals/Institutions towards Vibrant and Enhanced Rivers (RIVERS) for Life" Program. PGMC adopts the downstream part of the Baory River. This program encourages the development of riverbanks, the enrichment of the mangrove forest community, and the promotion of ecotourism activities. In November 2021, PGMC conducted a Bamboo Planting activity with a total of 220 bamboo culms planted in the riverbank which was envisioned to address the problem of riverbank scouring and to contribute to the mitigating impacts of climate change. Bamboo is recommended as per DAO 2021-26.



ADOPT-A-MANGROVE FOREST.

The adoption of the mangrove forest of Brgy. Bagakay, Claver gave PGMC an opportunity to broaden and share its objective in the conservation of the mangrove ecosystem. The area is predominantly composed of *Nypa fruticans* (Nipa) and other mangrove species. Since 2020, approximately 43,610 Rhizophoraceae seedlings have been planted to enrich and restore the density and biodiversity of its mangrove ecosystem.



CONTRIBUTION TO THE DEVELOPMENT OF THE REGIONAL WILDLIFE RESCUE CENTER (RWRC).

Contribution to the Development of the Regional Wildlife Rescue Center (RWRC). PGMC will provide a total of 1.8 million pesos for the implementation of the RWRC, an initiative of DENR Caraga in coordination with the MGB Caraga. This project will provide refuge for wildlife caught in the region.



INDUSTRY APPRECIATION

The year 2021 has been more forgiving for the nickel industry as businesses start to feel the economic recovery as we slowly cope up with the impact of the pandemic. We are already seeing gradual improvement in the market demand as mobility increases, resulting in ramp up of economic activities. Moreover, the challenges we faced during the start of the pandemic, particularly pertaining to logistics and mobility protocols, were eventually resolved leading to normalization of business operations.

Now, the post-pandemic market reopening led to the growing demand for nickel as infrastructure activities recover and further supported by the increasing electric vehicle demand as the world shifts to a more sustainable and environment-friendly lifestyle. We see this positive catalyst translating to strong price rally of nickel prices for 2021 and will boost the outlook on nickel mining businesses.

Due to strong stainless-steel demand and fast-growing battery end-use sectors, global nickel usage surged by an astounding 16.2% year-on-year (YoY). As a result, the global Nickel supply deficit ballooned to a decade high of 168,000 tonnes, based on the estimate of the International Nickel Study Group (INSG). This is a reversal of the 104,000 tonnes Nickel surplus in 2020. In addition, LME Class 1 Nickel inventory continuously drop with 2021 level declining by more than 54% YoY to 116,000 tonnes, which is the lowest inventory level in more than nine years. With the wide imbalance in Nickel supply and demand, daily average LME Class 1 Nickel Spot and 3-month forward prices soared to USD 18,474/MT and USD 18,467/MT, up by 33.8% and 33.2% YoY respectively. This translates to price rally in Nickel ore and is beneficial to the Philippines, being one of the top Nickel ore suppliers in the world. With our stable Nickel ore supply and possible expansion and opening of new local nickel mines, the Philippines is well-positioned to capture the opportunity in the market.

Global output of stainless-steel, still being the major driver of Nickel industry demand and accounting for 72% of global nickel use as of 2020, rose by 10.6% YoY to 56.3 million tonnes according to International Stainless-Steel Forum. However, despite the strong pick up in stainless-steel production, driven by the fastest rate of growth in Europe for more than a decade and by more than 20% growth in output of ex-China Asia, we see a drastic slowdown in China output. For FY2021, China's stainless-steel production posted only 1.6% YoY growth as 1H2021 production was hampered by the country's endeavor to curb carbon emission. Despite the slowdown in China's stainless-steel production, we believe that stainless-steel production will remain stable for the succeeding year. Moreover, the continuous appetite for electric vehicles, resulting in tremendous sales growth, will further augment the demand for nickel and will support elevated price levels.

On the local landscape, the consequent nickel price rally benefitted the local nickel mining companies. Being one of the top Nickel ore suppliers in the region, the Philippines was able to capture the growing demand for nickel and was able to sell its inventory at a favorable price. Despite the pandemic, total Philippine Nickel production for 2021 increased by 22.8% to 32.88M DMT, even surpassing pre-pandemic production by 25.4%. Consequently, total value of Nickel ore produced ballooned to P56.26B, up by 48.6% year-on-year and is 81.3% higher than the pre-pandemic number, mainly attributable to strong price rally in the commodity market coupled with continuous and uninterrupted mining operations of Nickel mines in the country. With the limited global nickel supply and depleting inventory amid the increasing nickel demand as business activities start to normalize and uses of nickel expand and evolve, the Philippines will remain at the center of this opportunity. Having ample supply of nickel ores (6th largest nickel reserve in the world) and possible mine expansion due to the lifting of a nine-year moratorium on mineral agreement, the country is poised to gain from this industry catalyst.

Moving forward, we remain optimistic to the significance of nickel as a backbone of the society's development; thus, we believe that with the current tight global demand-supply situation and continuous imposition of ore export ban in Indonesia will further exacerbate the price levels of global nickel price. In addition, the recent Russia-Ukraine crisis resulted in more than 50% increase in LME Nickel Spot price as of 1Q22 as Russia was a significant nickel market player – being the 4th largest refined nickel producer and having the 4th largest nickel reserve in the world. With the further supply headwinds due to global tensions arising from the prolonged Russia-Ukraine conflict and normalization of economic activities, we expect a robust Nickel demand and sustained elevated Nickel ore prices for the upcoming fiscal year.

NICKEL MINING

As the second biggest Nickel producer in the world, the Philippine's Nickel mining industry plays a significant role in promoting development of the national economy.

Nickel is the fifth most abundant element on Earth and is believed to be the second most abundant element in the Earth's inner core. Most of it is found beneath the earth surface and is usually available in two types of deposits: laterite deposit, which is a result of intensive weathering of surface Nickel-rich rocks, and magmatic sulfide deposit. Due to its strength, ductility, and resistance to heat and corrosion, it has been used in the developments of a wide variety of materials. Nickel is one of the most commonly and widely used metal found in kitchen wares, electronic devices, construction, and transportation materials.



There is also a notable emerging use of Nickel as it is used to produce batteries for electric vehicles (EVs). Although the contribution of EV batteries in the Nickel demand is still small, it is seen to post a tremendous growth in the future, given the drive of several nations to promote green technology. The rise of EVs is seen as a catalyst for the growth of global Nickel demand, especially amidst growing advocacy to reduce pollution and lessen dependence on fuel.

The world has been reaping the benefits of Nickel mining for several hundreds of years. The products of Nickel have provided the society with its necessities and have led it to modernization and economic progression. It has brought new technologies that enable people to live a more comfortable life and has opened possibilities for future generations. Moreover, with developments in science, new technologies and methods have been employed by companies to minimize the environmental impact of mining activities while maximizing its benefits.

Other than the economic benefits of Nickel mining, the policies in place and the advocacy of responsible mining companies to be an active advocate of development for local communities, as well as the enhancement and rehabilitation of the environment, propels the country's mining industry to always move forward.

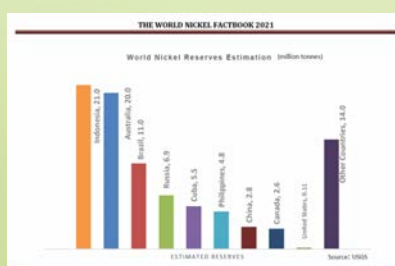
Responsible mining companies promote inclusive economic growth in marginalized communities through the continuous implementation of social development programs and provision of local job opportunities. As an industry, we help the government stretch its reach to the mining communities, which are usually isolated and underdeveloped. Companies provide capital resources and technical expertise, gathered through years of quality mining operations experience so that the community can reap the benefits of the natural resources available while at the same time ensuring rehabilitation of mined-out areas for future productive use of the communities.



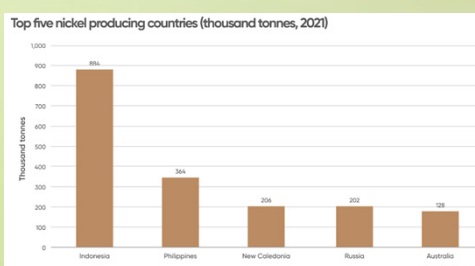
LME Nickel Inventory



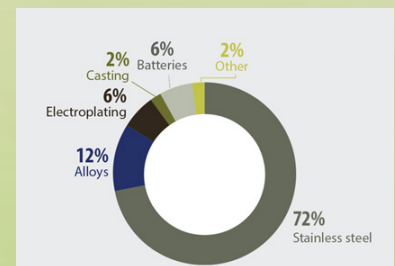
LME Nickel Spot Price



World Nickel Reserves



Top Nickel Producing Countries



Use of Nickel

OUR LEADERSHIP



JOSEPH C. SY | *CHAIRMAN & DIRECTOR*

Mr. Sy became Chairman of the Board of Directors on August 6, 2015. He became president of PGM and Company in July 2011 and on August 29, 2014, respectively. He is also a Director and Chairman of Iplan Nickel Corporation, Chairman and President of Ferrochrome Resources Inc. and the Director of Mining for the Philippine Chamber of Commerce and Industry. Mr. Sy has more than 14 years of experience in managing and heading companies engaged in mining and mineral exploration and development. He was conferred as Doctorate Fellow of the Academy of Multi-Skills, United Kingdom.



DANTE R. BRAVO | *PRESIDENT & DIRECTOR*

Mr. Bravo became the President of the Company on August 6, 2015. He previously served as Executive Vice President of the Company. He has been a Director, Executive Vice President, and Corporate Secretary of PGM since 2011. He was Chief Finance Officer of PGM from 2011 to 2013. He is also an attorney-at-law and a Certified Public Accountant in the Philippines. Mr. Bravo served as a Director from 2004 to 2011 and a Senior Associate from 2002 to 2004 at SGV. He is a professor of law at San Beda College and a lecturer for the Mandatory Continuing Legal Education Program for lawyers. He was the Chief Political Affairs Officer of Congressman Mr. Narciso R. Bravo Jr. He holds a Bachelor of Laws degree from San Beda College and a Bachelor of Accountancy degree from the University of Santo Tomas. Mr. Bravo has more than 10 years of corporate management experience. He placed 10th in the 2001 Philippine Bar Examinations.



MARY BELLE D. BITUIN *CHIEF FINANCIAL OFFICER & TREASURER*

Ms. Bituin became a Director of the Company on November 2, 2015. Ms. Bituin holds a Bachelor of Science degree in Business Administration, major in accounting from Philippine School of Business Administration Manila. She is a Certified Public Accountant. She was Vice President for Business Transformation of Globe Telecom, Inc., from 1998 to 2014. She was the international auditor for the International Auditor for International Audits at the Cooperative for Assistance and Relief Everywhere (CARE), a leading international humanitarian organization fighting global poverty based in Atlanta, Georgia USA, from 1994 to 1998. She was also a senior auditor at SGV & Co. where she worked from 1988 to 1994.



NOEL B. LAZARO | SENIOR VICE PRESIDENT FOR LEGAL AND REGULATORY AFFAIRS, CORPORATE SECRETARY AND CORPORATE INFORMATION OFFICER

Mr. Lazaro became the Corporate Secretary and Corporate Information Officer of the Company on October 22, 2014. He also acts as its Senior Vice President for Legal and Regulatory Affairs. He joined PGMC on August 1, 2014. He is a Director of INC and also a Director and Corporate Secretary of SPNVI, PCSSC and SIRC. Mr. Lazaro served as a Partner for Siguion Reyna Montecillo & Ongsiako, an Associate at SyCip Salazar Hernandez & Gatmaitan, a Professorial Lecturer for the Lyceum of the Philippines College of Law, the De la Salle University Graduate School of Business and Far Eastern University Institute of Law, Master of Business Administration-Juris Doctor Dual Degree Program. He completed his Bachelor of Laws degree from the University of the Philippines College of Law and placed 19th in the 1995 Philippine Bar Examinations.



FRANCIS C. CHUA | DIRECTOR

Mr. Chua became a director of the Company on October 22, 2014. He is currently the Honorary Consulate General of the Republic of Peru and the honorary president of the Federation of Filipino Chinese Chamber of Commerce and Industry. He is also the president emeritus of the Chamber of Commerce of the Philippines Foundations. Mr. Chua also served as the special envoy on Trade and Investments on China. He holds a Bachelor of Science in Industrial Engineering from the University of the Philippines, College of Engineering and doctorate degrees in humanities honoris causa and business technology honoris causa from the Central Luzon State University and the Eulogio Amang Rodriguez Institute of Science and Technology, respectively.



GU ZHI FANG | DIRECTOR

Ms. Gu Zhi Fang became a director of the Company on October 22, 2014. She has been a director of Ferrochrome Resources, Inc. since 2011. She has also been a director and general manager of Jiangsu Lianhua Paper Ltd., Wujiang, Jiangsu Province, China. She holds a degree in International Trade from Suzhou University. She was conferred as Doctorate Fellow of the Academy of Multi-Skills, United Kingdom. She is a seasoned entrepreneur with over 20 years of experience in business leadership.



DENNIS ALLAN T. ANG | DIRECTOR

Mr. Ang became a Director of the Company on August 10, 2015. He is the Corporate Secretary of Maxima Machineries, Inc. since February 2009. He is the System Architect and Lead Programmer of Engagement Workflow System Architecture Development since July 2015. He founded Full Metro Gear Corp. and Engagement, Inc in 2014 and 2007, respectively. He occupied several key positions in Asian Institute of Management from 2001 to 2006. Mr. Ang holds a degree in Bachelor of Science in Management Information Systems from Ateneo de Manila University and a master's degree in business administration from Asian Institute of Management.



JENNIFER YU CONG | DIRECTOR

Ms. Jennifer Yu Cong became a Director of the Company on February 10, 2021. She joined Platinum Group Metals Corporation in 2011 and was assigned to the Billing & Collection Department. Fluent in Chinese language, she was transferred to the Marketing Department where she is assigned to handle buyer and ship-owner concerns from 2012 up to present. She obtained her degree in Chinese Language at the Huaqiao University in Xiamen, China. Prior to obtaining her degree, she also took up business related subjects in Chiang Kai Shek College and University of Santo Tomas here in the Philippines.



EDGARDO G. LACSON | *INDEPENDENT DIRECTOR*

Mr. Edgardo Gapuz Lacson became a Director of the Company on June 29, 2016. Mr. Lacson is a Director of the Philippine Stock Exchange and Puregold Price Club, Inc. He is also a Trustee of De La Salle University, Home Development Mutual Fund, ADR Institute for Strategic and International Studies and Philippine Disaster Recovery Foundation. Mr. Lacson is a President of MIS Maritime Corporation, Safe Seas Shipping Agency, Marine Industrial Supply Corporation and EML Realty. He is also a Trustee, Past President and Honorary Chairman of the Philippine Chamber of Commerce and Industry. He holds a Bachelor of Science in Commerce Major in Accountancy from the De La Salle College.



SERGIO R. ORTIZ-LUIS JR. | *INDEPENDENT DIRECTOR*

Mr. Sergio Ortiz-Luis Jr. became a Director of the Company on August 5, 2020. Mr. Ortiz-Luis Jr is also an Independent Director of other publicly listed companies namely: Alliance Global Group, Inc., Forum Pacific, Inc., Jollville Holdings and SPC Power Corporation. He is also the Chairman of Waterfront Philippines, Inc. and a director of Wellex Industries, Incorporated. He is Vice-Chairman of Export Development Council, member of Industry Development Council and a private sector representative in The Philippine Bamboo Council. Also, an Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry and President & CEO of Philippine Exporters Confederations, Inc. He has been appointed Honorary Consul General of the Consulate of Romania in the Philippines (2015 to present), Treasurer of Consular Corps of the Philippines and Honorary Adviser of International Association of Educators for World Peace. He was also the recipient of the Sino Phil Asia International Peace Award and the Gawad Parangal ng Rizal in Entrepreneurship in 2019 and 2017, respectively. Mr. Ortiz-Luis Jr. obtained his Bachelor of Science in Liberal Arts and in Business Administration from the De La Salle College. He is also a Masters in Business Administration Candidate at De La Salle College. He has a PhD in Business Administration honoris causa from Angeles University foundation, PhD in Humanities honoris causa from Central Luzon Agricultural College, PhD in Business Technology honoris causa from Eugenio Rodriguez University, and PhD in Capital Management honoris causa from the Academy of Multiskills, United Kingdom.

