

2022

ANNUAL REPORT



Global Ferronickel Holdings, Inc.

ABOUT THE REPORT

3-1, 2-3

We are pleased to publish our 2022 Sustainability Report, the fifth consecutive year that we have been doing so. In this report, the Company shares the performance of its core businesses and the Economic, Environmental, Social, and Governance programs and activities from January 1, 2022 to December 31, 2022. The company is guided by the set of standards and processes from the GRI Sustainability Reporting Standards.

The background of the top section is a photograph of a modern, multi-story glass building. The FNI logo is visible on the upper part of the building's facade. The text "MISSION" is overlaid in a large, bold, green font.

MISSION

We are a **world class mining company** providing metals and minerals that are essential ingredients for **greener, more sustainable products** required in almost every aspect of everyday life. We carry out our activities in an **environmentally, socially, & financially responsible** manner for the benefit of the nation, the communities where we operate, our employees, customers, and other stakeholders

VISION

In all businesses we engage in, our vision is to be a **world class group of companies** with a broad range of pioneering development options, enabling **shared values and prosperity** to all its stakeholders and contributing to sustainable national development.



Global Ferronickel Holdings, Inc.

2-1, 2-6

Global Ferronickel Holdings, Inc. (FNI) is a publicly-listed company in the Philippines engaged in mining and exporting of nickel ores as its core business. FNI also has significant interests in steel manufacturing, port operations and logistics, ferronickel smelting plant, and cement business.

The company's extensive portfolio of nickel exploration tenements in key mineral regions under the PGMC Group is supported by its long-standing experience, solid technical expertise, and dedication to environmental, social, and governance (ESG) initiatives, providing long-term value through strategic expansion plans.

The Cagdianao Mine in Surigao and the Ipilan Nickel Mine in Palawan, both under PGMC, have a combined yearly shipment capacity of 6.5 million wet metric tons (WMT), accounting for about 15% of total nickel ore exports in the Philippines in terms of volume. Both mines have a combined mineral resource of about 200.0 Million WMT. The Cagdianao Mine ships out both low-grade and medium-grade nickel ores for an average of 5.0 million WMT shipment capacity annually over the last 10 years, while the Ipilan Nickel Mine, which has its maiden operation last 2022, ships out medium to high-grade nickel ores with a current shipment capacity of 1.5 million WMT. FNI intends to augment the production volume of the Ipilan Nickel Mine to 3.0 million WMT by 2024, potentially increasing the average shipping capacity of both mines to 8.0 million WMT.

The Cagdianao mine located in Claver, Surigao del Norte, under Mineral Production Sharing Agreement (MPSA) No. 007-92-X, has an area of about 5,220 hectares. The Cagdianao Nickel Expansion Project (CNEP) mine has 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. Operation and export activities at the Cagdianao Mine are conducted during the dry and minimal sea swell season, from April to October each year, with operations suspended during the rainy season.

As the country's second-largest nickel ore producer, the Cagdianao Mine has made significant contributions to the nickel industry, accounting for 10.40% of nickel ore volume shipment and 14.44% of value shipment from 2014 to 2021.

Meanwhile, the Ipilan Nickel Mine located in Brooke's Point, Palawan, under Mineral Production Sharing Agreement (MPSA) No. 017-93-IV, covering about 2,835 hectares has an estimated resource of about 80.0 million WMT, with a potential additional resource of more than 50.0 million WMT. Currently, it has a shipment capacity of 1.5 million WMT annually. Its maiden shipment last September 2022 shipped out about 500,000 WMT of high-grade ores. The company is planning to increase this production in the next two years to a total of 3.0 million WMT per mining cycle. The mining season in Palawan is between November and July, which very well complements the mining season of the Cagdianao Mine, enabling the company to have a steady supply of nickel ore all year around, eventually resulting in a strong and stable revenue stream throughout the year.

Our lateritic nickel deposits are near-surface, blanket-like layered deposits with minimal overburden and are 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.



A woman with a joyful expression, wearing a bright yellow long-sleeved shirt with reflective grey bands on the sleeves and a green hard hat, is crouching in a sun-dappled forest. She is holding a small tree sapling in a black plastic nursery bag. The background is a soft-focus view of trees and foliage, with sunlight filtering through the leaves. In the top left corner, there is a solid yellow square. The text 'CORE VALUES' is overlaid in a bold, dark green, sans-serif font, preceded by a short yellow vertical line.

CORE VALUES



INTEGRITY

We believe in doing things right the first time. We walk our talk, build trust and provide open and transparent communication with fairness and respect.



MALASAKIT

We genuinely care about our company and the well-being of everyone we engage with.



SUSTAINABILITY & SOCIAL RESPONSIBILITY

We create a successful business that builds a better world and sustainable future for our customers, employees, investors, partners and the communities we work in.



EXCELLENCE

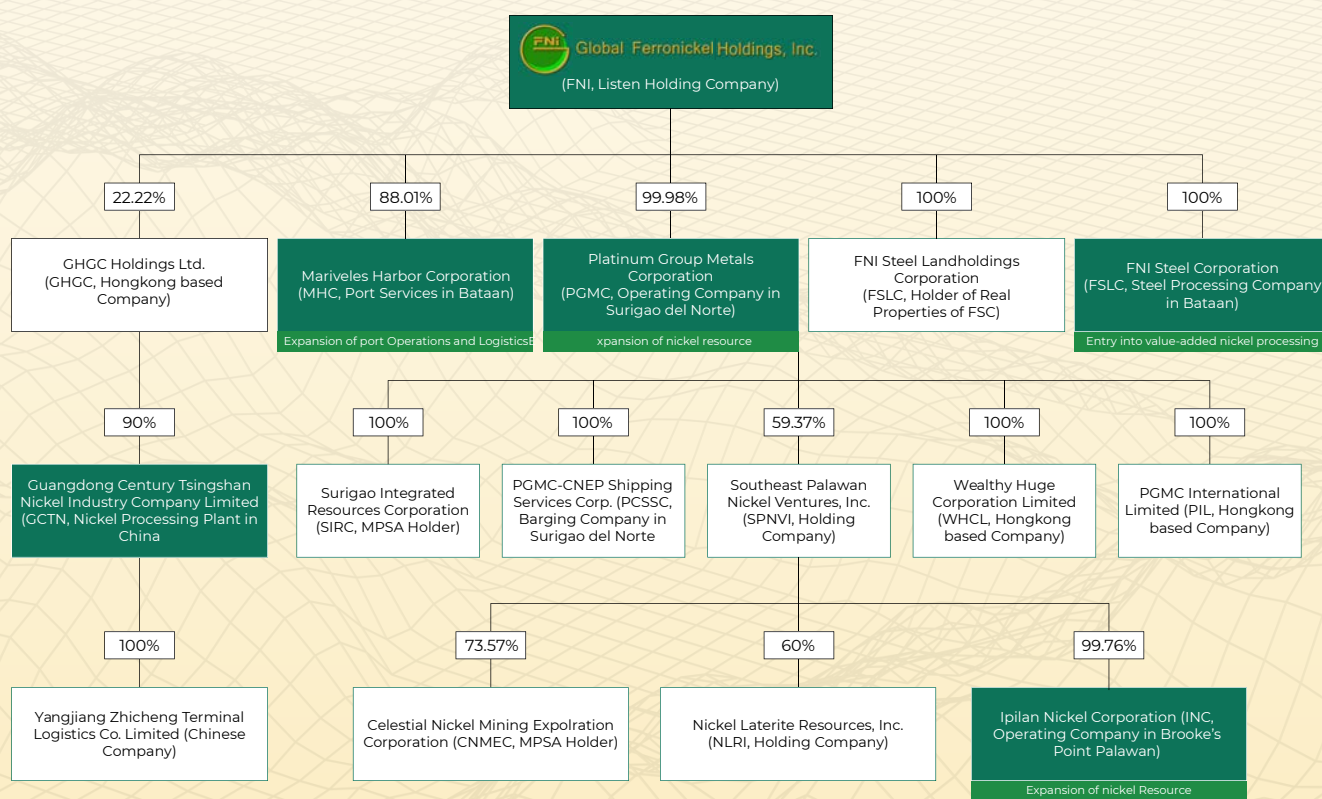
Great is not enough. We strive for outstanding performance through innovation and a commitment to continuous quality improvement. We carry out best business practice to achieve efficiency and productivity.