OTHER EXECUTIVE OFFICERS



CARLO A. MATILAC | **SENIOR VICE PRESIDENT OPERATIONS**

Mr. Matilac became the Senior Vice President for Operations on August 1, 2014. In 1994, Mr. Matilac graduated with a Bachelor of Science in BS Mining Engineering in Cebu Institute of Technology in 1994 and thereafter passed the 1994 Mining Engineer Licensure Exam garnering 1st Place. Mr. Matilac has more than nineteen (19) years of technical and engineering experience in managing companies engaged in mining and mineral exploration development. Prior to his current position, Mr. Matilac served as a technical specialist for BHP Billiton and QNI, and a mine engineering superintendent for Manila Mining Corp. He also holds a Masters in Business Administration from the Saint Paul University.



EVEART GRACE POMARIN-CLARO | **CORPORATE SECRETARY AND ALTERNATE CORPORATE INFORMATION OFFICER**

Ms. Pomarin Claro became Corporate Secretary and Alternate Corporate Information Officer of the Company on August 24, 2018. Ms. Pomarin Claro was Assistant Corporate Secretary and Alternate Corporate Information Officer of the Company from September 10, 2014 to August 24, 2018 and served as Corporate Secretary of the Company from February 1, 2014 to August 29, 2014. She is the Executive Legal Officer of PGM. She is Assistant Corporate Secretary of PGM, SIRC and the Corporate Secretary of Iplan Nickel Corporation, Nickel Laterite Resources, Inc. and Celestial Nickel Mining Exploration Corporation. She completed a Bachelor of Laws from the University of St. La Salle.



MARIO A. NEVADO | **COMPLIANCE OFFICER**

Mr. Nevado became Compliance Officer of the Company on August 24, 2018. He has been with PGM since 2007 and became the Assistant Vice President for Finance in 2011. He is a Certified Public Accountant. He has a solid background in financial services by working in various reputable companies. He held various positions as Manager of the Money Market Division, Purchasing Division of the Philippine National Bank (PNB), and of PNB Capital and Investment Corporation, a subsidiary of PNB. He also worked as an Accountant of Philippine Bread House in New Jersey, USA.



MANAGEMENT TEAM



JOSEPHY SY

Chairman



ATTY. DANTE R. BRAVO

President



CARLO A. MATILAC

Senior Vice President
for Operations



MARY BELLE D. BITUIN

Chief Finance Officer



ATTY. NOEL B. LAZARO

Senior Vice President for
Legal and Regulatory Affairs
and Corporate Information
Officer



MARIO A. NEVADO

Compliance Officer



**ATTY EVEART GRACE
POMARIN-CLARO**

Corporate Secretary
and Alternate Corporate
Information Officer

CORPORATE GOVERNANCE

102-18

Board Committees

Joseph C. Sy
Chairman

Dante R. Bravo
Mary Belle D. Bituin
Sergio R. Ortiz-Luis, Jr.
Edgardo G. Lacson

Compensation and Remuneration Committee

Sergio R. Ortiz-Luis, Jr.
Chairman

Joseph C. Sy
Dante R. Bravo

Nomination Committee

Edgardo G. Lacson
Chairman

Mary Belle D. Bituin
Dante R. Bravo

Audit, Risk & Related Party Transaction Committee

Sergio R. Ortiz-Luis, Jr.
Chairman

Edgardo G. Lacson
Dante R. Bravo

PGMC believes in good corporate governance, and it promulgates a Corporate Governance Manual anchored on the principles of accountability, transparency, and fairness which optimizes long-term value for the Company and its shareholders, as well as recognizes the role of its various stakeholders.

Taking seriously their role in governance, our Board of Directors are responsible stewards who guide the organization in fulfilling our long term economic, moral, legal, and social obligations towards our stakeholders. PGMC assures its stakeholders that the Company will always act in the interest of sustainable growth that is aligned with its corporate values.

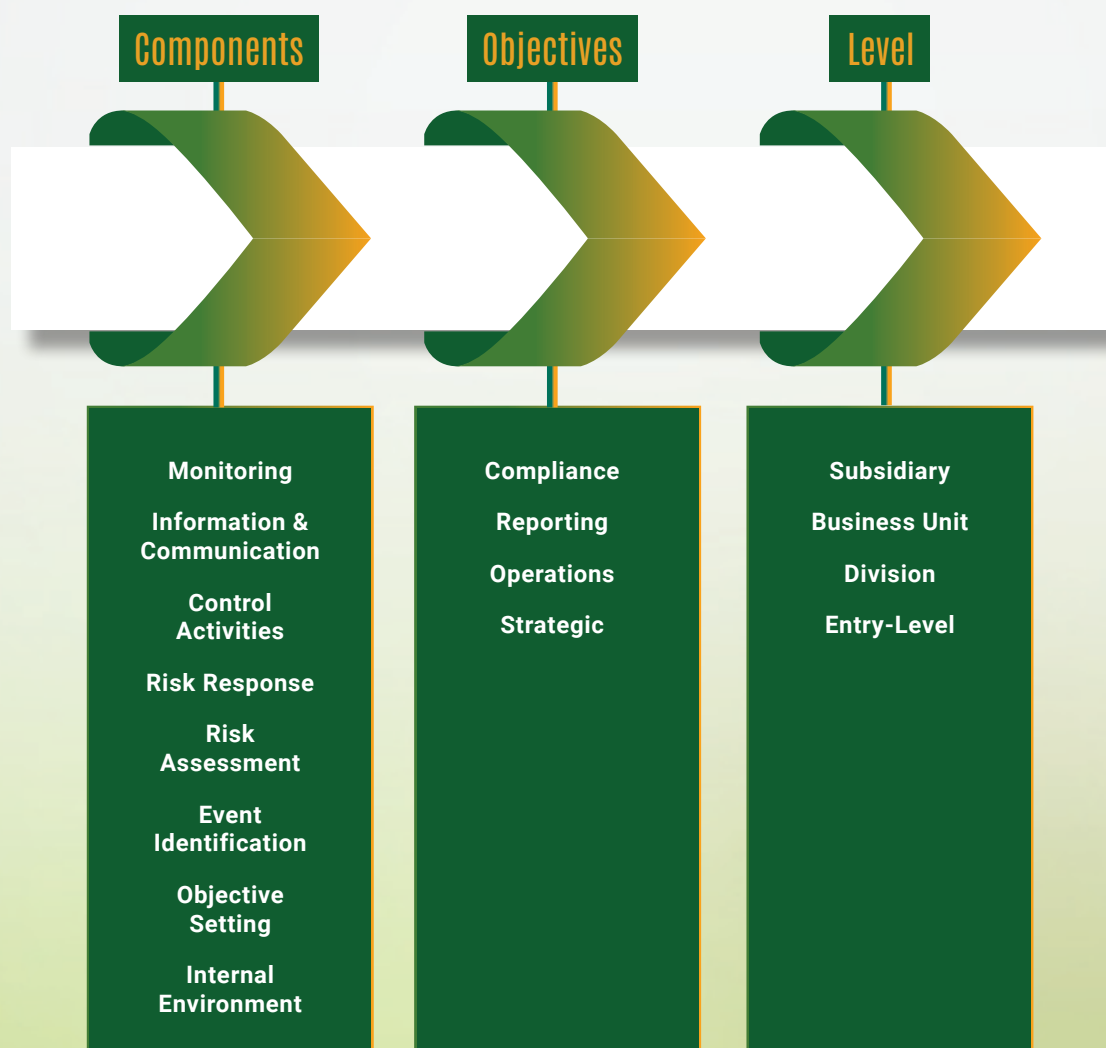


ENTERPRISE RISK MANAGEMENT

102-11

Fully aligned with its holding company's approach, PGMC believes in adopting an integrated strategy on enterprise risk management that capitalizes on the value gained from managing risks and delivers on the requirements of all stakeholders.

PGMC's Enterprise Risk Management (ERM) process aims to align FNI's strategy, processes, people, technology, and knowledge to manage the level of exposure and uncertainties the Company faces, as it creates value for its stakeholders – bridging strategic direction with operational execution.



ERM FRAMEWORK

Based on the prominent COSO ERM Framework, PGMC considers Enterprise Risk Management as a process that is effected by the board of directors, management and other personnel, enterprise-wide at strategic level. It is designed to identify potential events that may affect the entity, manage risks to remain within its risk appetite, and to provide reasonable assurance regarding the achievement of objectives .

The ERM Framework is strategically embedded throughout the organization as it influences and aligns strategy and performance across all departments and functions. The eight (8) interrelated components of the Framework can be summarized into five (5) principles:

1

Governance and Culture: where the board and top management set the organization's tone and culture towards understanding of risk affecting the organization (internal and external factors); part of establishing good governance is reinforcing oversight responsibilities for enterprise risk management.

2

Strategy and Objective-Setting: where the Company establishes its risk appetite and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.

3

Performance: where risks are prioritized by severity in the context of established risk appetite; the Company then implements risk responses.

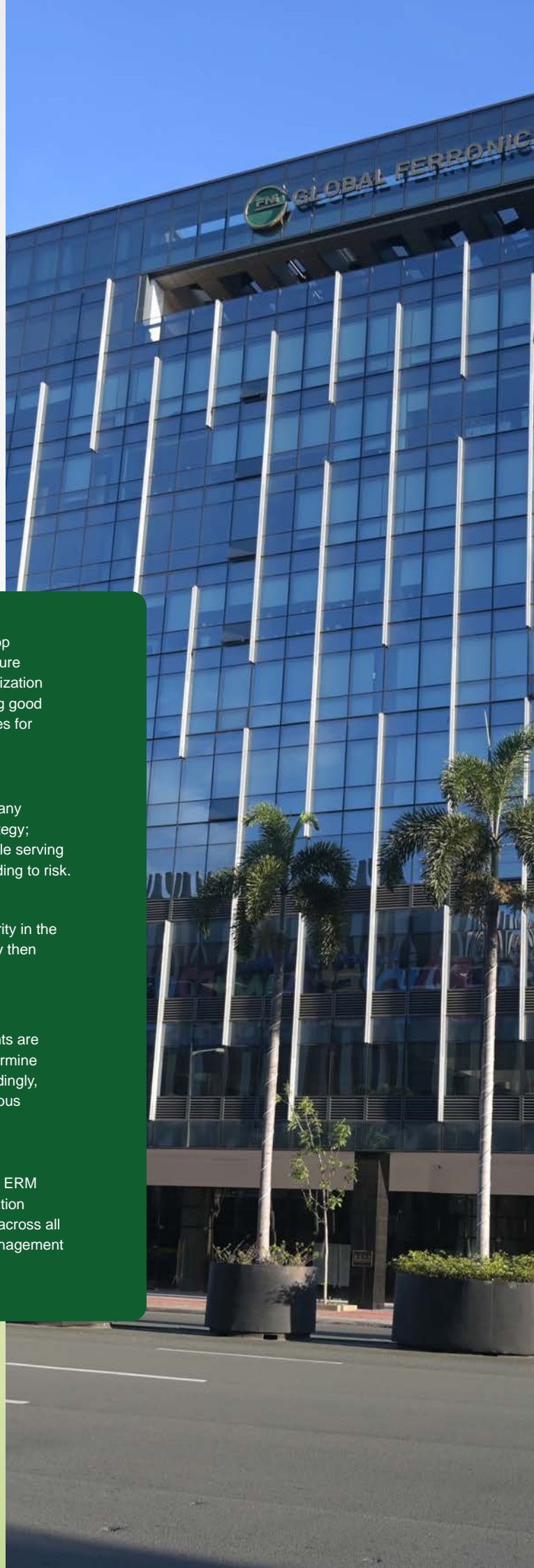
4

Review and Revision: where the ERM components are reviewed against the actual performance, to determine if revisions in the risk response is needed. Accordingly, it is imperative that the Company pursue continuous improvements.

5

Information, Communication, and Reporting: The ERM System requires the continual process of information sharing, from both internal and external sources across all levels, and regular communication about risk management is established.

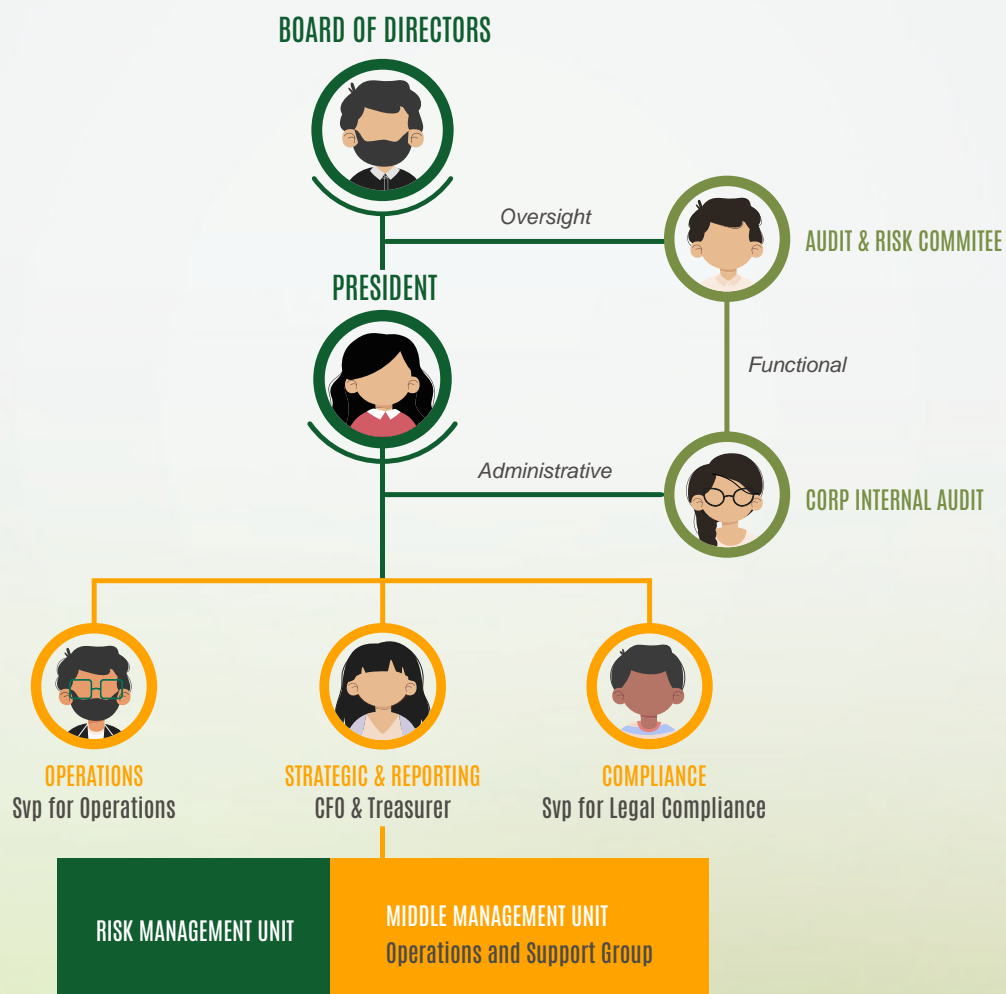
*Derived from COSO Enterprise Risk Management – Integrated Framework, September 2004.



MANAGEMENT'S ROLE AND FNI RISK MANAGEMENT

The Board (through its Audit and Board Risk Oversight Committee) has the responsibility for overseeing risk management within the Company. For its part, PGMC Management holds overall responsibility for managing risks and to continue to enhance its conversation with the board and stakeholders about using enterprise risk management to gain a competitive advantage.

There is a lean ERM core team in support of the ERM Structure where Corporate Internal Audit (CIA) helps the management assess the effectiveness of the system and identify opportunities for improvement. CIA also assists in the ERM oversight role of the Board, with the support of the SVP for Legal and Compliance, SVP for Operations, and SVP for Finance who regularly communicate significant risks and related risk strategies and the status of the risk management initiatives.



PGMC has therefore identified its key business risks and affected interrelated risk drivers. Accordingly, ERM team agreed to implement risk responses and strategies to address the risks drivers and key business risks. Updates on the status are reported to the Board, President, ManCom and key stakeholders on a periodic basis as agreed and approved by the Audit and Board Risk Oversight Committee.

Because of their capability to greatly affect the day-to-day operations of PGMC, energy shortage, natural disasters such as extreme typhoons and flooding, as well as occupational injuries and ill health due to gradual increase in temperature are the priority risks that have been identified. Energy shortage could result in an increase in generator use or interruption in the Company's operations while extreme typhoons and flooding could bring disruptions to mining activities as well as facility and equipment damage. Occupational injuries and ill health caused by extreme heat, on the other hand, could lead to a significant reduction in manpower, delay in the production, and various additional costs.

Climate-related risks are accounted for in the ERM as with other risks that may affect the Company. The Company plans to consider additional climate-related risk events within 2022 to be more comprehensive in our strategies.

PGMC AND OUR SUSTAINABILITY JOURNEY



Since 2018, the Company has been on a journey to evolve our Sustainability Framework since 2018 as we explored and identified operational alignments with global standards and goals, namely with those of the Initiative for Responsible Mining Assurance (IRMA), the International Council on Mining and Metals (ICMM), Mining Association of Canada's Towards Sustainable Mining (TSM) framework,







SUSTAINABILITY FRAMEWORK

PGMC has been clear and consistent in support for responsible mining. We have shared and articulated our commitment to operate under the principles of Sustainability as a shared responsibility for all. The Company recognizes its potential and practical impact on people and communities and knows that its performance in environmental, social and governance aspects is important to its stakeholders.

The Company therefore continued striving to gather best practices in sustainability reporting and ensure coverage of aspects that stakeholders consider material and critical for their relationship with the PGMC.

We conducted a Materiality Assessment participated in by representatives from different departments. Through this exercise, we identified essential topics related to economic and environmental factors, governance, and community development. Each aspect was weighed for both its impact to the business and its impact on stakeholders' relationship with the Company.

The resulting matrix reveals that the topics our stakeholders consider material are those that are closely related to the Company's mission of "delivering value by carrying out our activities in an environmentally, socially and financially responsible manner for the benefit of the nation, the communities where we operate, our employees, customers and other stakeholders."

Contribution to the Economy	
Material Topics	Performance Highlights
<ul style="list-style-type: none"> Leadership and Governance Revenue & Income Fluctuation in Metal Prices 	<div>  <p>SDG 8</p> <ul style="list-style-type: none"> Shipped 4.887 million WMT for the 90 vessels Nickel industry contributed 58 percent or PhP 70.83 billion of the industry's total earnings in 2021 Net income stood at PhP 1.976 billion, 5.9% higher than the previous year's net income of PhP1.865 billion. Revenues went up by 6.1% to PhP 7.708 billion in 2021 as against PhP 7.262 billion in 2020. The increase was attributable to higher prices of nickel ore compared to 2020. </div>
	<div>  <p>SDG 17</p> <ul style="list-style-type: none"> - 0 incidents of corruption - 0 legal actions or employee grievances involving forced or child labor </div>
Environmental Performance – Stewards of the Environment	
<ul style="list-style-type: none"> Exploration Activities Chemicals Management Electricity Generation & Consumption Fuel Consumption – Transportation Water Consumption & Recycling Water Pollution/Impact on Water Sources Settling Pond Management Land Rehabilitation & Management Biodiversity & Ecosystem Management Geological Risk Assessment Waste Management 	<div>  <p>SDG 6</p> <ul style="list-style-type: none"> 264,098 cu.m total water extracted 264,098 cu.m water discharged 135,641 cu.m silt collected </div>
	<div>  <p>SDG 12</p> <ul style="list-style-type: none"> 35,538 kg residual waste sent to landfills 12,467 kg recycled waste stored 28,467 kg biodegradable waste composted 18% increase in GHG emissions compared to CY 2020 899,134 kWh Electricity Consumed 15.8% increase in fuel consumption compared to CY 2020 </div>
	<div>  <p>SDG 13</p> <ul style="list-style-type: none"> PhP 99,162,491 total investment on EPEP </div>
	<div>  <p>SDG 15</p> <ul style="list-style-type: none"> 514.65 has. rehabilitated and reforested area 2,723,068 number of seedlings planted within and outside MPSA Re-vegetated a total area of 170 has. of inactive mine areas wherein 1,063,988 grass cuttings were planted since 2018 The Company has planted 29,410 mangrove species of Rhizophora sp. most commonly known as "Bakauan babae". As of June 2021, only 104 hectares of the area were disturbed within the Tree Cutting permits and only 21,393 trees were affected during the duration of the said permits. Planted 1,069,527 trees of indigenous species out of the 2,139,300 required for the replacement. </div>

Social Performance – Putting People First

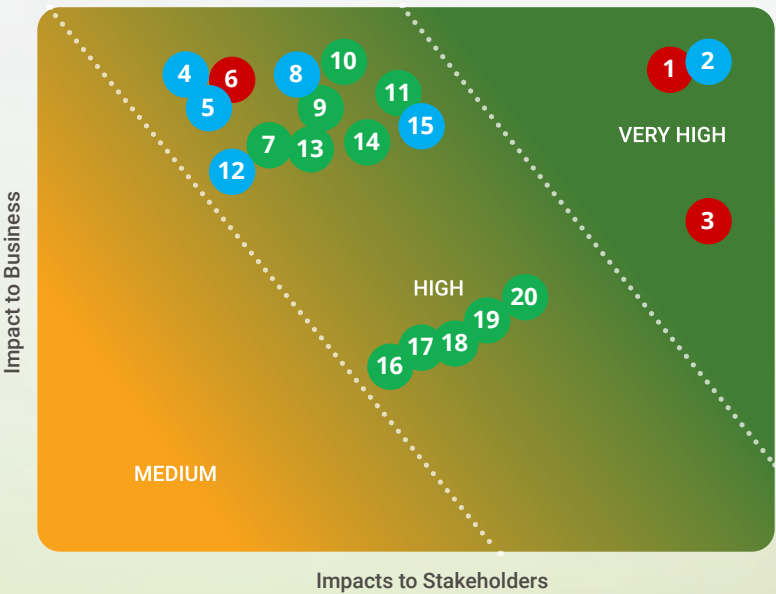
Material Topics	Performance Highlights
<ul style="list-style-type: none"> Local Employment Employee Relations & Labor Practices Health & Safety Performance Community Development Emergency Preparedness Facility Security 	 SDG 1 <ul style="list-style-type: none"> PhP 38,286,931.01 total spending on SDMP PhP 4,835,209.72 total spending on Livelihood Programs 25 fishermen assisted
	 SDG 2 <ul style="list-style-type: none"> PhP 100,000.00 total expenditures in feeding program to 32 identified undernourished children in Barangay Cagdianao
	 SDG 3 <ul style="list-style-type: none"> 7,666,160.16 man-hours with 0 lost time Total of 23,375,089.67 hours to date PhP 39M allocated and spent for COVID-19 efforts and response The Group spent over ₱14 million in its relief efforts for those severely affected by the super typhoon Odette. 1 ambulance donated
	 SDG 4 <ul style="list-style-type: none"> PhP 9.03M total investment on education Supported 123 scholars and 6 teachers 21 schools supported for Brigada Eskwela 5 schools that are beneficiaries of school supplies and equipment
	 SDG 8 – 8.3, 8.5, 8.8 <ul style="list-style-type: none"> 856 regular/probationary and seasonal employees hired from local communities
	 SDG 9 <ul style="list-style-type: none"> 5 units elevated water tanks constructed in Punta Naga, Cagdianao wherein 97 households benefited 2.7M spent on public infrastructure projects
	 SDG 10 <ul style="list-style-type: none"> 14 indigenous peoples hired in the workforce IP royalties totaled 22.9M in 2021 60 women beneficiaries in communities distributed 289 sacks of rice (25 kilos/sack) per family in IP communities

MATERIALITY

102-46, 102-47

We have taken on the concept of Principled Prioritization in our basic framework and approach, helping us select SDG targets based on an assessment of risks and benefits to people and the environment. This was key to ensuring that our reporting process, guided by GRI standards, remains a useful and transparent engagement tool for all stakeholders and allow them to effectively monitor the Company's continued progress.

As such, our stakeholders are enabled to help the Company take stock of our current programs and discover other ways we can contribute to helping solve the world's most pressing issues.



ECONOMIC

- Revenue & Income
- Leadership & Governance
- Fluctuation in Metal Prices

SOCIAL

- Community Development
- Employee Relations & Labor Practices
- Health & Safety Performance
- Emergency Preparedness
- Local Employment
- Facility Security

ENVIRONMENTAL







- Land Rehabilitation & Management
- Water Pollution/Impact on Water Resources
- Settling Pond Management
- Exploration Activities
- Biodiversity & Ecosystem Management
- Waste Management
- Geological Risk Assessment
- Water Consumption & Recycling
- Fuel Consumption & Recycling
- Electricity Generation & Consumption
- Chemicals Management

STAKEHOLDER ENGAGEMENT

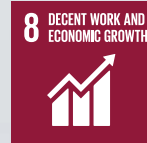
102-40, 102-42, 102-43, 102-44

Our sustainability framework works because it is enabled by a collaborative approach with our stakeholders. The Company provides a variety of venues and platforms and creates opportunities for transparent and open communications with our different stakeholders.

Stakeholders	Engagement Method	Key Concerns	Company's Response
Employees 	<ol style="list-style-type: none"> 1. Annual Town Hall meetings 2. Monthly bulletins 3. Information drive lectures 4. Employee engagement programs 5. COVID-19 response 	<ol style="list-style-type: none"> 1. Compensation, benefits, and incentives 2. Career growth and development 3. Safe workplace during COVID-19 	<ol style="list-style-type: none"> 1. Performance, Planning, and Evaluation program 2. Loyalty awards and salary increments 3. Regular skills training 4. Employee engagement activities and events 5. Office and vehicle disinfection 6. Quarantine facilities 7. Provision of PPEs 8. Rapid Antibody Test on all Employees on the Mine Site 9. Accommodation and meal provision for stay-in employees
Communities 	<ol style="list-style-type: none"> 1. Consultation for SDMP planning and formulation 2. Information, Education and Communication (IEC) campaigns 3. MMT, RHNC, FGDs 4. Monthly barangays sessions and project monitoring 5. Job fairs 6. COVID-19 response 	<ol style="list-style-type: none"> 1. Fresh water supply and water system 2. Garbage disposal of contractors 3. Skills and development training 4. Values formation 5. Peace and order 6. IP's health 7. Employment, labor, and livelihood 8. Support during calamities and medical emergencies 9. Support during COVID-19 pandemic 	<ol style="list-style-type: none"> 1. Prioritizes applicants from its neighboring communities 2. Feeding programs, scholarship programs, skills development, training, financial literacy, and management training, water supplies 3. SDMP execution 4. Realignment of SDMP, CSR, and EPEP funds to assist communities affected
Contractors 	<ol style="list-style-type: none"> 1. Regular meetings for environment and safety concerns 2. Orientations, inspections, and reports 3. General Contractors Association 4. Intersport Fest 	<ol style="list-style-type: none"> 1. Limited space for housing 2. Coordination with PGMC for manpower when working overtime 3. Limited space for parking of equipment 4. Proper disposal of waste 	<ol style="list-style-type: none"> 1. Safety and health orientations 2. Safety incentive schemes 3. Environment awareness sessions 4. Report on salaries and government remittances

Investors 	<ol style="list-style-type: none"> 1. Investor briefings 2. Analyst briefings 3. One-on-one briefings as needed 	<ol style="list-style-type: none"> 1. Dividends and returns 2. Sustainable growth plans and initiatives 3. Transparency and governance 	<ol style="list-style-type: none"> 1. Annual and quarterly disclosures 2. Sustainability reporting 3. Public disclosures 4. Press releases
Local Government 	<ol style="list-style-type: none"> 1. Mine Rehabilitation Fund Committee (MRFC) activities 2. Barangay sessions (as standee), as needed for clarifications or particular concerns, sociocultural activities support, consultations 3. MMT activities 	<ol style="list-style-type: none"> 1. Program-related concerns 2. Compliance 3. Lack of sanitation facilities 	<ol style="list-style-type: none"> 1. Livelihood programs 2. Timely submission of compliance documents 3. Provision of materials for sanitation facilities
Regulatory Bodies 	<ol style="list-style-type: none"> 1. Regular compliance and accomplishment reports 	<ol style="list-style-type: none"> 1. Compliance 	<ol style="list-style-type: none"> 1. Timely submission of reports and payments
Suppliers 	<ol style="list-style-type: none"> 1. Annual vendors' meetings 2. Vendors' accreditation 3. Ocular inspection 	<ol style="list-style-type: none"> 1. Timely payments 2. Fair accreditation policies 3. Delivery 	<ol style="list-style-type: none"> 1. Timely payments 2. Coordination with suppliers 3. Transparent accreditation policies
Industry Associations 	<ol style="list-style-type: none"> 1. Annual conferences 2. Regular meetings 3. Monthly meetings with CARAGA chapter 	<ol style="list-style-type: none"> 1. Contributions and updates 2. Regional community relations conference 	<ol style="list-style-type: none"> 1. Events sponsorship
Customers 	<ol style="list-style-type: none"> 1. One-on-one engagements 	<ol style="list-style-type: none"> 1. Product quality 	<ol style="list-style-type: none"> 1. Improvements in extraction process and ore preparations 2. Submission of quality assurance results via third parties

SOCIAL PERFORMANCE



EMPLOYEE WELFARE

102-7, 102-8, 405-1

By the end of 2021, PGMC had a 420-strong roster of employees, 69 based at head office, while the remaining 234 were with mining operations at Cagdianao and Ipilan, Palawan. Of these, 97 were in operations, engineering, and mine planning, 12 were on grade and quality control, 4 handled port operations, 111 took care of the environment, health, and safety concerns for the Company. Meanwhile, 191 team members performed other essential roles in administrative, human resource, accounting & finance, maintenance and mechanic functions, mine security, audit, and the Office of the Vice President. PGMC takes pride in having the best all-Filipino professional and technical personnel, with five technical personnel as members of the senior and junior management.

Our service contractors, on the other hand, deployed an aggregate workforce of 195 employees at the Cagdianao site. In addition, we chartered five landing craft tanks (LCTs) utilized for shipside loading operations which employed about 68 personnel.

As business continues to grow, the Company recognizes that it will require additional key financial, administrative, and mining personnel as well as additional operations staff in the next few years.

Engaging our people also meant supporting their growth and development through continuous learning and training programs. An Annual Training Schedule is developed based on the Training Request Forms filled up by Department Heads at every end of the year. Compliance-related training stipulated in the Annual Health and Safety Plan, and AEPEP are prioritized. Other topics covered are personality development, technical, mechanical, environmental, occupational health and safety, quality control, radiation protection, and mental health awareness.

At the same time, PGMC believes it essential and gives importance to regular performance reviews to evaluate and reward the excellent performance of our employees. Through the Performance, Planning, and Evaluation program, PGMC provides effective feedback on individual performance and identifies the equivalent bonus for the performance of people as recognition of their growth and progress in the company.

Another way that we recognize and reward our people is through incentives for each successful project undertaken. Among our programs are loyalty awards and salary increments to continuously motivate good performance and retain people who continue to grow and develop in their work and relationship with the company.

Currently, there are no labor unions within the Company and its subsidiaries. The Company ensured open communications with employees and has enabled mechanisms and platforms for regular engagement to address any and all concerns and questions from team members from all departments and all ranks.

Utilizing good labor practices in the conduct of our business, PGMC ensures a safe and healthy working environment for our people by properly implementing employment policies and work rules. We promulgate a Company Code of Conduct and Employees Manual that applies to all employees, regardless of role or rank. Management is accountable for the proper implementation of these policies.

Part of our communications are monthly employee bulletins to ensure that employees are updated on the Company's activities and achievements. We also conduct employee activities and events that promote the overall wellness of employees and keep people actively participating in building the company culture together.