MERITOCRACY

Tangible achievements serve as the basis of rewards. We believe in recognizing excellence through demonstrated individual and team performance at the right time, ensuring equal opportunity for growth and development.

ORGANIZATIONAL STRUCTURE & SUBSIDIARIES



As of Q1 2023, 59.37% represents the indirect ownership on SPNVI's all classes of outstanding shares, preferred and common. FNI indirectly owns 99.44% of the outstanding common shares of SPNVI with voting power, through PGMC, its subsidiary. As of June 30, 2023, FNI owns 99.98% of SPNVI.





PGMC Office



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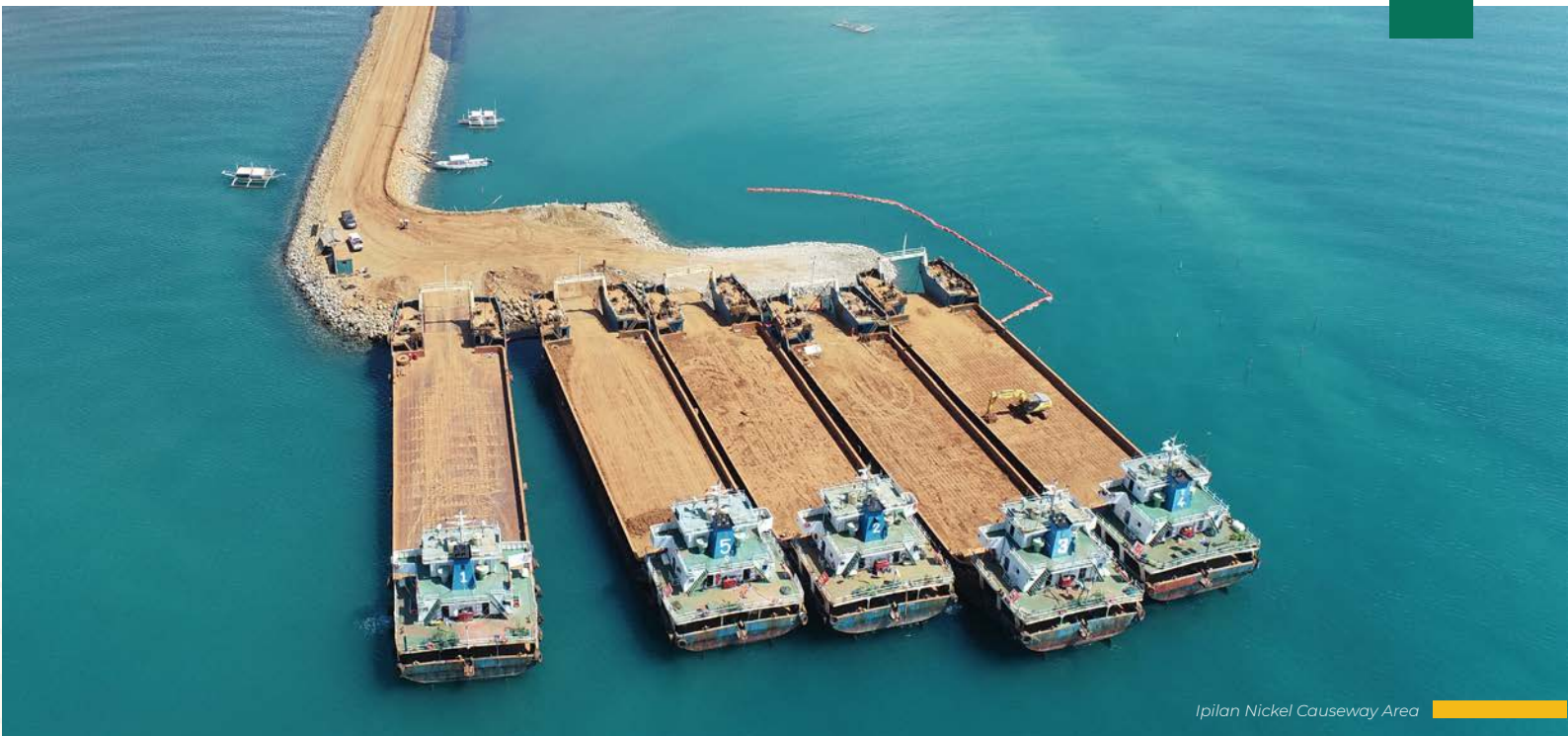
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PGMC Causeway Area

PGMC Causeway Area



Ipilan Nickel Causeway Area



Ipilan Nickel Corporation

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PGMC AT A GLANCE



GENERAL INFORMATION

Region: Region XIII (CARAGA)
Province: Surigao del Norte

MINING TENEMENT

MPSA No. 007-92-X (SMR)

MINERAL RESOURCES

72.0M DMT, 1.1% Ni 30.3% Fe

NICKEL OIL RESERVES PROVEN AND PROBABLE:

57.25M WMT, 1.1% Ni 29.5% Fe

IMS CERTIFICATES

PGMC has received ISO certifications for its Quality Management System (ISO 9001:2015), Occupational Health and Safety Management System (ISO 45001:2018), and Environmental Management System (ISO 14001:2015) for its Integrated Management System (IMS).



INC AT A GLANCE



GENERAL INFORMATION

Region: MIMAROPA
Province: Palawan

MINING TENEMENT

MPSA No. 017-93-IV

MINERAL RESOURCES

50.0M DMT, 1.23% Ni 24.0% Fe

NICKEL OIL RESERVES PROVEN AND PROBABLE:

36.9M WMT, 1.37% Ni 23.4% Fe

INC 2022 HIGHLIGHTS

**PHP 53.3
MILLION** *Direct Contribution to the Economy*

PHP 20.8 MILLION on Social Development & Management Program

PHP 17.5 MILLION on Total Committed IP Response

PHP 15 MILLION on Corporate Social Responsibility

**1132
EMPLOYEES**

40.81% Impact Barangays

32.16% Other barangays, municipality, within and outside Palawan

27.03% Contractors

**556
SCHOLARS**

88 Scholars under Social Development and Management Program (SDMP)

468 Scholars under Indigenous Peoples - Corporate Social Responsibility (IP-CSR)



Ipilan Nickel Corporation's IMS Certificate

PORT OPERATIONS AND LOGISTICS



The Multi-purpose Terminal of **Mariveles Harbor Corporation (MHC)** is a purpose-built dry bulk terminal located within the Freeport Area of Bataan. The terminal is situated on an 16 hectare leased property, strategically positioned within a 2- to 4-hour drive from Manila (~179 km), with excellent road networks for efficient land transportation of goods from Central Luzon and Northern Metro Manila. The MHC benefits from duty-free status, tax incentives, favorable weather conditions, and an abundant power and water supply, allowing for year-round operations with minimal disruptions. As the first multi-purpose terminal inside the Freeport zone, the MHC can handle up to 3,000,000 MT per annum of Dry Bulk, Breakbulk, and Project Cargoes. The terminal can also accommodate Supramax Vessels with a capacity of up to 60,000 deadweight tons and a natural draft of -13.5 Meters MLLW.

MHC is mainly designed to support the port and logistics requirements of the proposed steel plant covering more than 1.0 million tons of both raw material input requirement output of steel finished products. It also intends to provide various port services to other customers, including Bulk Loading/Discharging, Barging/Lighting, Bagging Operations, Unitized Cargo Loading/Discharging, and Project/General Cargo Handling. In the near term, the company intends to put up a container terminal services in order to accommodate more cargoes and optimize the use of the port. The company's decision to venture into the port business is based on the growing demand for logistics in the country, highlighted by several supply chain disruptions over the past few years, and increased consumer demand and economic activity.



FERRONICKEL SMELTING



世纪青山

The company holds a 20% investment interest in **Guangdong Century Tsingshan Nickel Industry Co., Ltd (GCTN)**, a leading ferronickel smelting plant in China, as part of the vision of the FNI group to invest in value-added processing and acquire the necessary experience and expertise to enable it to put up a nickel processing plant in the Philippines. This state-of-the-art facility, which uses rotary kiln with electric arc furnace (RKEAF) technology, has an annual average production of 300,000 tons of ferronickel with 10% contained nickel. Currently, GCTN is undertaking a preliminary study to add another process in the RKEAF technology to convert ferronickel into nickel matte – a battery grade nickel material. This additional process would provide GCTN an opportunity to enter the battery sector which will further enhance its profitability.

If successful, we intend to replicate this process in the Philippines immediately. PGMCO supplies an average of 2.0 million WMT of nickel ores in GCTN, which will increase up to 2.5 million WMT in 2023 with the operation of Ipilan Nickel Mine, to show synergy between ore mining operations in the Philippines and the nickel processing in China to optimize the value of the ore in a cost effective manner because the power cost and other raw material inputs are cheaper to source in China and the fact that the main market is in China, i.e., stainless steel manufacturers. GCTN is an industry leader in China, a country that remains the top stainless-steel smelter across the globe. In 2021, China produced 30.6 million tons of stainless steel, growing at a rate of 1.6% year-on-year, accounting for 54.4% of the world's production. This investment in China is both timely and strategic as it will take full advantage of the robust demand of ferronickel in the stainless steel industry in China.



FSC Steel Plant

STEEL MANUFACTURING



FNI STEEL CORP



GCTN Facility

FNI Steel Corporation (FSC) plans to put up a steel rolling mill plant ("steel plant"), using the latest technology which is power-efficient, cost-effective and environment-friendly, with a 1.0 million ton-capacity to produce high-quality steel deformed bars and other related products designed to be used for high-end construction projects, civil works and household construction. These products are intended to be sold locally. FSC is registered within the Authority of the Freeport Area of Bataan (AFAB), enjoying a preferential tax treatment and other incentives.



SOCIAL HIGHLIGHTS



Development

SDMP and CSR spending totaled PhP 42.9 M for 2021. PGMC has already spent PhP 372 M for the development of its host and neighboring communities since the implementation of SDMP.



Education

To date, the company has already produced 122 graduates since the start of the program and an existing 144 scholars taking up mining, mining-related courses, and other fields of discipline. The company spent PhP 10.4M on education projects and programs.



Funding

11,557,390.00 total amount spent for Non-IP Communities and 1,530,694.00 for IP Communities under CSR Funds



Medical

Purchased 1 unit brand new ambulance for Barangay Hayanggabon.



Our SDMP aims to address the United Nations' 17 Sustainable Development Goals (SDGs). Guided by the statutory responsibilities of the mining industry stipulated in DAO 2010-21, the SDMP shall respond to the community's vital 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 on the lives of the people directly or indirectly affected by our operations.



2022 SOCIAL DEVELOPMENT MANAGEMENT PROGRAM ANNUAL ACCOMPLISHMENT

PhP 32,967,618.01

DEVELOPMENT OF HOST & NEIGHBORING COMMUNITIES
FOR GLOBAL FERRONICKEL HOLDINGS INC.

PhP 12,570,371.86

DEVELOPMENT OF HOST AND NEIGHBORING
COMMUNITIES FOR IPILAN NICKEL CORP

PhP 7,252,410.76

INFORMATION, EDUCATION AND
COMMUNICATION CAMPAIGNS FOR
GLOBAL FERRONICKEL HOLDINGS INC.