BREAKDOWN OF EMPLOYEE DATA

102-7, 102-8, 405-1



12 FEMALE IN THE WORKFORCE



88 MALE IN THE WORKFORCE



14 EMPLOYEES FROM INDIGENOUS COMMUNITIES AND/OR VULNERABLE SECTOR*

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

By Contract Type and Gender

Contract Type	Male		Female		Total
	Head Office	Mine Site	Head Office	Mine Site	
2021					
Regular/Probationary	-	98	-	46	144
Seasonal	-	1,585	-	194	1,779
Total	-	1,683	-	240	1,923
2020					
Regular/Probationary	38	97	32	42	197
Seasonal	0	1,306	2	152	1,460
Total	38	1,403	34	194	1,669
2019					
Regular/Probationary	38	89	32	41	200
Seasonal	0	1,325	2	140	1,467
Total	38	1,414	34	181	1,667

By Position and Gender

Contract Type	Male		Female		Total
	Head Office	Mine Site	Head Office	Mine Site	
2021					
Senior Management	-	1	-	-	1
Managers	-	10	-	1	11
Supervisors	-	105	-	31	136
Rank and File	-	1,581	-	194	1,775
Total	-	1,697	-	226	1,923

2020

Senior Management	6	1	1	0	8
Managers	5	8	5	0	18
Supervisors	3	102	5	24	134
Rank and File	19	1,290	18	170	1,497
Total	33	1,401	29	194	1,657

2019

Senior Management	4	1	1	0	6
Managers	10	10	4	1	25
Supervisors	8	92	10	27	137
Rank and File	17	1,311	18	153	1,499
Total	39	1,414	33	181	1,667

By Position and Age Group

Contract Type	Below 30 yrs old		30 to 50 yrs old		Over 50 yrs old		Total
	Head Office	Mine Site	Head Office	Mine Site	Head Office	Mine Site	
2021							
Senior Management	-	0	-	1	-	0	1
Managers	-	0	-	7	-	4	11
Supervisors	-	43	-	78	-	15	136
Rank and File	-	900	-	748	-	127	1775
Total	-	943	-	834	-	146	1,923

2020

Senior Management	0	0	3	1	2	0	6
Managers	0	0	9	6	5	3	23
Supervisors	4	40	11	71	3	14	143
Rank and File	9	758	25	656	1	48	1,495
Total	13	798	48	734	11	65	1,669

2019

Senior Management	0	0	3	1	2	0	6
Managers	0	0	9	0	5	2	16
Supervisors	4	26	11	86	3	7	137
Rank and File	9	785	25	588	1	91	1,499
Total	13	811	48	675	11	100	1,658

From Local Community

Contract Type	Male	Female	Total
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2021

Regular/Probationary	17	9	26
Seasonal	735	95	830
Total	752	104	856
Indigenous Peoples	12	2	14

2020

Regular/Probationary	14	6	20
Seasonal	370	54	424
Total	384	60	444
Indigenous Peoples	8	2	10

2019

Regular/Probationary	11	5	16
Seasonal	432	43	475
Total	443	48	491
Indigenous Peoples	19	6	25

Contract Type	Male		Female		Total
	Head Office	Mine Site	Head Office	Mine Site	
2021					
New Hires	-	208	-	33	241
Attritions/Turnover	-	231	-	22	253
Attrition Rate	-	-	-	-	-
Ratio of lowest paid employee against minimum wage	-	1:1	-	1:1	1:1
2020					
New Hires	-	103	-	29	132
Attritions/Turnover	-	201	-	23	224
Attrition Rate	-	14%	-	11%	14%
Ratio of lowest paid employee against minimum wage	1:1	1:1	1:1	1:1	1:1
2019					
New Hires	3	174	5	11	193
Attritions/Turnover	2	111	1	4	118
Attrition Rate	3%	4%	13%	4%	4%
Ratio of lowest paid employee against minimum wage	1:1	1:1	1:1	1:1	1:1

103-3

The Company considers its compensation and benefits packages for employees as the strongest aspect of its Retention initiative which is an important part of its People strategy.

The ability to retain talent and high performers benefits PGMC in the long run by not having to continuously spend time, money, and energy recruiting new employees and instead allowing the Company to focus its resources to provide more training and development.

BENEFITS

401-2

List of Benefits	Y/N	% of Male Employees who Aailed				% of Female Employees who Aailed			
		Head Office (PGMC Makati, GFNI Makati, and CSSC Makati)		Mine Site (PGMC and PCSSC Surigao)		Head Office (PGMC Makati, GFNI Makati, and PCSSC Makati)		Mine Site (PGMC and PCSSC Surigao)	
		2021	2020	2021	2020	2021	2020	2021	2020
SSS*	Y	10%	57%	6%	12%	22%	14%	9%	15%
PhilHealth***	Y	0%	0%	0%	0%	0%	0%	2%	2%
Pag-ibig***	Y	6%	41%	22%	15%	13%	10%	18%	15%
Vacation Leaves***	Y	32%	57%	95%	7%	72%	83%	90%	24%
Sick Leaves**	Y	35%	70%	95%	7%	75%	79%	90%	24%
Medical benefits (Aside from PhilHealth)**	Y	8%	100%	100%	7%	16%	100%	100%	24%
Housing assistance (Aside from Pag-ibig)	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retirement fund (Aside from SSS)**	Y	N/A	0%	0%	0%	N/A	0%	N/A	N/A
Further education support	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Company stock options	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Telecommuting**	Y	100%	38%	N/A	1%	100%	83%	N/A	6%
Flexible-working hours**	Y	100%	N/A	N/A	1%	100%	N/A	N/A	N/A

* - applies to regular and fixed term/seasonal employees

** - applies to regular employees only

*** - includes regular and fixed term/seasonal employees

PARENTAL LEAVES

401-3

Indicator	Male	Female	Total
Total number of employees that took parental leave in 2021	18	-	18
Total number of employees that returned to work in the reporting period after parental leave ended in 2021	18	-	18
Return to work rate	-	-	-
Total number of employees who availed the parental leave in 2021 and returned to work one year after	18	-	18
Total number of employees that returned to work after parental leave ended in 2021	18	-	18
Retention rate	-	-	-

ENSURING GOOD LABOR PRACTICES



103-1, 103-2, 103-3, 205-2

PGMC follows the guidance of the Labor Code of the Philippines as well as the Department of Labor and Employment's (DOLE's) regulations and directives issued for the benefit of workers around the country. The DOLE orders that were promulgated during the pandemic were treated as clear mandates and were also followed.

We have also crafted our policies to reflect abiding concern for the welfare of our people and the goal of creating a safe workplace without discrimination and with high ethical standards on a shared stand against corruption. These best practices in labor relations are indicated in our Employees' Manual. Articulated in the manual is a lawful hiring process which specifies that only those 18 years old and above may apply and be hired.

Meanwhile, the Company's Code of Conduct promotes a culture of respect where employees treat each other with courtesy and consideration. The Code of Conduct also clearly states the Company's anti-corruption policies which are reiterated in training sessions, orientation sessions, seminars, and reminder emails. Contracts and agreements entered into by PGMC specifically include provisions for adherence to the Company's anti-corruption policies, the violation of which is a ground for suspension or termination of the contract.



HEALTH AND SAFETY

403-9, 403-10

Indicator	2021	2020	2019
No. of employees in health & safety committee	30	30	33
Total Man Hours	7,666,160.2	6,427,976	7,260,500
Lost time accidents	0	0	1
Number of occupational injuries/illnesses	39	7	6
Incidence Rate	5.61	1.09	0.96
Severity Rate	0	0	0.087
Lost days	0	0	3
Fatalities	0	0	0
Work-related fatalities	0	0	0
No. of safety drills	7	16	5

103-1, 103-2, 103-3, 403-1,
403-2, 403-3, 403-4, 403-7

Since the onset of the COVID-19 pandemic, PGMC has been working to ensure the health and safety of our people. Efforts to stem the spread of COVID-19 virus included the ban on unessential travels and replaced in-person meetings with virtual meetings. Basic protocols were also immediately implemented, such as social distancing, shutting down common areas, donning face masks, and conducting RT-PCR tests on all returning and newly hired employees.

PGMC implements a Mine Safety and Health Policy, part of the ISO 14001:2015 Environmental Management System, to

ensure the highest level of health and safety of mineworkers and property. PGMC also has its own buildings, medical equipment, and a team of qualified corporate doctors, nurses, and first-aid responders.

Furthermore, the Occupational Safety and Health Program (OSHP) of PGMC focuses on creating a safe working environment and ensuring the prevention, protection, and health of workers and even local people of mining enterprises in the area.



TRAINING

404-1, 404-2

Disclosure	Male	Female	Overall
Total training hours provided	424	600	1,024
Average training hours provided	16	25	41

103-1, 103-2

Continuous training has been key to PGMC's strategy that supports both workplace safety and people development. The Company ensures that its employees are updated on recent developments in the industry. A knowledgeable and skilled workforce is a factor in ensuring continued increase in productivity, high employee retention, and the teams' capability to consistently hit targets.

The Company provides an Annual Training Schedule that is developed based on the Training Request Forms filled up by Department Heads every end of the year. Compliance-related trainings stipulated in the Annual Health and Safety Plan and AEPEP are prioritized. Other topics covered are personality development, technical, mechanical, environmental, occupational health and safety, quality control, radiation protection, and mental health awareness.

All employees receive basic training during their onboarding, and then are provided continuous training during their tenure and for every phase of their work assignments.

At the same time, PGMC gives importance to evaluating and rewarding the excellent performance of its employees. Through the Performance, Planning, and Evaluation program, PGMC identifies the equivalent bonus for the performance of its employees. Employee Recognition is also done through the provision of incentives for each successful project undertaken. These loyalty awards and salary increments help to continuously motivate employees throughout their career with the Company.



HEALTH CONTROL AND SERVICES

403-6

As part of the company's COVID-19 response initiative and drive, 400 doses of COVID-19 vaccines were procured for its regular employees. In partnership with the Surigao Fil-Chinese Chamber of Commerce, Rotary Club of Surigao City, and Surigao Medical Center, the rollout of the first dose of vaccines was successfully administered to PGMC employees.

Effective communication and robust health and safety-oriented culture, which are inherent in the mining sector, have aided PGMC's mining operations in overcoming the pandemic with little production disruption and job loss. PGMC's response has been fast and coordinated, with two main goals in mind: protecting employees' and local communities' health and safety and establishing the basis for longer-term economic recovery.

Enjoined to always maintain strict health and safety standards in the workplace, every employee adheres to the following OSH policies, namely:

- Issuance of Personal Protective Equipment (PPE)
- No PPE, No Work policy
- No work under the influence of liquor
- No safety and health orientation, no job
- No badge identification, no work
- No unauthorized driving

The Company also conducts health surveillance through lectures and information drive campaigns conducted by the Health section. We have training and walk-a-talks to help the Company achieve its commitment to a zero accident/illness program. Moreover, we have a Work Environment Measurement program that identifies the level of air pollutants, water, and noise and monitors to ensure they are within the recommended range.

For 2021, the Company conducted Loss Control Management Training and seven (7) safety drills. Other planned training were converted and the budget realigned to the procurement of COVID-19 vaccines. No training was also conducted for ERT due to travel restrictions. Nevertheless, the company still provided Health Control services to the neighboring communities as seen below (Under the SDMP Budget):

- 30 Barangay Health workers, 1 community midwife and 1 ambulance driver from Cagdianao totaling PhP 819,000.00
- Assistance to Barangay Hayanggabon Health Workers during monthly medical missions and consultations totaling PhP 500,000.40
- Support to two (2) medical workers to be hired by Municipality Health Office of Claver amounting to PhP 234,000.00



RT-PCR - March 2021



Vaccination (Pfizer) - October 2021



Dengue Prevention and Control Activity

EMERGENCY PREPAREDNESS AND RESPONSE

403-5

PGMC underlines the value of accountability when it comes to health and safety. The Company enables each employee to be equipped with the knowledge and skills to protect their safety should emergencies occur. The Company supports this initiative with equipment and infrastructure as well as with training and development.

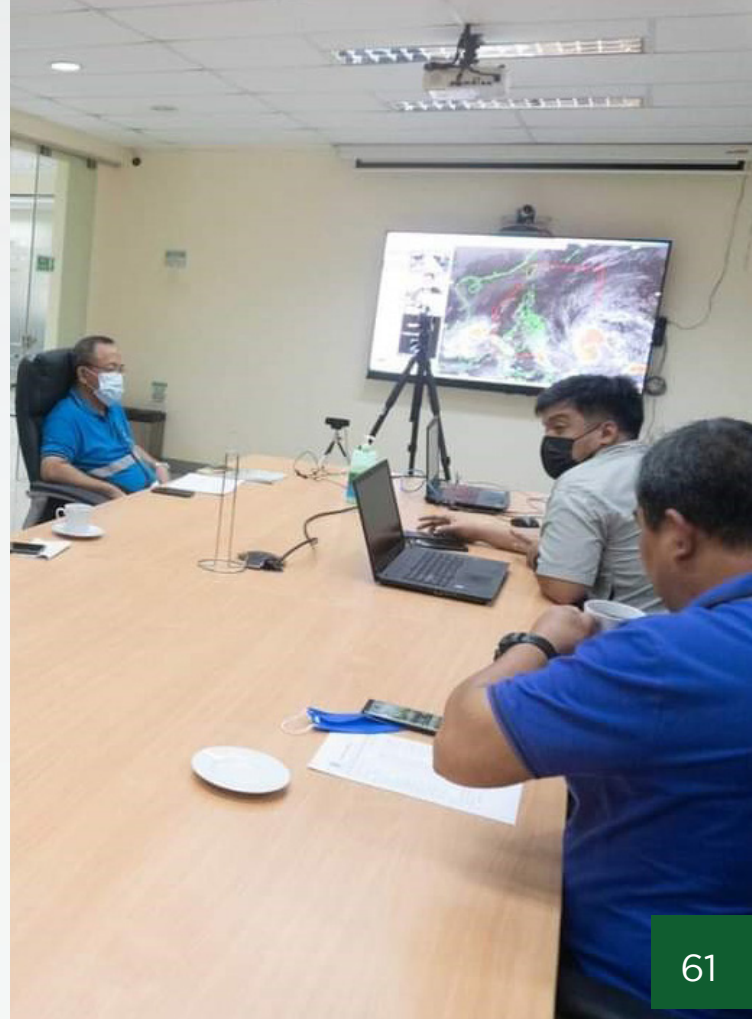
The company conducted seven (7) safety drills and two (2) safety training sessions for employees. No training was conducted for ERT due to travel restrictions. Training budgets were realigned for the procurement of COVID-19 vaccines based on the approved budget realignment from MGB.



Emergency Drill



Oil Spill Awareness & Preparedness



61

COMMUNITY WELFARE AND DEVELOPMENT

413-1



Social Development and Management Program (SDMP) and Corporate Social Responsibility (CSR)

We believe that we have a corporate social responsibility to protect and care for the people and the environment affected by our operations and attempt to improve the welfare and quality of life in the communities in which we operate.

We believe that we contribute to the sustainable economic development of these communities and, more broadly, the nation.

The Philippine Mining Act contains specific provisions with respect to social development and management programs. The provisions require all mining companies to assist in: (a) the development of local communities to promote the general welfare of the local inhabitants; and (b) the development of mining technology and geosciences as well as manpower training and development.

The DENR Department Order (DAO) No. 2010-21 which served as the Implementing Rules and Regulations of the Philippine Mining Act, mandates all mining companies to allocate annually a minimum of 1.5% of the total operating costs for such purposes. The budget is then apportioned towards various needs:

- Development of the Host and Neighboring Communities program
- Promotion of Public Awareness and Education on Mining Technology and Geosciences program
- Development of Mining Technology and Geosciences program as well as research and studies scholarship programs for mining and environmental courses, manpower training and development

Since its implementation, PhP 372 million has been spent for the development of the host and neighboring communities. Through comprehensive consultations, the about 200 programs being implemented annually were aligned with the UN's roadmap towards eradicating environmental challenges and social ills.

Community relations staff and community organizers assist us in building and establishing partnerships within the communities in which we operate, formulating programs that address the needs of such communities and also enable us to immediately address local issues and concerns.

Projects for education, health, livelihood, infrastructure assistance and other social services are all designed and implemented in close coordination with relevant local government units and communities. A committee called the Representative of Host and Neighboring Communities (RHNC) -- composed of representatives from local government units, government agencies, non-governmental organizations, people's organizations, religious sectors, and the Company -- is tasked to monitor the SDMP implementation and performance.