PhP 3,211,791.38

INFORMATION, EDUCATION &
COMMUNICATION CAMPAIGNS
FOR IPILAN NICKEL CORP

PhP 4,989,125.53

INFRASTRUCTURE

PhP 8,925,745.45

HEALTH ASSISTANCE

PhP 10,362,122.48

EDUCATIONAL SUPPORT

PhP 2,747,018.00

LIVELIHOOD PROGRAM

PhP 4,368,508.12

DEVELOPMENT OF MINING
TECHNOLOGY AND GEOSCIENCE

PhP44.60 Million

TOTAL SDMP IMPLEMENTED

PhP 5,943,606.55

OTHERS

ENVIRONMENTAL HIGHLIGHTS



NUMBER OF RIVER AND COASTAL CLEAN UPS:

4 RIVERS
6 COASTAL CLEAN-UPS



AREAS IMPLEMENTED FOR COASTAL CLEAN UPS:

TANDAWA CREEK, KINALABLABAN
RIVER 1 AND 2, HINADKABAN BAY
DELTA, BAOY RIVER DOWNSTREAM



MARINE LIFE PRESERVATION PROGRAM:

ADOPTION OF LAMBASON
ISLAND MARINE SANCTUARY



19.47

HECTARES COVERED BY
TEMPORARY REVEGETATION
(TRP)



387,652

NO. OF TREES
PLANTED FOR THE
YEAR FY 2022



82.75

HECTARES COVERED
BY TREES PLANTED



25,000

MANGROVES
PLANTED



Ipilan Nickel Corporation



121

**HECTARES COVERED
BY TREES PLANTED**



583,396

**NO. OF TREES
PLANTED FOR THE
YEAR FY 2022**



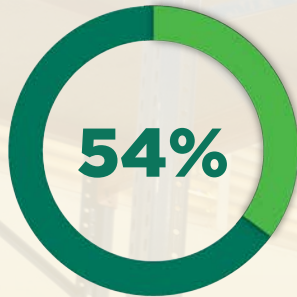
25,000

**MANGROVES
PLANTED**

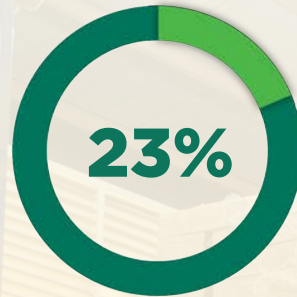
Through the years, PGMC has integrated the principles of ISO 14001:2015 into our systems and operations -- from the clearing of vegetation, stripping off topsoil, mining, to truck loading and hauling, stockpiling, LCT loading, pollution control measures, rehabilitation of mined-out areas, and office operations. The Plan-Do-Check-Act (PDCA) principle of the Environmental Management System (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).



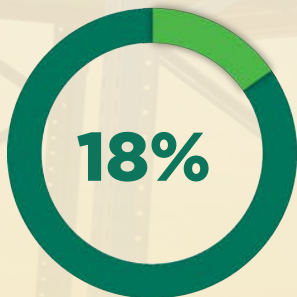
OUR EMS PERFORMANCE



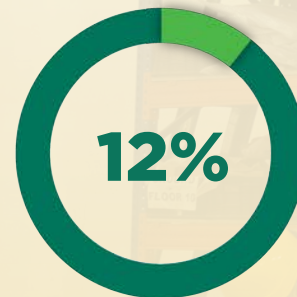
328 pieces Busted Bulbs
54% INCREASE COMPARED
TO CY 2021



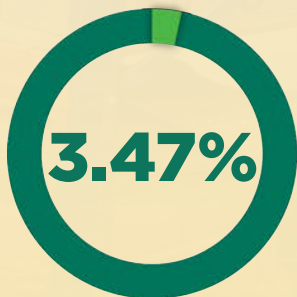
58,946 kg Solid Waste Generated
23% DECREASE COMPARED
TO CY 2021



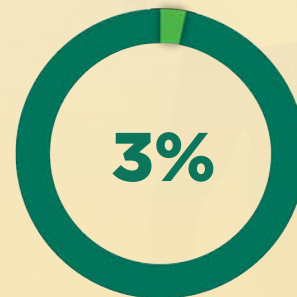
98,691 cu.m. Water Consumption
18% DECREASE COMPARED TO
CY 2021



791,873 kWh Electricity Consumption
12% DECREASE COMPARED
TO CY 2021



2,876,043 liters Fuel Consumption
3.47% DECREASE COMPARED
TO CY 2021



3,259 liters Used Oil Generated
3% DECREASE COMPARED
TO CY 2021

OUR EMS PERFORMANCE



DISCLOSURE	QUANTITY	UNITS
	2022 (INC)	
Energy consumption (renewable sources)	136.24 ¹	GJ
Energy consumption (gasoline)	2,396.62	liters
Energy consumption (LPG)	740	kilogram
Energy consumption (diesel)	350,992.83	liters
Energy consumption (electricity)	515,464	kWh

¹ Based on computed value at 73% efficiency



SAFETY AND HEALTH HIGHLIGHTS



The Company implements a Mine Safety and Health Policy, an ISO 45001:2018 Occupational Health and Safety 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 minimal production disruption and job loss.

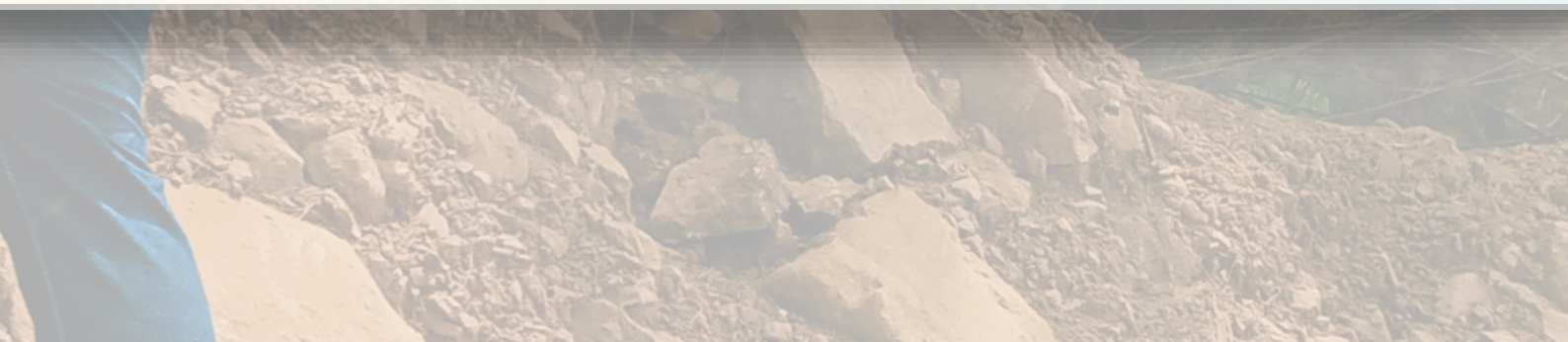


According to the company's monthly General Accident Reports for calendar year 2022, it incurred **6,573,098 man-hours** with no lost time accidents, including fatal and non-fatal.

Ipilan Nickel Corporation has accumulated a total of **3,499,525 man hours** without any loss time accident in the year 2022.

As part of the company's emergency response and preparedness program, INC Safety and Health Department has spearheaded **5 emergency trainings** to its employees as preparation for any unforeseen situations or accidents that may occur within the company premises.

The company also extends emergency and rescue assistance to its neighboring communities in times of calamities and other emergency incidents.



MESSAGE FROM OUR LEADERS

Joseph C. Sy
Chairman

Atty. Dante R. Bravo
President



“FNI’s transformation into a globally recognized institution is becoming a reality.”