SDMP Spending ⁴¹³⁻¹

SDMP Spending (in PhP)

Indicator	2021	2020	2019
Required Spending	44,783,376.34	56,447,115	51,437,406
Actual Spending	38,286,931	48,145,359	37,573,461

SDMP Breakdown

SDMP Breakdown (in million PhP)

Area	2021	2020	2019
Education	9.03	6.64	10.20
Health	10,346,434.14	4.38	3.35
Livelihood	4,835,209.72	11.99	8.66
Infrastructure	2,689,949.32	9.97	
Others	466,155.50 (Water)	3.58	

NUMBER OF HOST AND NEIGHBORING COMMUNITIES

4801 **3,634**

Cagdianao

Hayanggabon

NUMBER OF IP COMMUNITIES RESIDING NEAR THE MINESITE AND WITHIN CLAVER

846

AMOUNT OF SDMP INVESTMENT

PhP 44.78 Million

There are four general areas of community development where we focus our programs and support:

EDUCATION

NUMBER OF SCHOLARS SUPPORTED 123	AMOUNT SPENT 3,938,052.76
NUMBER OF TEACHERS SUPPORTED 6	AMOUNT SPENT 780,000.00
NUMBER OF SCHOOL FACILITIES BUILT	
CONSTRUCTION OF 200 METER SSCT CLAVER PERIMETER FENCE	PhP 2,029,605.00
CONSTRUCTION OF PERIMETER FENCE OF HAYANGGABON DAYCARE CENTER	PhP 302,702.62
CONSTRUCTION OF SCHOOL CANTEEN OF HAYANGGABON ELEM. SCHOOL	PhP 801,738.00

Quality education is the best tool to fight poverty. Through scholarships and aid to deserving students, including students who are members of indigenous groups, we enable the young people with education. They can then find good job opportunities and support their families. These scholarships and other forms of aid include payment of tuition, stipend allowances and provision of school supplies and uniforms.

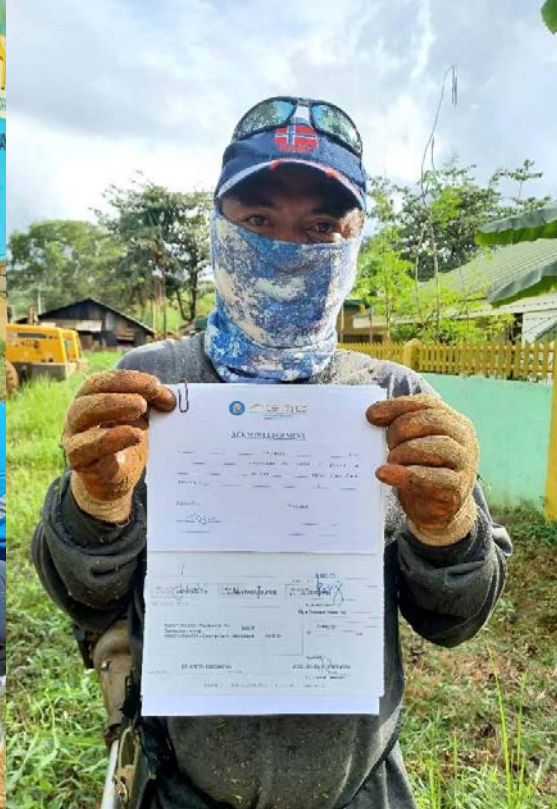
We also had Education projects for the improvement of school facilities, provision of educational materials to schools, teachers' training programs and payment of teachers' honoraria.

At our Cagdianao Mine, we have constructed a six (6) classroom school building for Hayanggabon Elementary School. The school provides free education and school materials to about 600 students from barangay Hayanggabon.

Other projects were:

- New school bus for Barangay Cagdianao, to shuttle students to and from school
- Salaries for six (6) public school teachers in host community
- School-to-school campaign promoting knowledge in mining and
- Sponsorship for inter-school educational competitions
- Support for the Department of Education's annual Brigada Eskwela





NUMBER OF SCHOOL ACTIVITIES SUPPORTED

Brigada Eskwela for 21 schools

PhP 75,982.00

Brigada Eskwela for Hayanggabon Elementary School (HES) & Hayanggabon Daycare Center

PhP 9,000.00

Provision of school supplies/materials/equipment to 5 schools in Cagdianao (CES, PNES, TNHS, CDCC, GKSDCC

PhP 258,120.25

Support to Cagdianao School Bus driver

PhP 130,000.00

Support to Cagdianao Shool Bus maintenance

PhP 51,346.22

Brigada Eskwela 5 schools in Cagdianao

PhP 15,000.00

Assistance to school guard in HES

PhP 104,000.00

Construction of perimeter fence of Hayanggabon Daycare Center

PhP 302,702.62

Provision of educational materials, supplies and equipment to Magallanes Elem. School, Sabang Elem. School, Taganito National High School, Tayawod Elem. School, Daywan Elem. School, Sapa Elem. School, Lapinigan Elem. School, Ladgaron Elem. School, Panatao Elem. School and Claver Elem. School

PhP 238,120.75

HEALTH

Our health programs for the community includes provision of affordable and quality health care.

At our Cagdianao Mine, we established a maternity clinic, where pregnant women as well as other members of the immediate community are being served. Outpatients are also served by the medical team and medicine and multivitamins are provided for free.

We conduct medical missions designed to address the basic medical needs of local community members, including indigenous people and the indigent. The missions feature free medicine, basic dental services, and ambulance service facilities if needed.

We also support the construction and improvement of Barangay health centers and provision of sanitation latrines for households. And just as important, we provide salaries of local health workers, an ambulance driver, midwives, nurses, and a community doctor.





NUMBER OF FISHERMEN ASSISTED

25

HOW MUCH GIVEN FOR FISHERMAN ASSISTANCE

1 Million

AMOUNT SPENT

4,835,209.72

TOTAL NUMBER OF WOMEN BENEFICIARIES IN COMMUNITIES

60

HOW MUCH SPENT ON WOMEN'S PROGRAMS

116,448.00

PROGRAMS FOR WOMEN

Gender and Development Training

TYPE OF BUSINESS/ENTERPRISE / NUMBER OF BENEFICIARIES (MEMBERS)

General Merchandise Project with 17 members of "Cagdianao Friends 2000" benefited

OTHERS

Construction of mushroom facility worth PHP 200,000 for 25 members beneficiary

Lambaklad lobster farming project PHP 500,000 for 30 members BLIFFA



LIVELIHOOD AND TRAINING

203-1, 203-2

We organize cooperatives and people's organizations from our impact and non-impact communities. Meaningful support is provided in the form of social enterprise projects such as: Egg-laying and poultry projects, Seedling production and nursery, Agri-farming, Woodcraft-making, Chips-making, Handicraft/weaving production, Moringa powder/tea production, and T-shirt/Tarpaulin printing.

In 2021, PGM launched a new livelihood program for DOLE-registered "Friends 2000 Peoples Organization" which is based in Barangay Cagdianao, Claver, Surigao del Norte. The Company provided a newly constructed store building, a vehicle, and grocery items that allowed the PO to open a store along the highway, contributing to the thriving barangay as it mostly caters to the wholesale market.

Furthermore, the local community organizations are provided with technical and financial assistance in the form of seminars, study tours, financial literacy classes, leadership and management training programs, capital funding, raw materials and equipment for production, and farm inputs for crop production.

We also continued to work with the Technical Education and Skills Development Authority (TESDA) to provide technical education and skills development to residents of neighboring communities. We constructed a skills training center and provided equipment that is utilized by TESDA participants and trainers. Support was given to graduates of the skills training center to establish an auto repair shop, providing employment to some of the graduates.

In addition, we established food security projects such as communal gardening, egg machines and aquaculture to address food insufficiency, encourage healthier food options and provide extra income to the project-beneficiaries especially during the time of COVID-19 health pandemic.

INFRASTRUCTURE ASSISTANCE

203-1



TOTAL AMOUNT SPENT

PhP 2,689,949.32

TOTAL NUMBER OF PROJECTS

ELECTRIFICATION PROJECT-CAGDIANAO
(PHASE 2) 60 HOUSEHOLD

PhP 755,486.40

ELECTRIFICATION PROJECT -
HAYANGGABON PUROK 1,4,6 & 7 WITH
INSTALLATION OF TRANSFORMER

PhP 960,252.42

CONSTRUCTION OF CHURCH BELL TOWER
OF HAYANGGABON CATHOLIC CHURCH

PhP 135,966.00

CONSTRUCTION OF FARM-TO-MARKET
PATHWAY IN BRGY. SAPA

LENGTH = 310 M
WIDTH = 1.2 M

worth PHP 302,800.00

IMPROVEMENT OF BRGY. PANATAO
READING CENTER

PhP 61,897.00

CONSTRUCTION OF 5 UNIT ELEVATED
WATER TANK IN CAGDIANAO

PhP 473,547.50

We undertook infrastructure projects in local communities, namely:

- Production and display areas of social enterprise products
- Water system projects
- Construction of new school building
- Improvement of buildings (such as barangay halls, daycare centers, churches and schools)
- Road improvements
- Electrification projects

These projects are implemented with the involvement of community members so as to foster cooperation and teamwork and impart a sense of ownership among them.

At our Cagadianao Mine, we funded various infrastructure projects such as the construction of housing for indigent members of the community, through the Gawad Kalinga program, construction of sea walls to protect the neighboring communities from the effects of sea erosion, construction of a multi-purpose community hall in Barangay Cagadianao, construction of some barangay road and churches, procurement of materials for the electrification of individual households, construction of water processing stations and construction of the Cagadianao public markets.

Moreover, we have also provided and constructed shallow water pumps, a weir dam, and an office building at the local water processing stations to support the local water supply system in the nearby communities.

SUPPLY CHAIN MANAGEMENT

102-9

PGMC conducts supplier accreditation to ensure that it conducts business with trustworthy and reliable suppliers that would help the Company in attaining its targets. In the deliberation of suppliers of products and/or services, the Company reviews supplier's legal documents and past performance and evaluates accordingly.

PGMC also requires the suppliers' commitment to abide by the company policies by including it in the contract/agreement. Violation of this requirement is a ground for termination of contract. The company ensures that all our suppliers practice the following policies.

Topic	Y/N	If Yes, cite reference in the Company policy
Environmental performance	Y	Independent Mining Contractor Agreements entered into by PGMC include adherence to Company Environmental Policy. In evaluating each contractor, one key performance indicator item is 100% compliance with environmental laws and regulations.
Forced labor	Y	Contracts and agreements entered into by PGMC include adherence to social and labor laws. In evaluating each contractor, one key performance indicator item is compliance with social and labor laws and the target metrics include zero issues and complaints and 100% compliance to DOLE and other relevant government regulations.
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	Contracts and agreements entered into by PGMC include adherence to Company anti-corruption policies (Under General Guidelines numbers 2 (Ethical Procurement), 3 (Conflict of Interest) and 4 (Receipt of Gifts) of the PGMC Draft Policy on Materials, Supplies & Services Procure-to-Pay).

ENVIRONMENTAL PERFORMANCE



103-1

As an active advocate of responsible mining, PGMC shares a deep appreciation of how our environmental performance can contribute to significant positive change. The Company therefore takes pains to ensure our mining operations comply with stringent and extensive environmental regulations set forth in the Philippine Mining Act of 1995.

Part of these is the requirement for the establishment of the Annual Environmental Protection and Enhancement Program (AEPEP) which cover activities such as rehabilitation of mine disturbed areas, reforestation, construction and maintenance of environmental facilities, solid waste management, hazardous waste management, air quality monitoring, and water quality monitoring.

Specific areas that might impact the environment include stockpile operations, buildings and structures, access roads, drainage systems and water crossings, causeway and shipping operations, among others. The impacts could include sedimentation in rivers and waterways, domestic solid wastes, industrial wastes, noise, conservation values on terrestrial plants, wildlife, freshwater biology and marine biology, as well as heritage and cultural values. These therefore continue to be subjects of the Company's mitigating control measures.

Through the years, therefore, PGMC has embedded the ISO 14001:2015 into the core system of its mining operations from the clearing of vegetations, stripping off topsoil, mining, truck loading and hauling, stockpiling, LCT loading, pollution control measures, rehabilitation of mined-out areas, and office operations among others. These activities must comply with the EMS procedures and the activity-specific work guidelines geared towards sound environmental management.

PGMC's adherence to the global environmental standards is evident by the sustained certification to the EMS standard by the ISO certifying company Intertek. PGMC's EMS practices are always consistent with ISO 14001 requirements based on the internal audit evaluation by the EMS-trained Internal Auditors and validated by the 3rd-party Intertek in its annual surveillance audit. The PDCA principle of the EMS is comprehensively planned in the written procedures and guidelines and was translated into reality by the allocation of adequate resources and funding through the company's AEPEP.

EPEP Spending

Indicator	2021	2020	2019
Land Protection	40,965,325	33,630,481	44,559,652
Air Protection	23,802,430	10,023,287	12,264,815
Water Protection	16,314,702	25,005,266	26,282,968
Environmental Monitoring	784,574	492,483	1,240,621
Conservation Values	3,650,821	2,180,947	2,193,835
Waste Management	2,000,342	1,831,762	1,005,092
Construction of Environmental Facilities	8,928,275	7,416,739	10,245,780
Environmental Researches/Trainings/IEC	2,716,022	4,105,618	2,325,800
Total	99,162,491	84,686,583	100,118,564

For 2021, implementation of the EPEP project remained challenging due to the persistent pandemic and the restrictions on people's movements between regions, provinces, and municipalities. Still, with the commitment of our people, the Company accomplished about 95.9% of the physical targets of our 2021 AEPEP, while the financial accomplishment was 83.4% of the year's budget.

Two major projects – the Causeway Revetment and Purchase of New Water Trucks – had not been delivered for this year and were forwarded to CY 2022 for implementation. Another two projects were partially implemented and finalization will be pushed through for the following year. These were the Adopt-an-NGP site in Malimono and the concreting of the final spillway of 3 settling ponds. The rest of the projects were able to be completed by the fourth quarter of 2021.

Resource Consumption



Energy Consumption 302-1, 302-2

Indicator	2021		2020		2019	
	In-house	Contractors	In-house	Contractors	In-house	Contractors
Genset - Diesel (liters)	81,474	56,290	54,905	33,736	23,580	45,527
Vehicles - Diesel (liters)	2,974,605	11,632,552	2,286,286	9,854,950	2,563,528[a]	11,226,596[a]
Electricity from local supply (kWh)	899,134	425,377	851,094	381,921	833,345[a]	391,501[a]

[a] restatement of information

103-1, 103-2, 103-3

The gradual resumption of mine operations in 2021 resulted in a predictable increase in electricity consumption, and subsequent increase in cost. Significant increases in consumption were observed during the 1st and 3rd quarters

of the year. There were also facilities expansion that contributed to the additional consumption. PGMC draws its electricity supply from Surigao Norte Electric Cooperative (SURNECO).

Factors contributing to such performance encompasses the following:

- Increase in the number of manpower to 420 headcount and man-hours worked by 24.89% compared to 2020.
- Added 14 pieces of air conditioner units with 40% energy savings.
- Additional equipment and appliances for office use such as desktops, radios, etc. to facilitate the escalating data collection and processing.
- Additional 34 CCTVs placed and installed in different locations which are monitored in an air-conditioned room operating 24/7 to prevent LED monitors and recorders from overheating
- Continued implementation of mandatory quarantine before mining season.
- Implementation of two work-shift schedules for other departments (day and night).
- Installation of renewable energy sources such as solar-powered lights.
- Ongoing construction of new buildings such as the Staff House and VIP Rooms located at Platinum Heights.
- Increase in the number of samples prepared and analyzed by the Assay Laboratory for CY 2021 by about 19.23% compared to that of CY 2020.
- Utilization of newly-acquired equipment at the Sample Prep Laboratory such as two (2) units of Electric Fusion Machine for shipment sample analysis.
- Increased water consumption for domestic and industrial use due to the usage of a high-capacity water motor pump to allow efficient extraction from sources.

Meanwhile, the overall increase of the electricity consumption at the Contractor's premises can be attributed to the following factors:

- Welding repairs of heavy equipment and dump trucks in preparation for the 2021 mining season.
- Procurement of additional crusher to fast-track processing of materials which contributed to the increased percentage use of electricity.

- Repair of damaged dump trucks which needed to consume electricity.
- Contractors' computed man-hours increased by 13.93% compared to that of CY 2020.

Noting the increase in contractors' monthly fuel consumption, one factor had been the frequent brownouts experienced last year, thereby resulting in frequent use of the four generator sets, which require fuel to maintain its power supply, to support normal operations. A substantial percentage of the contractors' fuel consumption was primarily accounted to mine production, ore transferring, barge operation, and waste extraction.

In CY 2021, six general contractors have utilized generators as backup power supply compared to only four (4) of them in CY 2020.. The increase of fuel consumption of the powerhouses of generator sets were due to the following:

- Regular request of the department for the generator to energize the three-phase crusher equipment in sample preparation.
- The need of the three-phase wire submersible pump that was utilized at the water lorry station to be connected daily since the spraying activity of water trucks was conducted daily.

Similar to the electricity consumption performance, the significant increase this year in contractors' fuel consumption for production and transportation was mainly due to the duration and efficiency of the company's mining operations, which is opposed to what happened back in CY 2020 wherein there was a work suspension of the company (lockdown imposition) from March (3rd week) to May (1st week) and within this period, only essential workforce (skeleton workforce) was deployed to complete the loading of ore. Further, a bulk amount of materials was extracted at CAGA 4 ridge wherein huge mining contractors and top fuel consumers have been operating.

Energy Intensity 302-3

Indicator	2021		2020		2019	
	In-house	Contractors	In-house	Contractors	In-house	Contractors
Electrical (kWh/man-hour)	0.23	0.113	0.27	0.12	0.24	0.11
Fuel (L/WMT)	0.726		1.46		1.36	

In determining the energy intensity in terms of the Company's electricity consumption per capita, the computed man-hours worked was used since changes to production and staff occupancy will always affect energy usage. PGMC man-hours increased by 24.89% in CY 2021. Despite the increase, energy intensity within the organization decreases, however, by 15.44% compared to CY 2020. This is an indicator that the management's approach in terms of resource conservation has created an improvement in its performance.

Even with increased manhours as well, contractors' energy intensity in CY 2021 also decreases by 2.59% as compared to CY 2020. This shows that their policies, programs, and initiatives for fuel conservation are effective and have made improvements in their performance.

In general, fuel intensity decreased by 50.10% in CY 2021 compared to 2020. Consequently, nickel ore shipments went down to 13.10%; this was mainly due to massive rainfall experienced within the site that recorded an average of 23 millimeters, affecting 102 days since PGMC started its mining operations. The company has shipped 90 vessels of nickel ore in CY 2021 compared to 103 vessels shipped in CY 2020.

Other support activities were still ongoing and consuming fuel even with lesser production.

Due to the inexorable demand for energy usage, the company continues to discover initiatives and programs to achieve environmental goals concerning energy conservation which include:

Electricity Conservation:

1. Installation of additional electric meters for effective monitoring of electricity consumption per facility
2. Continuous replacement of ordinary bulbs into LED Type for office/facility lightings
3. Purchase of energy efficient appliances/equipment

4. Intensification of employees' awareness on Energy Conservation through regular orientations and visual reminders
5. Development of Environmental Objective, Target and Programs on Resource Conservation from departmental/ functional unit into corporate level
6. Monthly monitoring, evaluation and analysis of electricity consumption performance
7. Conduct of electrical inspections and inventory

Fuel Conservation:

1. Routine check-up and regular maintenance of equipment and transportation vehicles
2. Consolidation of Equipment Utilization Reports (EUR) to monitor actual activities of the equipment
3. Monitoring of vehicles odometer to monitor the actual distance the vehicles have travelled
4. Carpooling and eliminating unnecessary trips
5. Strict enforcement of 20-25 kph allowable speed limit
6. Recording and monitoring of the frequency of the brown-out and the utilization of back-up generators
7. Intensification of employees' awareness on fuel conservation through regular orientations and visual reminders
8. Development of Environmental Objective, Target and Programs on Resource Conservation from departmental/functional unit into corporate level
9. Monthly monitoring, evaluation and analysis of fuel consumption performance

Currently, the Company purchases energy from electric cooperatives and oil companies. The Company has been trying renewable energy sources by initially using them for streetlights and began converting streetlights to solar power in 2020. As of December 2021, there are ten (10) units of solar powered streetlights that were already installed at beaching areas of Causeway 1 and 2, and there is an on-going request for another solar powered lighting intended for other areas within the mine site.

GHG Emissions 305-1, 305-2

Indicator	2021	2020	2019
GHG (Scope 1)	40,307	33,013	37,434
GHG (Scope 2)	816	760	755

103-1, 103-2, 103-3, 305-5

For 2021, estimated GHG emission reached 41,123 TCO₂e, an increase of 17.9% compared to previous year. This figure is mainly affected by the significant increase in the combined fuel consumption of the PGMC and Contractors.

The company monitors its GHG emissions annually, constrained by its pre-defined organizational and operational boundaries. As an organizational boundary, GHG inventory only covers the combined emissions from all phases of operations in all PGMC organizations where it has full authority to introduce and implement policies.

On the other hand, operational boundary refers to the identification of emissions associated with the PGMC's operations and categorizing them as direct and indirect emissions using a scope system in a GHG accounting protocol. To facilitate easy consolidation of available and verifiable data, the activities within the organization are categorized by ore production and barging, ancillary activities, transportation, power generation, and electricity consumption based on purchased electricity from a local power utility.

Continuous and strict enforcement and implementation of the following protocols and initiatives are what helps PGMC in its goals:

1. Reduction in the electricity and fuel consumption 1% respectively.
2. Regular assessment of all equipment and vehicles through standard inspection and regular preventive maintenance services. PGMC Mechanical and Maintenance Department, through the implementation of its EMS guidelines on vehicle/equipment inspections, ensures that all vehicles/machines running and operating inside the mine site premises complied/ passed the government regulation standards on emissions.
3. Gradual phasing out of old vehicle/equipment for mining operations as new EMS guideline on vehicle/equipment inspections sets a maximum limit on the equipment's SMR and KMR which is 12,000 hours or

five (5) years of operation for heavy equipment and 80,000 km or three (3) years of operation for dump truck units.

4. Installation of solar lamps for street lightings. This helps in electricity reduction, hence, GHG emission.

Aside from the Company's objective to reduce carbon emission by reducing fuel consumption, PGMC also defined forest carbon sequestration through progressive rehabilitation of mined-out areas and reforestation for both terrestrial and marine ecosystems within and outside MPSA as a viable climate change mitigation strategy. During the coverage period, two types of research on carbon sequestration and coral & fish assessment have been conducted, and one is ongoing to determine the growth rate of bamboo in the mine-rehab area compared to those in low elevation areas.

While the Company still utilized its existing equipment containing R-22 refrigerants, newly purchased air conditioners are now using R-410A. As per inventory 42% of its installed air conditioning equipment are new and replaced with the ozone-friendly alternative. Moreover, through the Company's Electrical Works Section, regular inspection and maintenance of all air-conditioning systems are being conducted.

Air Quality 305-7

Location	2021	2020	2019	DENR Standard
Contractors Camp	23	9	6	230 µg/Ncm
Punta Naga Basketball Court	12	5	5	230 µg/Ncm
Cagdianao Barangay Hall	10	5	11	230 µg/Ncm
Platinum Heights	15	8	9	230 µg/Ncm
Admin Building	19	13	20	230 µg/Ncm

103-1, 103-2, 103-3

Dust generation is another concern PGMC is addressing. Dust came primarily from haul roads, stockyards, causeways, and ancillary roads and is managed by:

1. Road ballasting with crushed rocks stabilizes the road surface preventing the faster generation of dust particles
2. Regular road-grading helps keep the dust off-road and avoid being flown on air
3. Watering of road networks using the 15 units 18,000-L capacity water truck
4. Establishment of roadside vegetation that bars the dust from traveling distant areas
5. Application of an organic polymer at 0.20% to 0.50% concentration as a dust binder
6. Setting up a 20-30kph speed limit for all vehicles inside the mine site helped in reducing the chance of dust being flown away
7. Setting up 300-m long fixed water sprinklers in Kantugis road section
8. Deployment of twenty (20) road sweepers in the national highway, specifically, the Kinalababan bridge, helped keep the bridge clean.

PGMC has acquired 19 units of water lorries, 15 units of which have a tank capacity of 16,000 to 20,000 liters and are exclusively intended for dust control. The MEPE Office managed these resources by designing a route per unit, regularly supervised and monitored by an Environmental Monitoring Staff. In addition, the company sourced water supply from its two Surface Water Lorry Stations installed with high-capacity water pumps.

For augmentation, the company's General Contractors supported the dust control program by providing at least one Water Lorry Unit embedded in their Service Contract.

Since PGMC is not a company with a processing plant, monitoring of air emissions such as nitrogen oxides (NOx), sulfur oxides (SOx) and others are not being conducted. On the other hand, the company monitors the Total Suspended Particulates (TSP) which refers to the totality of small solid matter released, documented, and/or otherwise observed in the atmosphere. These are monitored monthly in five stations using the e-sampler by Met One Instruments, Inc. The values of TSP in all stations for the period July 2020 to June 2021 were all within DENR standards.

Water Resources



Water Withdrawal and Discharge

303-3, 303-4, 303-5

Indicator		2021	2020	2019
Extraction	Shallow Well	4,474	5,046	4,053
	Deep Well	1,600	61,903	114,802
	Surface Water	258,024	150,117	259,218
	TOTAL	264,098	217,066	378,073
Discharge	Kinalablaban River and/or Ground	264,098	217,066	378,073
Silt collected/discharge	Shallow Well	135,641 cu.m	278,029	313,528

103-1, 103-2, 103-3, 303-1, 303-2

The use of water in the Company's mining operation is indeed significant. To supply water to all site facilities for domestic/industrial uses and dust control use, the company had established three (3) sources: shallow well, deep well, and surface water. Thus, continuous studies on water conservation strategies are taken into consideration.

Factors contributing to such water resource usage performance were:

- Entire wash bay for service vehicles was operational.
- Newly constructed facilities that needed frequent usage of water.
- More manpower employed for CY 2021 compared to 2020 thereby resulting in the increase of water consumption.
- Frequent dry days means more watering maintenance for plants and seedlings for nurseries. In fact, newly collected seedlings needed watering twice a day.
- Constant use of water by the crew members of LCTs.

- Increased extraction from the surface water source by 71.88% due to the increase likewise in water spraying activities of both in-house and contractors in CY 2021 compared to CY 2020.
- Decrease of water withdrawal from deep well sources by 46.08% due to the decline of water delivery requests by host and neighboring communities.
- Frequent handwashing and good hygiene as part of the protection against Covid-19.

The company continued to take steps to reduce or control water consumption:

- Intensification of employees' awareness on water conservation through regular orientations and visual reminders.
- Development of Environmental Objective, Target, and Programs on Resource Conservation from departmental or functional unit into corporate level.

- Monthly monitoring, evaluation, and analysis of water consumption.
- Regular inspection of water pumps, pipes, and faucets.
- Installation of cistern to store and capture rainwater as additional measures in water resources management.
- Water Quality Monitoring strategies include the following: Construction, maintenance and upgrade of drainage systems, silt collector sumps, and siltation/settling ponds; De-silting; Silt ponds water discharge monitoring; Recycled water for use in road watering for dust suppression

Protection of the Kinalablaban River, Tandawa Creek, and other tributary streams against contamination from the mine workings, runoffs, and other industrial activities are another significant component of the AEPEP. Under force majeure conditions, wastewater discharges tend to discolor nearby water bodies, namely Kinalablaban River, Hinadkaban Bay, and Tandawa Creek. Rainstorms may transport the eroded soils directly to these water bodies resulting in the accumulation/deposition of silts unto the bottom of the river and causeways. Since siltation is one environmental impact most surface mines need to control, the company through its Environmental Protection and Enhancement Programs implemented strategies to remediate the said impact:

- Manual Desilting Operation – is an activity carried out by recovering visible silt accumulated along river and creek channels through manual sacking-hauling-dumping of silt to the designated dumping area. An EMS guideline has been developed to provide practical procedures for the said activity.
- Mechanical Dredging Operation - PGMC strategized to employ Slurry Pumps and Hydraulic Machines for its dredging operations to rehabilitate and recover sediments and reddish clay silt long-been deposited unto the bottom of Kinalablaban rivers and river deltas even before the start of the company's mining operations. In CY 2021, an estimated 21,958 cubic meters of sediments and silt has been dredged out from Kinalablaban River. All sediments recovered were stockpiled and sundried to be used for backfilling operations in the mined-out areas. The dredging operations had visibly improved the physical condition of the river in terms of water transparency and depth.

CONSTRUCTION OF

5 units

ELEVATED WATER TANKS IN
PUNTA NAGA, CAGDIANAO

97

HOUSEHOLD BENEFITED



Solid and Hazardous Waste Management



Solid and Hazardous Waste Generated 306-3, 306-4, 306-5

Waste Type		2021	2020	2019	Disposal Method
Solid Waste	Biodegradable waste (kg)	28,467	19,774	17,954	Composting
	Residual Waste (kg)	35,538	26,990	22,870	Landfill
	Recyclable Waste (kg)	12,467	9,478	8,620	Storage
Hazardous Waste	Used Batteries (pcs.)	983 pcs	417	750	Storage
	Toxic Containers (pcs.)	109 kilos	39	0	Storage
	Busted Bulbs (pcs.)	706 pcs	225	1,049	Storage
	Used Filters (pcs.)	6,239 kilos	7,629	8,977	Storage
	Cooking Oil (ltrs)	418 liters	70	240	Storage
	Used Oil (ltrs)	60,688	47,926	62,084	Storage and treatment

103-1, 103-2, 103-3, 306-1, 306-2

PGMC's operations produce two major categories of wastes: hazardous and domestic solid wastes. The company has constructed the Central Waste Storage Facility (CWSF) equipped with an oil-water separator with WDP, spill kits, fire extinguishers, and other emergency response equipment.

PGMC continuously practices 4Rs: Refuse, Reduce, Reuse and Recycle. PGMC supports the #BeatPlasticPollution Campaign and has taken steps to limit the use of single-use or disposable plastics. The company prohibits single-use plastic bags for food packs and promotes the use of washable food containers.

Segregation has been practiced where more than 6 tons of assorted plastics were isolated from March to June 2021. The plastic wastes were eventually donated to the local Plastic Recycling Plant for school chair production. About 30 tons of biodegradable waste were shredded during the fiscal year, turned over to the nurseries for vermicomposting, and finally used as a soil conditioner in the nursery operation. The remaining wastes (residuals) were permanently kept in the landfill.

A hazardous waste generator, PGMC secured a registration ID GR-R13-67-00007 and an online registration ID OL-GR-R13-67-000056.

In August to September 2020 and June 2021, a total of 32.2 tons of oil-contaminated materials and 62 tons of used oil were transported and treated by Sunflare Industrial Supply Corporation and Wave Industrial Sales, Inc., respectively; both are DENR-registered transporter-treater. The transactions have been issued with a Certificate of Treatments (COT) equivalent to the volume of waste being processed.

The company required transporter personnel to show proof of negative RT-PCR test result and were required to complete the loading activity in less than six hours to reduce the risk of COVID-19 transmission. But transport of other hazardous wastes was postponed because most third parties involved in transportation and treatment were located far away and were subject to travel restrictions due to the COVID-19 pandemic, so many of them were rescheduled for 2022. As such, only used industrial oil has been disposed of for this reporting period, and the other hazardous wastes are targeted to be disposed of this 2022.

And to strengthen the culture of environmental responsibility, there is constant communication for employees through environmental awareness orientations and visual reminders, monitoring, evaluation, analysis, and monthly cascading of waste generation performance. There is also continuous development and improvement of environmental objectives, targets, and programs on resource conservation from departmental/functional units down to the corporate level.

Land Rehabilitation and Reforestation



77

INTEGRATED REPORT 2021

Land Use 304-1, 304-3

Disclosure	2021	2020	2019
Area distributed (hectares)	416.68	398	375
Area used for other purposes (hectares)	5,073.73	332	320
Area rehabilitated (hectares)	206.32	156	139
Area reforested (hectares)	144	144	144
Area of land used for extractive use (hectares)	80.01	80	77
Operational sites owned, leased, managed in, or adjacent to, protected area and areas of high biodiversity value outside protected areas	None	None	None
Habitats protected or restored (ha)	None	CAGA 5/50 has	CAGA 5/50 has

IUCN Red List Species 304-4

IUCN Red List species and national conservation list species with habitats in areas affected by operations

Red list species (Tree)

Apitong (*Dipterocarpus grandiflorus*), Reb Lauan (*Shorea negrosensis*), Tangile (*Shorea polysperma*), Yakal (*Shorea astylosa*), Tiga (*Tristania micratha*), Mangkono (*Xanthostemon vergugonianus*), Myrtaceae family, Dipterocarpaceae family

Red list species (Animal)

Snake (*Serpentis*), Banog Bird (*Accipitrinae*), Wild pig (*Sus scrofa*), Uwak (*Corvus*)

Red list species (Plants)

Wild orchids (*Neotinea tridentata*), Pitcher plant (*Nepenthes*)

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

The Company recognizes that the mining process poses highly specific threats to biodiversity, especially during the clearing of the area in preparation for the extraction of ore. However, the practice of responsible mining methods takes concrete steps to protect the biodiversity in the area and prevent biodiversity loss.