To our valued stakeholders,

Today, we stand at the juncture of FNI’s remarkable journey, filled with pride and boundless gratitude as we gather to reflect on the remarkable progress we have achieved together. It is with great honor that we acknowledge, alongside all of you, the significant milestones that shaped FNI into the esteemed conglomerate it is today.

FNI’s transformation into a globally recognized institution is becoming a reality. As we continue to focus on our core business of mining and exporting nickel ores, we have also reached significant milestones in laying the foundation to venture into value-added processing, thereby expanding our horizons even further.

Through the consolidation of our mining interests under Platinum Group Metal Corporation (PGMC) and the expansion of production capacity at our Ipilan Nickel Mine in Brooke’s Point, Palawan, we demonstrate our commitment to growth and ensuring a consistent supply of nickel to meet its increasing demand. Additionally, our investment in a leading ferronickel smelting plant in China provides us with opportunities to participate in the nickel ore processing business. This move allows us to produce ferronickel, nickel matte, and battery-grade nickel.

We are also equally proud of the progress achieved by our FNI Steel Corporation’s cutting-edge steel rolling mill plant, as the upcoming construction of our US\$100 million steel plant in Bataan positions us to capture a significant share of the steel market, catering to the surging demand for nickel-based batteries in electric vehicles. Similarly, we have further strengthened our presence in Mariveles Harbor Corporation, now holding an 88% stake. The Mariveles Harbor Corporation’s Multi-purpose Terminal (MMT) optimizes our port services to better support the operations of our steel plant located nearby.

Furthermore, we are excited to embark on a new venture in cement manufacturing in Surigao del Norte. The potential of our Cagdianao site, combined with the government’s aggressive infrastructure program and the growth of the country’s property sector, fills us with optimism for this endeavor.

Our achievements would not have been possible without the collective efforts of the entire FNI family and the trust placed in us by our stakeholders. Together, we have transformed last year’s promises into tangible realities, adding significant value to our shared success in 2023.

At FNI, we embrace our role as responsible stewards of economic, social, and environmental development. Guided by our new Vision, Mission, and Values (V-M-V), we commit ourselves to providing essential metals and minerals for greener and more sustainable products that enrich various aspects of life. With an unwavering commitment to our core values, we intertwine these principles within our operations for the prosperity and well-being of our nation, communities, employees, customers, and all those invested in our collective success.

Looking ahead, we understand that our prosperity is deeply intertwined with the welfare of our organization and stakeholders, that’s why our commitment to sustainable practices and responsible mining is unwavering. Together, we can shape a future where sustainable development and responsible mining practices converge to foster positive change.

We extend our heartfelt thanks and appreciation to our esteemed Board of Directors, management, and staff. While we have accomplished much, there is still work to be done for the benefit of our company, our families, and our country.

Presidential Mineral Industry Environmental Award



PGMC was honored to have been conferred the prestigious 2022 Presidential Mineral Industry Environmental Award (PMIEA) for the Surface Mining Operation Category for the second year in a row.

Presented during the 68th Annual National Mines and Safety Conference in Baguio City, PMIEA is the highest award given to a mining company by the Department of Environment and Natural Resources (DENR) and the Philippine Mine Safety and Environment Association in recognition of the initiatives and exemplary achievements of the minerals sectors in protecting the environment. Pursuant to Executive Order No. 399, series of 1997, the PMIEA is given every year to mining groups and companies that have shown exemplary performance in safety and health management, environmental protection and enhancement, and social and community development.

In presenting the award, the government also gave recognition to the importance of the mining sector as one of the government's partners in long-term economic growth. Through its proactive support of the economic recovery of the country and initiatives during the unprecedented COVID-19 pandemic, the mineral sector played an essential role for people and communities.

PGMC attributed the achievement to its people's collective commitment to shared ideals and the betterment of their communities. 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.

The Company remains committed to fulfilling its environmental, social, and governance targets to the fullest and envisions creating an atmosphere that provides continuing and healthy synergies between the demands of its operations and the needs of its stakeholders. In 2022, PGMC also received ISO certifications for its Quality Management System (ISO 9001:2015), Occupational Health and Safety Management System (ISO 45001:2018), and Environmental Management System (ISO 14001:2015) for its Integrated Management System (IMS).

The Company will always strive to address the challenges of climate change, energy transition, and human betterment with the wellspring of talents in the mineral industry, fully aligned with the guidance and supervision of the DENR. PGMC will continue 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)



Most Improved Safety Performance Award (2014)



Top Exporter Award (2019)



2019 Platinum Achievement Award

THE PRESIDENT'S REPORT

As we reflect on the past year, FNI's resilience and significant growth in 2022 showcase our commitment to surpassing expectations and pushing boundaries. With this momentum, we are poised to maintain our leadership in the resources sector and contribute to the thriving business landscape in our country.

Despite challenges, the outlook for the nickel industry remains compelling. Although 2022 was marked by increased uncertainty due to the combined impact of the COVID-19 pandemic and the war in Ukraine, affecting global commodity markets, urbanization, and the energy transition presented tremendous opportunities for nickel demand. Particularly, nickel prices in March surged at unprecedented speed and scale following the onset of Russia's invasion of Ukraine. Over the course of three trading days, the price of nickel on the LME rose by more than 270% from US\$27,080 per tonne to US\$101,365/t on March 8, before falling to around US\$80,000 per tonne and trading being suspended. Since then, monthly average prices began to decline through July and remained mostly stable until the end of the year.