Fully appreciating how ecological variety and variability is essential for sustainability, PGMC keeps a close eye the implementation of effective conservation strategies to mitigate the impacts on biodiversity. Among our priorities as a Company are our key programs, such as the Progressive Rehabilitation Program, National Greening Program (NGP), Mining Forest Program and Temporary Revegetation Program and other activities to achieve our land rehabilitation and reforestation plans:

REHABILITATION

TOPSOIL RECOVERY

Mining the nickeliferous laterite ore requires movement and stripping of overburdened waste material or topsoil. The overburden materials are considered mine waste and will be used as backfilling materials during the rehabilitation of mined-out pits. The stripping of mine waste or topsoil during development is an essential part of the mining operation and rehabilitation process, hence the company is recovering topsoil from stripping operation and stockpiled at designated areas for future use in the mined-out rehabilitation.

PROGRESSIVE MINE REHABILITATION

Progressive rehabilitation of mined-out areas is one of our major activities after ore extraction. This phase consists of activities that require both engineering and forestry-related works through incorporating the best method for soil erosion control and biodiversity preservation. The company applies the Silvicultural method in planting for our progressive rehabilitation. This method helps to control the establishment, growth, composition, health, and quality of forests and woodlands to meet the diverse needs and values of society such as wildlife habitat, timber, water resources, restoration, and recreation on a sustainable basis.





BUFFER ZONE ESTABLISHMENT

Aiming to improve and enhance how the mining area looks for our communities, we plant Bamboo species and fast-growing trees along with the perimeter areas, riverbanks, roadsides, and along the boundaries. Aside from serving shade and aesthetics, they also serve as a buffer and protection for strong wind and soil erosion during the rainy season. The company has already planted a total of 37 hectares of buffer zone areas along the Kinalablan River, safety berms and roadsides, as well as the national highway.

REFORESTATION

MINING FOREST PROGRAM (MFP)

Established through DENR Administrative Order No. 22, Series of 1989, the MFP highlights all efforts given by the mining company in restoring, revegetating, and bringing back all mined-out and barren areas into its reforested state. We implemented the MFP even during the exploration period, planting fast-growing trees such as acacia mangium. During the mining operation stage, we incorporated a series of planting stages beginning from fast-growing trees and grass species going to climax-type of trees as the final stage. Issued with Environmental Compliance Certificate (ECC), PGMC adheres to our commitment of preserving natural vegetation through the planting of indigenous forest trees previously thriving in the MPSA area. To date, the company has already planted a total of 2,723,068 seedlings within and outside our MPSA.

NATIONAL GREENING PROGRAM (NGP)

The national government, through Executive order No.26 series of 2011, implemented the NGP which aims to reduce poverty and achieve food security, environmental stability, biodiversity conservation, and mitigate climate change. PGMC started its implementation of the NGP in 2012, and as of December 2021, the program has already planted 950,905 trees (455.02 has.) and donated a total no. of 129,663 seedlings (160.47 has.) to schools, barangays, LGUs including DENR Surigao del Norte.

TEMPORARY REVEGETATION PROGRAM (TRP)

In compliance with the directive of the DENR Administrative Order No. 2018-19 known as "Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines", PGMC continuously implemented its TRP in all areas that are momentarily not subject to mine operations due to low market demand. Described as a temporary rehabilitation of disturbed mineable areas awaiting equitable market value, our TRP covers 135 hectares of inactive mine areas in Caga 2 and Caga 4 where we have planted a total of 1,090,238 grass cuttings.

REFORESTATION MAINTENANCE

Maintenance includes activities such as watering, fertilization, mulching during dry periods, replanting for none surviving seedlings, and monitoring. All seedlings ranging from one year old to three years old are included in the maintenance works. From July 2020 to December 2021, a total of 44.21 hectares of the planted area were mulched using grasses collected from old plantations while 145.84 hectares were altered especially for the dry season. At the same time, PGMC has consistently been using organic fertilizers to contain moisture in the soil, resulting in less need for watering to the planted seedlings. The primary source of the organic fertilizers came from the Company's own vermicomposting facilities.

SLOPE STABILIZATION

Reshaping, improvement of slope gradient, coconut installation, and planting of trees and grasses were part of the scope for slope stabilization works which are done to prevent soil erosion and improve current vegetative structure. As of December 2021, the company has already stabilized a total of 7.76 hectares of road cuts and planted a total of 54,553 trees and grasses. PGMC also included road cuts outside its MPSA in its slope stabilization works. As of December 2021, it has already accomplished a total of 8.01 hectares of road cuts and planted it with 81,900 trees and grass cuttings.



CLIMATE-RELATED RISKS AND OPPORTUNITIES



102-11

GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities

<p>a. Describe the board's oversight of climate-related risks and opportunities</p>	<p>Supported by the Audit and Board Risk Oversight Committee, Corporate Internal Audit, SVP for Legal and Compliance, SVP for Operations, and SVP for Finance, the Board has the responsibility of supervising the overall risk management within the Company. This ensures that all risks are identified, measured, and managed effectively and continuously through the Enterprise Risk Management (ERM) system.</p>
<p>b. Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>The management is primarily responsible for overseeing all risks to the Company and maintaining communication with the Board and stakeholders on the performance of its ERM system. Consequently, an ERM core team is assigned to help the management assess the effectiveness of the Company's Risk Management System and, therefore, identify opportunities for improvement.</p>

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material

<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p>Because of their capability to greatly affect the day-to-day operations of PGMC, energy shortage, natural disasters such as extreme typhoons and flooding, as well as occupational injuries and ill health due to gradual increase in temperature are the priority risks that have been identified.</p>
<p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p>	<p>Energy shortage could result in an increase in generator use or interruption in the Company's operations while extreme typhoons and flooding could bring disruptions to mining activities as well as facility and equipment damage. Occupational injuries and ill health caused by extreme heat, on the other hand, could lead to a significant reduction in manpower, delay in the production, and various additional costs.</p>
<p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario</p>	<p>PGMC's Enterprise Risk Management considers risks in all levels and areas of the organization, including energy shortage, natural disasters, and occupational injuries/fatalities caused by natural disasters, as mentioned above. It plans to consider additional measures for specific climate-related risk events within 2021.</p>

RISK MANAGEMENT	
Disclose how the organization identifies, assesses, and manages climate-related risks	
a. Describe the organization's processes for identifying and assessing climate-related risks	<p>The Company's risk management process is as follows:</p> <ol style="list-style-type: none"> 1. Assess <ol style="list-style-type: none"> 1.1 Assess risk management framework 1.2 Identify and prioritize risks 1.3 Source and analyze risks 2. Improve <ol style="list-style-type: none"> 2.1 Develop risk management strategies 2.2 Develop risk management action plans 3. Monitor <ol style="list-style-type: none"> 3.1 Develop risk monitoring process 3.2 Develop risk reports
b. Describe the organization's processes for managing climate-related risks	Using the established risk management process detailed above, the Company regularly monitors and maintains control of the priority climate-related risks identified.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate-related risks are accounted for in the ERM as with other risks that may affect the Company. The Company plans to consider additional climate-related risk events within 2021 to be more comprehensive in strategies.
METRICS AND TARGETS	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> • Hours of generator use • Frequency of interruptions in mining activities • Heat index • Number and frequency of occupational injuries and ill health caused by extreme heat • Number of days where operations had stopped or been interrupted due to climate-related risks
b. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> • Use of electricity and other forms of energy: constant monitoring and reporting to address current and future needs • Stability of facilities and equipment • Consistency of manpower and health of employees

GRI CONTENT INDEX

Standard	Disclosure	Page numbers and/or direct answers	Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016			
Organizational profile			
GRI 102-1	Name of the organization	6	
GRI 102-2	Activities, brands, products, and services	6	
GRI 102-3	Location of headquarters	6	
GRI 102-4	Location of operations	6	
GRI 102-5	Ownership and legal form	4	
GRI 102-6	Markets served	12	
GRI 102-7	Scale of the organization	6, 49	
GRI 102-8	Information on employees and other workers	6, 49	
GRI 102-9	Supply chain	68	
GRI 102-10	Significant changes to the organization and its supply chain	No significant changes in the supply chain	
GRI 102-11	Precautionary Principle or approach	47, 81	
GRI 102-12	External initiatives	Not applicable [No such initiatives]	
GRI 102-13	Membership of associations	4	
Strategy			
GRI 102-14	Statement from senior decision-maker	12	
Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behavior	4	

Governance

GRI 102-18	Governance structure	40
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Stakeholder engagement

GRI 102-40	List of stakeholder groups	48
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GRI 102-41	Collective bargaining agreements	0% of employees covered with Collective Bargaining Agreements
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GRI 102-42	Identifying and selecting stakeholders	48
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GRI 102-43	Approach to stakeholder engagement	48
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GRI 102-44	Key topics and concerns raised	48
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Reporting practice

GRI 102-45	Entities included in the consolidated financial statements	91
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GRI 102-46	Defining report content and topic Boundaries	47
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GRI 102-47	List of material topics	47
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GRI 102-48	Restatements of information	None
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GRI 102-49	Changes in reporting	None
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GRI 102-50	Reporting period	About the Report
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GRI 102-51	Date of most recent report	2021
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GRI 102-52	Reporting cycle	About the Report
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GRI 102-53	Contact point for questions regarding the report	About the Report
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GRI 102-54	Claims of reporting in accordance with the GRI standards	About the Report
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GRI 102-55	GRI content index	83
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GRI 102-56	External assurance	None
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Disclosure	Standard	Topic	Page numbers and/or direct answers	Omission
Economic Performance				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	49	
	GRI 103-2	The management approach and its components	49	
	GRI 103-3	Evaluation of the management approach	49	
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed	6	
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	54	
GRI 203: Indirect Economic Impacts 2016	GRI 203-1	Infrastructure investments and services supported	67	
	GRI 203-2	Significant indirect economic impacts	67	
49 Compliance				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	49	
	GRI 103-2	The management approach and its components	49	
	GRI 103-3	Evaluation of the management approach	49	
	GRI 205-2	Communication and training about anti-corruption policies and procedures	49	
	GRI 205-3	Confirmed incidents of corruption and actions taken	No confirmed incident of corruption in 2021	
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	No notice of violations for 2021	
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1	New suppliers that were screened using environmental criteria	None	
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	None	
Energy				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	69	
	GRI 103-2	The management approach and its components	69	
	GRI 103-3	Evaluation of the management approach	69	

GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	70
	GRI 302-2	Energy consumption outside of the organization	70
	GRI 302-3	Energy intensity	71
Water			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	74
	GRI 103-2	The management approach and its components	74
	GRI 103-3	Evaluation of the management approach	74
GRI 303: Water and Effluents 2018	GRI 303-1	Interactions with water as a shared resource	74
	GRI 303-2	Management of water discharge-related impacts	74
	GRI 303-3	Water withdrawal	74
	GRI 303-4	Water discharge	74
	GRI 303-5	Water consumption	74
Biodiversity			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	77
	GRI 103-2	The management approach and its components	77
	GRI 103-3	Evaluation of the management approach	77
GRI 304: Biodiversity 2016	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	77
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	77
	GRI 304-3	Habitats protected and restored	78
	GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	78
Emissions			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	72
	GRI 103-2	The management approach and its components	72
	GRI 103-3	Evaluation of the management approach	72

GRI 305: Emissions 2016	GRI 305-1	Direct (Scope 1) GHG emissions	72
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	72
	GRI 305-5	Reduction of GHG emissions	72
	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	72
Waste			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	76
	GRI 103-2	The management approach and its components	76
	GRI 103-3	Evaluation of the management approach	76
GRI 306: Waste 2020	GRI 306-1	Waste generation and significant waste related impacts	76
	GRI 306-2	Management of significant waste-related impacts	76
	GRI 306-3	Waste generated	76
	GRI 306-4	Waste diverted from disposal	76
	GRI 306-5	Waste directed to disposal	76
Labor Practices & Employee Relations			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	48
	GRI 103-2	The management approach and its components	48
	GRI 103-3	Evaluation of the management approach	48
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	55
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	56
	GRI 401-3	Parental leave	56
GRI 402: Labor/ Management Relations 2016	GRI 402-1	Minimum notice periods regarding operational changes	4 weeks

GRI 403: Occupational Health and Safety 2018	GRI 403-1	Occupational health and safety management system	57
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	58
	GRI 403-3	Occupational health services	60
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	58
	GRI 403-5	Worker training on occupational health and safety	59
	GRI 403-6	Promotion of worker health	60
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61
	GRI 403-9	Work-related injuries	58
	GRI 403-10	Worker-related ill health	58
GRI 404: Training and Education 2016	GRI 404-1	Average hours of training per year per employee	59
	GRI 404-2	Programs for upgrading employee skills and transition assistance program	59
GRI 405: Diversity and Equal Opportunity 2016	GRI 405-1	Diversity of governance bodies and employees	51
GRI 406: Nondiscrimination 2016	GRI 406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
GRI 408: Child Labor 2016	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	None
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 411: Rights of Indigenous Peoples 2016	GRI 411-1	Incidents of violations involving rights of indigenous peoples	None
GRI 412: Human Rights Assessment 2016	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	None
	GRI 412-2	Employee training on human rights policies or procedures	None
Community Development			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	61
	GRI 103-2	The management approach and its components	61
	GRI 103-3	Evaluation of the management approach	61
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	61

FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017	2016
Volume ('000)	4,887	5,624.9	5,890.2	08.742	5,970.613	4,308.6
Average Realized Price (USD)	31.78	26.16	21.87	18.07	19.29	17.9
Sales of Nickel Ore	7,708.1	7,262.6	6,654.6	5,486.619	5,815.596	3,773.7
Operating Income		2,709.3	1,973.7	873.906	1,110.818	210.9
Net Income	1,975.7	1,865.4	1,303.6	509.528	779.689	37.5
Earnings per Share (PhP)	0.38	0.34	0.24	0.09	0.14	0.01
Current Ratio	5.13	3.70	3.14	3.61	2.12	1.63
Debt-to-Equity Ratio	0.31	0.27	0.4	0.39	0.41	0.44

Stronger Performance in 2021

20.0%

Return on Equity

15.5%

Return on Asset

41.4%

Operating Margin

39.5%

EBITDA Margin

Calculation for the cost reduction:

Total cash costs/wmt

2021	849.3
2020	720.30

Increase	129.0
% Increase	17.9%



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Global Ferronickel Holdings, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the audited consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the audited consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


JOSEPH C. SY
Chairman


DANTE R. BRAVO
President


MARY BELLE D. BITUIN
Chief Finance Officer

SUBSCRIBED AND SWORN TO BEFORE ME ON
THIS DAY OF **APR 11 2022** IN THE CITY
OF MAKATI AFFIDAVIT EXHIBITED TO ME
FISHER C/O NO. _____ ISSUED
ON _____ ISSUED AT _____

Signed this 25th day of March 2022

Doc. No. 92
Page No. 20
Book No. 276
Series of 2022


ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 833317 / 01-03-2022 / MAKATI CITY
IDP No. 171184 / 12-23-2021 / RIZAL
MCLE COMPLIANCE No. VS-0023024 / 05-28-2019
ROLL NO. 36432 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sec. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S O 9 4 0 0 3 9 9 2

COMPANY NAME

G L O B A L F E R R O N I C K E L H O L D I N G S , I
N C . A N D S U B S I D I A R I E S

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

7 / F C o r p o r a t e B u s i n e s s C e n t r e ,
1 5 1 P a s e o d e R o x a s C o r . A r n a i
z S t . , M a k a t i C i t y

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, if
Applicable

N / A

COMPANY INFORMATION

Company's Email Address

info@gfni.com.ph

Company's Telephone Number

(632) 8519-7888

Mobile Number

09178715156

No. of Stockholders

1,720

Annual Meeting (Month / Day)

6/26

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Mary Belle D. Bituin

Email Address

mdbituin@gfni.com.ph

Telephone Number/s

(632) 8519-7888

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

7/F Corporate Business Centre, 151 Paseo de Roxas Cor. Arnaiz St., Makati City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Global Ferronickel Holdings, Inc. and Subsidiaries
7/F Corporate Business Centre
151 Paseo de Roxas Cor Arnaiz St.
Makati City

Opinion

We have audited the consolidated financial statements of Global Ferronickel Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Recoverability of Deposits for Future Acquisition

As at December 31, 2021, the Group has deposits for future acquisition which amounted to P2,171.0 million. The significant portion of these deposits will form part of the purchase price for the acquisition of additional interest in the Group's investment in an associate, Southeast Palawan Nickel Ventures, Inc. (SPNVI). SPNVI has a subsidiary, Ipilan Nickel Corporation (INC), which is still under exploration and evaluation stage and currently obtaining permits necessary to transition to development phase and eventually operate.