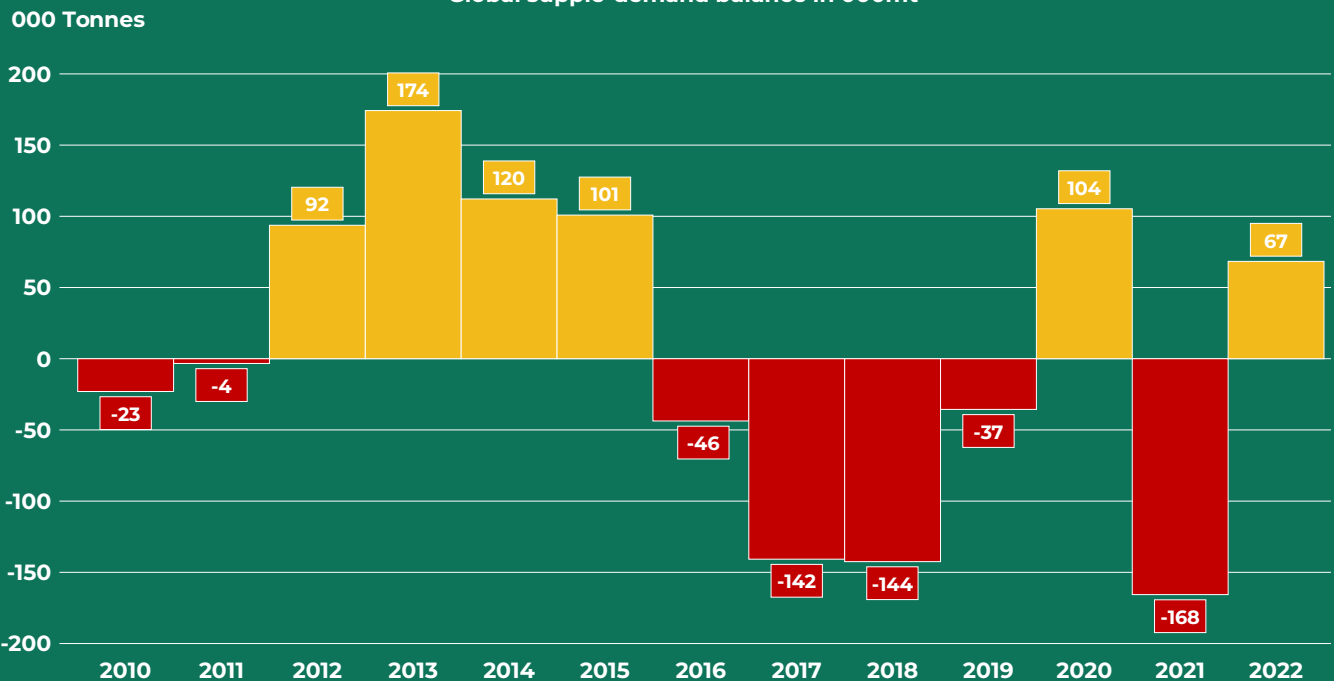


MARKET OUTLOOK

Certainly, the outlook for the nickel industry remains compelling. On the demand side, we see tremendous opportunities from megatrends that will shape the world. While more and more people choose to live in cities than in rural areas, this trend is set to continue. As income and population growth continue to be the key determinants of commodity demand including nickel, urbanization can be very important for commodity consumption over the next 30 years, especially in emerging markets and developing economies. Furthermore, the reopening of the economy and infrastructure investments in China are expected to drive the demand for stainless steel and contribute to the nickel market.

INSG forecasts a swing to nickel supply surplus in 2022

Global supply-demand balance in 000mt

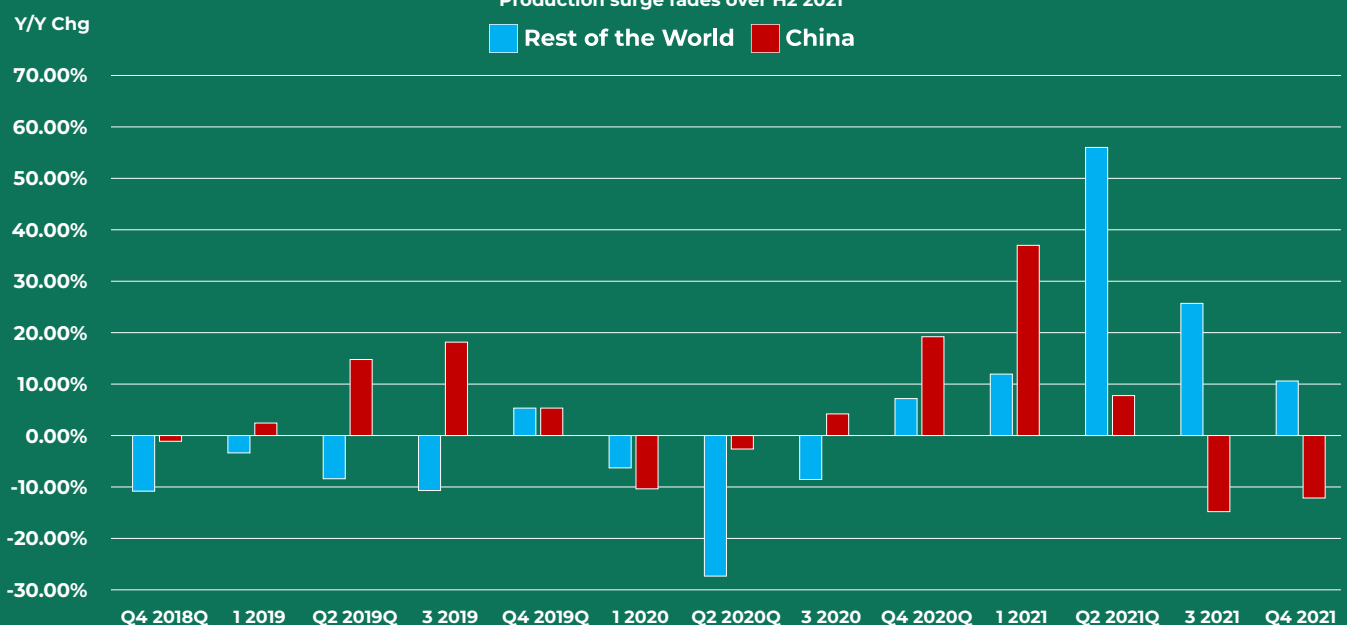


Source: International Nickel Study Group

Andy Home: 17/05/2022

Global Stainless Steel Production Y/Y Change

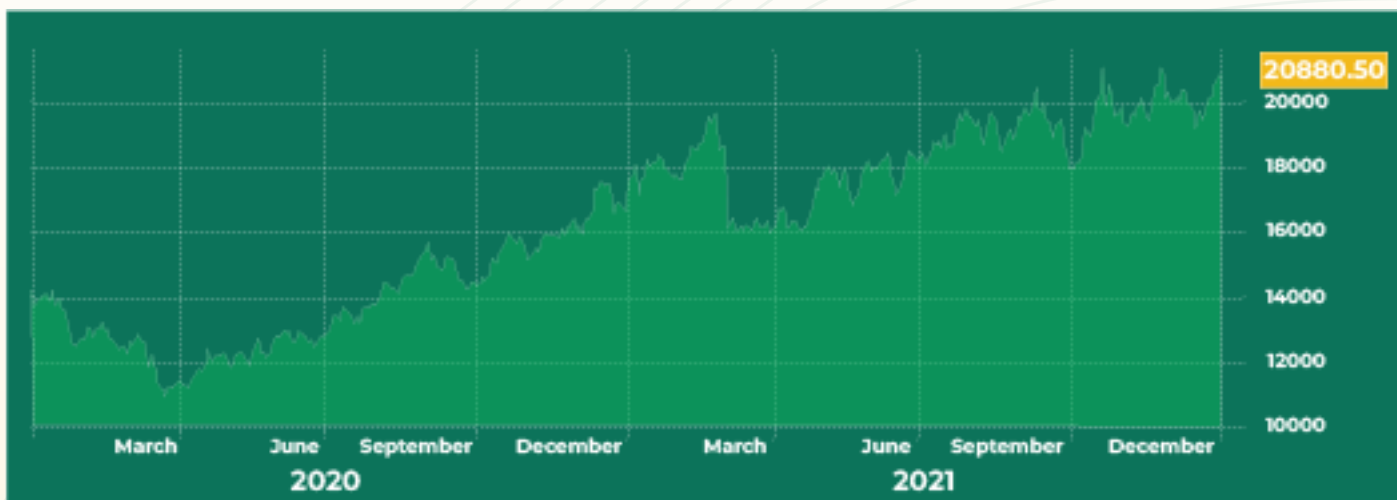
Production surge fades over H2 2021



Source: ISSF

Andy Home: 18/05/2022

MARKET OUTLOOK



Looking ahead to the long term, the demand for nickel is expected to continue growing, driven by its diverse range of applications in the energy transition. The World Bank has recognized nickel as a critical mineral in the clean energy transition, underlining its significance. Notably, nickel's value lies in its versatility, as it finds application across various technologies rather than being limited to a single use. These include electric vehicles (EVs), solar panels, power grid systems, wind turbines, and new technologies such as hydrogen-based energy, indicating the broad scope and potential of nickel in driving sustainable and cutting-edge advancements.

On the supply side, Indonesia and the Philippines continue to be the top nickel-producing countries, as has been the case since 2010. However, in recent years, several companies in Indonesia have started to develop processing facilities to produce nickel matte and mixed hydroxide precipitate (MHP). These intermediate products are to be used as materials for further processing into nickel sulphate for EV batteries. This context provides a valuable perspective to observe the supply-side dynamics. FNI, with its recent investment in China, is now better positioned to monitor trends and gain valuable insights on the ground.

Despite the potential for short-term price fluctuations on a month-to-month or year-to-year basis, we maintain a strong sense of optimism regarding the long-term outlook for nickel. The past 10 years have been remarkable, and we are excited to witness the positive trajectory that is unfolding for 2023 and beyond.

NAVIGATING CHALLENGES AND SUSTAINING GROWTH

FNI's financial performance in 2022 was remarkable, with an increase in net income compared to the previous year, highlighting our strong financial position and successful operational strategies. Our net income for the year amounted to Php 2.16 billion, indicating an increase as compared to the previous year. This growth highlights our strong financial position and successful operational strategies. However, our revenue for the same period experienced a decline. We generated a total revenue of Php 6.73 billion, a decrease of 12.7% compared to the previous year.

As we move forward, FNI remains committed to optimizing operations and capitalizing on opportunities presented by Ipilan Nickel Corporation for a prosperous future. Despite fluctuations in shipment volume, our focus on meeting customer requirements and maintaining a reliable supplier reputation remains unwavering.

NAVIGATING CHALLENGES AND SUSTAINING GROWTH

In 2022, FNI delivered 3.735 million wet metric tonnes, witnessing a 24% decline compared to the previous year. The average realized nickel ore price per WMT remained relatively stable at \$31.68, showing a slight 0.3% decrease. Furthermore, the sales mix for 2022 consisted of 76% low-grade nickel ore and 24% medium-grade nickel ore.

Despite adverse weather conditions impacting revenue, FNI managed to partially offset the decline through increased prices of medium-grade ore and a favorable foreign exchange impact compared to the previous year. Additionally, our ongoing exploration efforts continue to yield valuable mineral resources, contributing to the long-term sustainability of our operations.

2021 RESULTS OF OPERATIONS

NET INCOME
Php 1.98B

5.9% increase from previous year

REVENUE
Php 7.71B

6.1% increase from previous year

REVENUE INCREASE DRIVEN BY MARKET PRICE

US\$31.78
per WMT

**2021
AVERAGE
REALIZED
NICKEL ORE
PRICE**

21.5% higher
than previous year

SALES MIX



The sales mix for 2021 is
comprised of **77% low-grade**
nickel ore and
23% medium-grade.

**2021
SHIPMENT
VOLUME**

13% lower
than previous year

**4.887M
WMT**

FINANCIAL STABILITY

In terms of financial stability, FNI demonstrates impressive results, with strong financial indicators and effective management of resources. We have allocated budgets for social development programs, environmental protection, and enhancing relationships with Indigenous communities, emphasizing our commitment to responsible business practices and creating value for all stakeholders.

For 2022, FNI recorded a total cost and expenses of Php 4.76 billion, reflecting a 5% increase compared to the previous year. Also, the cash operating cost per WMT shipped increased significantly by 34% in 2022, reaching Php 1,140.

Several factors could have influenced these cost and expense trends. One of the key factors is the situation in the nickel market. Fluctuations in nickel prices, demand, and market conditions can directly impact operating costs. Changes in global supply and demand dynamics, economic conditions, and trade policies can all contribute to cost variations. Severe weather events can also disrupt production, transportation, and logistics, leading to increased costs. Moreover, factors such as inflation, currency exchange rates, labor costs, and regulatory requirements can influence operating expenses.

Despite these challenges, FNI delivered a strong performance in 2022, with a 24% growth in total assets, reaching Php 18 billion as of December 31.

The Company's financial indicators showcase impressive results, with a return on equity of 19.6%, a return on assets of 13.6%, a net profit margin of 32%, and an EBITDA margin of 48% for the year. Considering our 3-year average, FNI's performance remains robust, with a return on equity of 20.6%, return on assets of 15.3%, net profit margin of 28.3%, and EBITDA margin of 43.7%. These indicators demonstrate the Company's consistent profitability and effective management of resources.

FNI's financial stability is evident in its current ratio of 1.99, indicating a strong ability to meet short-term obligations. The Company also maintains a healthy debt-to-equity ratio of 0.57, indicating a favorable balance between debt and equity financing. Additionally, FNI achieved an earning per share of 0.37, highlighting the Company's profitability on a per-share basis.

FNI's cash dividend declaration, share buyback program, and treasury shares holdings demonstrate the Company's focus on maximizing shareholder returns and actively managing its capital structure.

In 2022, FNI declared a cash dividend of Php 1.04 billion, equivalent to Php 0.20 per share. Additionally, the Company conducted a share buyback program in 2022, repurchasing a total of 20,527,000 shares at a cost of Php 55.4 million. This strategic move indicates the Company's confidence in its own stock and its commitment to enhancing shareholder value by reducing the number of outstanding shares.

As of December 31, 2022, FNI held a total of 882,571,322 treasury shares, amounting to Php 1.97 billion. These treasury shares represent the Company's own shares that have been repurchased and are held by the Company itself. Holding treasury shares provides FNI with flexibility for future use, such as for employee stock option plans or potential future acquisitions.

Php 4.52B
in 2021
8% Decrease

TOTAL COST AND EXPENSES

Php 849
in 2021
18% Increase

CASH OPERATING COST PER WMT SHIPPED

DEMURRAGE EXPENSE

Php 586M

Php 49M

FNI SHARE NET LOSS BY SNPSI

INVESTMENT PORTFOLIO

The commitment to delivering on promises made to stakeholders is evident in the results of our net income from investments in associates.