We considered this as a key audit matter because of the materiality of the amount involved, significant management's judgment required in assessing whether there is any indication of impairment, and involves estimation and assumptions about ore reserves estimate, future capital requirements and production costs, as well as external input such as commodity prices, foreign exchange rates, price inflation and discount rate. Significant management's judgment is also required in assessing the successful feasibility and development of INC's exploration activities.

The Group's disclosures on deposits for future acquisition are included in Notes 3 and 29 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether any events or circumstances exist that may indicate that the deposits for future acquisition may be impaired. We evaluated the methodologies and assumptions used in the impairment assessment which include ore reserves, future capital requirements, production costs, commodity prices, foreign exchange rates, price inflation and discount rate. We obtained the specialist's report on the ore reserves and obtained an understanding of the nature, scope and objectives of his work, basis of the estimates including the changes in the reserves during the year and the significant factors considered by the specialist in preparing and producing the report. We evaluated the discount rate and valuation methodologies used in the impairment assessment. We compared the commodity prices, foreign exchange rates, price inflation and discount rate with externally published data. We also evaluated the future capital requirements and production costs by comparing these with historical information of comparable entities. We inquired the status of INC's exploration and evaluation activities checked if consistent with the published government reports. We inspected the related permits of INC's exploration project to determine that the period for which INC has the right to explore in the specific area has not expired and has been applied for renewal.

Realizability of Advances to Related Parties

As at December 31, 2021, the Group has advances to related parties which amounted to P2,764.5 million. These advances to related parties are supported with a financial guarantee contract which the Group considered in assessing the amount of expected credit loss.

We considered this as a key audit matter because of the materiality of the amount involved and significant judgments and estimates required in determining whether there is significant increase in credit risk and measurement of expected credit loss, including consideration of forward-looking information. Significant management's judgment and estimate is also required to determine the realizable amount of the financial asset based on cashflow forecast of the guarantor, which requires the use of significant assumptions such as projected sales volume, commodity prices, production costs and foreign exchange rates.



The Group's disclosures on advances to related parties are included in Notes 3 and 29 to the consolidated financial statements.

Audit Response

We obtained management's assessment in determining whether there is a significant increase in credit risk and whether provision for expected credit losses is required on advances to related parties. We evaluated the realizable amount used in the measurement of expected credit loss, including credit enhancement arising from the financial guarantee contract and the forward-looking information. We evaluated the cashflow forecast, including significant assumptions used such as commodity prices, foreign exchange rates, sales volume and production costs by reference to externally published market data and historical information. We checked the incorporation of forward-looking information in the cashflow forecast by evaluating and assessing the different forecast scenarios, including probability weight of each scenarios, if consistent with the guarantor's business model and contractual cashflow test.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



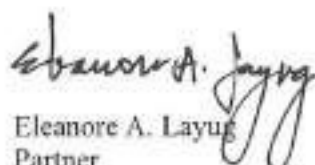
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matter communicated with those charged with governance, we determine this matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Eleanore A. Layug.

SYCIP GORRES VELAYO & CO.



Eleanore A. Layug
Partner

CPA Certificate No. 0100794

Tax Identification No. 163-069-453

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 100794-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-097-2020, November 27, 2020, valid until November 26, 2023

PTR No. 8854310, January 3, 2022, Makati City

March 25, 2022



GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P3,821,177	P2,451,566
Trade and other receivables (Note 5)	63,348	126,727
Advances to related parties (Note 29)	2,764,514	2,765,543
Inventories (Note 6)	269,470	286,598
Prepayments and other current assets (Note 7)	46,461	62,739
Total Current Assets	6,964,970	5,693,173
Noncurrent Assets		
Property and equipment (Note 8)	3,746,417	1,977,317
Deposits for future acquisition (Note 29)	2,171,003	2,173,978
Mine exploration costs (Note 11)	147,299	241,361
Mining rights (Note 10)	125,579	136,825
Deferred tax assets - net (Note 30)	96,253	153,122
Retirement plan asset - net (Note 16)	28,410	-
Other noncurrent assets (Note 12)	617,510	711,103
Investment in associates (Note 9)	-	487,657
Total Noncurrent Assets	6,932,471	5,881,363
TOTAL ASSETS	P13,897,441	P11,574,536
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	P707,381	P449,896
Current portion of loans payable (Note 14)	247,109	460,487
Advances from related parties (Note 29)	235,861	394,536
Current portion of lease liabilities (Note 17)	64,725	56,213
Income tax payable	103,507	176,863
Total Current Liabilities	1,358,583	1,537,995
Noncurrent Liabilities		
Provision for mine rehabilitation and decommissioning (Note 15)	305,414	328,601
Lease liabilities - net of current portion (Note 17)	442,243	37,868
Loans payable - net of current portion (Note 14)	652,147	-
Other noncurrent liabilities (Note 18)	521,968	532,029
Retirement obligation (Note 16)	-	25,081
Total Noncurrent Liabilities	1,921,772	923,579
Total Liabilities	3,280,355	2,461,574
Equity		
Capital stock (Note 19)	6,375,975	6,375,975
Additional paid-in capital (Note 19)	239,012	239,012
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(5,565)	(5,481)
Remeasurement gain on retirement obligation (Note 16)	43,703	8,607
Cumulative translation adjustment	19,111	(44,969)
Retained earnings (Note 19)	5,500,360	4,053,133
Treasury shares (Note 19)	(1,912,806)	(1,544,904)
Equity attributable to the Parent Company	10,259,790	9,081,373
Non-controlling interest (Note 19)	357,296	31,589
Total Equity	10,617,086	9,112,962
TOTAL LIABILITIES AND EQUITY	P13,897,441	P11,574,536

See accompanying Notes to Consolidated Financial Statements.



GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2021	2020	2019
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 33)	P7,708,105	P7,262,574	P6,654,626
COST OF SALES (Note 21)	2,287,003	2,368,014	2,737,893
GROSS PROFIT	5,421,102	4,894,560	3,916,733
OPERATING EXPENSES			
Excise taxes and royalties (Note 23)	1,043,457	959,834	843,027
General and administrative (Note 22)	734,247	794,345	675,242
Shipping and distribution (Note 24)	452,755	431,100	424,802
	2,230,459	2,185,279	1,943,071
FINANCE COSTS (Note 27)	(65,174)	(54,922)	(83,084)
SHARE IN NET INCOME (LOSS) OF INVESTMENT IN ASSOCIATES (Note 9)	(52,116)	35,745	(41,464)
BARGAIN PURCHASE GAIN (Note 37)	45,756	-	-
LOSS ON REMEASUREMENT OF INVESTMENT IN AN ASSOCIATE (Note 37)	(41,426)	-	-
FINANCE INCOME (Notes 4, 12, and 16)	6,665	7,418	9,951
OTHER CHARGES - net (Note 28)	(519,825)	(44,466)	(27,409)
INCOME BEFORE INCOME TAX	2,564,523	2,653,056	1,831,656
PROVISION FOR INCOME TAX (Note 30)			
Current	569,288	771,772	521,171
Deferred	19,528	15,884	6,930
	588,816	787,656	528,101
NET INCOME	1,975,707	1,865,400	1,303,555
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Currency translation adjustment	85,440	(59,763)	(22,609)
Income tax effect	(21,360)	17,929	6,783
	64,080	(41,834)	(15,826)
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement obligation (Note 16)	46,795	(15,888)	24,150
Income tax effect	(11,699)	4,766	(7,245)
	35,096	(11,122)	16,905
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	(84)	211	(801)
	99,092	(52,745)	278
TOTAL COMPREHENSIVE INCOME	P2,074,799	P1,812,655	P1,303,833



	Years Ended December 31		
	2021	2020	2019
Net income attributable to:			
Equity holders of the Parent Company	P1,975,301	P1,867,572	P1,307,772
Non-controlling interest in consolidated subsidiaries	406	(2,172)	(4,217)
	P1,975,707	P1,865,400	P1,303,555
Total comprehensive income attributable to:			
Equity holders of the Parent Company	P2,074,393	P1,814,827	P1,308,050
Non-controlling interest in consolidated subsidiaries	406	(2,172)	(4,217)
	P2,074,799	P1,812,655	P1,303,833
Basic/Diluted Earnings Per Share (Note 20)	P0.38	P0.34	P0.24

See accompanying Notes to Consolidated Financial Statements.



GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Thousands)

	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Shares (Note 19)	Valuation Gain (Loss) on Available- for-sale Financial Assets (Note 12)	Fair Value Reserve of Financial Asset at Fair Value through Other Comprehe- nsive In- come (Note 12)	Remeasure- ment Gain (Loss) on Retirement Obligation (Note 16)	Cumulative Translation Adjustment (Note 19)	Retained Earnings (Note 19)	Total	Non- Controlling Interest in Consolidated Subsidiaries (Note 19)	Total
Balances at December 31, 2018	P6,375,975	P239,012	(P1,116,340)	P-	(P4,891)	P2,824	P12,691	P878,235	P6,387,506	P-	P6,387,506
Net income	-	-	-	-	-	-	-	1,307,772	1,307,772	(4,217)	1,303,555
Other comprehensive income (loss) net of tax	-	-	-	-	(801)	16,905	(15,826)	-	278	-	278
Total comprehensive income (loss)	-	-	-	-	(801)	16,905	(15,826)	1,307,772	1,308,050	(4,217)	1,303,833
Issuance of common stock (Note 19)	-	-	-	-	-	-	-	(446)	(446)	38,571	38,125
Purchase of treasury shares in relation to buyback program (Note 19)	-	-	(82,569)	-	-	-	-	-	(82,569)	-	(82,569)
Cash dividend (Note 19)	-	-	-	-	-	-	-	-	-	(379)	(379)
Balances at December 31, 2019	P6,375,975	P239,012	(P1,198,909)	P-	(P5,692)	P19,729	(P3,135)	P2,185,561	P7,612,541	P33,975	P7,646,516
Net income (loss)	-	-	-	-	-	-	-	1,867,572	1,867,572	(2,172)	1,865,400
Other comprehensive income (loss) - net of tax	-	-	-	-	211	(11,122)	(41,834)	-	(52,745)	-	(52,745)
Total comprehensive income (loss)	-	-	-	-	211	(11,122)	(41,834)	1,867,572	1,814,827	(2,172)	1,812,655
Purchase of treasury shares in relation to buyback program (Note 19)	-	-	(345,995)	-	-	-	-	-	(345,995)	-	(345,995)
Cash dividend (Note 19)	P-	P-	P-	P-	P-	P-	P-	P-	P-	(P214)	(P214)



	Capital Stock (Note 19)	Additional Paid-In Capital (Note 19)	Treasury Shares (Note 19)	Valuation Gain (Loss) Available-for-sale Financial Assets (Note 12)	Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive Income (Note 12)	Remeasurement Gain (Loss) on Retirement Obligation (Note 16)	Cumulative Translation Adjustment (Note 19)	Retained Earnings (Note 19)	Total (Note 19)	Non-Controlling Interest in Consolidated Subsidiaries (Note 19)	Total
Balances at December 31, 2020	P6,375,975	P239,012	(P1,544,904)	P-	(P5,481)	P8,607	(P44,969)	P4,053,133	P9,081,373	P31,589	P9,112,962
Net income	-	-	-	-	-	-	-	1,975,301	1,975,301	406	1,975,707
Other comprehensive income (loss) - net of tax	-	-	-	-	(84)	35,096	64,080	-	99,092	-	99,092
Total comprehensive income (loss)	-	-	-	-	(84)	35,096	64,080	1,975,301	2,074,393	406	2,074,799
Acquisition of Seasia Nectar port Services Inc. (Note 37)	-	-	-	-	-	-	-	-	-	356,639	356,639
Acquisition of additional interest in FNI Steel Corporation and FNI Steel Landholdings Corporation (Note 19)	-	-	-	-	-	-	-	(7,041)	(7,041)	(31,084)	(38,125)
Purchase of treasury shares in relation to buyback program (Note 19)	-	-	(367,902)	-	-	-	-	-	(367,902)	-	(367,902)
Cash dividend (Note 19)	-	-	-	-	-	-	-	(521,033)	(521,033)	(254)	(521,287)
Balances at December 31, 2021	P6,375,975	P239,012	(P1,912,806)	P-	(P5,565)	P43,703	P19,111	P5,500,360	P10,259,790	P357,296	P10,617,086

See accompanying Notes to Consolidated Financial Statements.



GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P2,564,523	P2,653,056	P1,831,656
Adjustments for:			
Depreciation, depletion and amortization (Note 26)	361,453	340,714	391,130
Share in net loss (income) of investment in associates (Note 9)	52,116	(35,745)	41,464
Interest expense (Note 27)	50,072	42,175	63,658
Bargain purchase gain (Note 37)	(45,756)	-	-
Loss on remeasurement of investment in an associate (Note 37)	41,426	-	-
Unrealized foreign exchange gains - net (Note 28)	(37,234)	(4,008)	(18,337)
Gain on extinguishment of debt (Note 28)	(25,704)	-	-
Net change in retirement obligation (Note 16)	13,500	10,565	14,121
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 15 and 27)	8,170	8,171	11,739
Interest income (Notes 4, 12, and 16)	(6,665)	(7,418)	(9,951)
Provision for impairment losses on:			
Inventory (Note 6)	1,577	-	5,953
Other noncurrent assets (Notes 12 and 22)	3,891	160,871	-
Income from reversal of expected credit losses on trade receivables (Note 5)	-	(40,159)	-
Loss on disposal of property and equipment (Note 8)	-	147	-
Operating income before working capital changes	2,981,369	3,128,369	2,331,433
Decrease (increase) in:			
Trade and other receivables	18,945	61,027	(98,610)
Prepayments and other current assets	5,447	(38,838)	(2,198)
Inventories	(1,617)	57,058	(80,923)
Increase (decrease) in trade and other payables	106,114	(156,290)	187,990
Net cash flows from operations	3,110,258	3,051,326	2,337,692
Income taxes paid	(563,749)	(854,843)	(421,459)
Interest paid	(62,428)	(39,984)	(57,071)
Contributions (Note 16)	(22,909)	(22,909)	(22,909)
Interest received	3,113	3,730	7,040
Net cash flows from operating activities	2,464,285	2,137,320	1,843,293
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 36)	(404,608)	(184,956)	(360,285)
Mine exploration costs (Note 11)	(21,735)	(21,615)	(127,009)
Payment for the acquisition of net assets of a subsidiary (Note 37)	(158,720)	-	-
Decrease (increase) in:			
Advances to related parties	(301,607)	(346,531)	(174,890)
Other noncurrent assets	73,915	2,845	(28,114)
Investment in associates	-	(225,000)	(225,000)
Net cash flows used in investing activities	(812,755)	(775,257)	(915,298)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from avallment of loans (Note 14)	892,776	291,769	388,375
Payment of:			
Loans (Note 14)	(460,487)	(499,367)	(451,181)
Cash dividends (Note 19)	(218,397)	-	-
Lease liabilities (Note 17)	(101,551)	(26,542)	(30,579)
Purchase of treasury shares (Note 19)	(367,902)	(345,995)	(82,569)
Forward			



Increase (decrease) in:			
Advances from related parties	(P127,997)	(P2,219)	(P49,144)
Other noncurrent liabilities	(10,061)	-	-
Acquisition of non-controlling interest (Note 2)	(38,125)	-	-
Issuance of common stock-non-controlling interest	-	-	38,125
Net cash flows used in financing activities	(P431,744)	(P582,354)	(P186,973)
NET INCREASE IN CASH AND CASH EQUIVALENTS	P1,219,786	P779,709	P741,022
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	149,825	(89,387)	(28,461)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,451,566	1,761,244	1,048,683
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P3,821,177	P2,451,566	P1,761,244

See accompanying Notes to Consolidated Financial Statements.





Global Ferronickel
Holdings, Inc.