As FNI remains an aggressive player in business diversification, the company exemplifies its growing commitment to Mariveles Harbor Corporation (MHC) by significantly increasing its ownership stake through strategic equity acquisitions. In 2021, FNI acquired the equity interest of Nectar Group Limited, resulting in a substantial increase in its ownership from 40% to 64%. Building on this momentum, FNI continued to reinforce its investment in MHC in 2023 by purchasing the equity interest of Seasia Logistics Philippines, Inc. This further strengthened FNI's ownership stake, raising it from 64% to 88%.

These strategic investments strongly align with FNI's overarching goals of growth and expansion, reinforcing its position as a dynamic and forward-thinking organization.

In 2022, we achieved a share of Php 219.5 million in net income, with significant contributions from GHGC and SPNVI. GHGC contributed Php 38 million, while SPNVI contributed Php 181.5 million to our overall net income.



FNI STEEL CORP

As of November
2021, FNI gained
100% owned by FNI



As of December 29,
2021, FNI holds **88%**
ownership in MHC.

IPILAN NICKEL CORPORATION

The start of operations at the Ipilan Nickel mine last September 2023 has had a significant impact on FNI's financial growth and its ability to meet the demand for nickel ore. A subsidiary of SPNVI, Ipilan Nickel Corporation has already completed 8 shipments, marking a significant milestone for the company. This accomplishment has not only enhanced FNI's overall financial performance but also solidified its position for continued growth and success in the nickel industry.

The estimated mine life for Ipilan Nickel Corp. is 10 years, giving FNI a solid foundation for sustained operations and future growth. With an estimated resource of 80 million WMT and a current annual shipment capacity of 1.5 million WMT, this extended mine life of 10 years gives FNI a solid foundation to meet market demand and capitalize on future opportunities in the nickel sector.



10 YEARS

Estimated Mine Life

1.25 - 3 MILLION WMT

Annual Production Rate

36.9 MILLION WMT

Proven and Probable Ore Reserves

1.37%

Nickel Average Grade

MAXIMIZING EFFICIENCY AND RESOURCE DISCOVERY

FNI's key operation, Surigao Mine, has set ambitious shipment targets for 2023, aiming to utilize 91 vessels for efficient and reliable transportation. The volume target for the year is set at 5 million wet metric tonnes (WMT). Ensuring the quality and integrity of the nickel ore, FNI is committed to maintaining a moisture content level of 35%, meeting the stringent requirements of its customers. By focusing on achieving 100% of the shipment targets based on customer requirements, FNI strengthens its reputation as a reliable and trustworthy supplier in the industry.

FNI's continuous exploration efforts in 2022 at both the Ipilan and Cagdianao mines have yielded significant results and valuable mineral resources. Following the Philippine Minerals Reporting Code, exploration activities in PGMC have identified measured and indicated mineral resources totaling 72.007 million dry metric tons (DMT) with a composition of 1.1% nickel and 30.3% iron. Additionally, PGMC has established proven and probable nickel ore reserves of 57.25 million wet metric tons (WMT) with a composition of 1.1% nickel and 29.5% iron.

In the case of Ipilan, exploration activities have identified measured and indicated mineral resources totaling 50.006 million dry metric tons (DMT) with a composition of 1.23% nickel and 24% iron. Furthermore, Ipilan has established proven and probable nickel ore reserves of 36.9 million wet metric tons (WMT) with a composition of 1.37% nickel and 23.4% iron. These reserves serve as a valuable asset for the company's future mining operations and contribute to its long-term sustainability.

STRONGER PERFORMANCE AND SUSTAINABLE COMMITMENTS

In 2022, FNI demonstrated a stronger performance across multiple key areas, reflecting our commitment to responsible business practices and creating value for our stakeholders.

Social Development and Management Program (SDMP): Allocated Php 68 million to enhance education, healthcare, livelihood support, and infrastructure development, directly benefiting the communities we serve

Environment Protection and Enhancement Program (EPEP): Invested Php 248 million in initiatives such as reforestation, water conservation, waste management, and emission reduction to preserve and protect the natural resources in our operational areas

Indigenous People (IP) Royalty Share: Allocated Php 60 million, demonstrating our commitment to fostering positive and mutually beneficial relationships with Indigenous communities

Tax Contribution: Paid a total of Php 1.739 billion in taxes in 2022, driving growth and progress through transparency and compliance

For two consecutive years, PGMC has been honored to receive the prestigious Presidential Mineral Industry Environmental Award, which is the highest accolade in the industry. This highlights PGMC's unwavering dedication to excellence and its outstanding environmental stewardship efforts.

Additionally, PGMC has achieved an Integrated Management System Certification, showcasing its adherence to international standards in quality, environmental management, and occupational health and safety. This certification underscores PGMC's commitment to upholding the highest standards in its operations, ensuring the well-being of its employees, and minimizing its environmental impact.

Sharing the same values, Ipilan Nickel Corporation has also obtained the Environmental Management System Certification. This certification further validates Ipilan Nickel's commitment to environmental responsibility and sustainable practices.

2021 SOCIAL AND ENVIRONMENTAL CONTRIBUTIONS

**Php
43.1M**

Social Development
and Management
Program (SDMP)

**Php
99.2M**

Environment
Protection and
Enhancement
Program

**Php
10.5M**

Typhoon Odette
Relief

**Php
8.3M**

COVID-19 Assistance

**Php
71M**

IP/ICC Royalty Share



STRATEGIC APPROACH TO GROWTH, VALUE CREATION, AND SUSTAINABILITY

FNI's strategic plans encompass several key areas aimed at enhancing growth, value creation, and diversification.

First, there is a focus on expanding the nickel resource base. By investing in exploration and development activities, FNI aims to increase its access to nickel reserves, ensuring a sustainable supply for future operations. This strategic move aligns with the growing demand for nickel in various industries, particularly in the context of the transition to cleaner energy and electric mobility.

In addition to expanding the resource base, the company plans to venture into value-added processing. This includes the establishment of a ferronickel processing plant and nickel matte processing facility. These processing capabilities enable the company to enhance the value of its nickel products by transforming them into higher-grade materials that cater to specific industry needs. The establishment of a battery-grade nickel plant and a steel plant signifies the company's commitment to capitalizing on emerging opportunities in the electric vehicle and infrastructure sectors.

Another strategic plan involves the expansion of the logistics business in Mariveles. This expansion includes the development of warehousing facilities and container terminal services. By enhancing its logistics capabilities, the company aims to improve efficiency, reduce costs, and strengthen its position as a reliable provider of integrated services throughout the supply chain.

Lastly, FNI plans to diversify its operations by venturing into cement manufacturing. This involves the production of limestone, clinker, and other key materials used in the cement industry. This enables the company to tap into the construction and infrastructure sectors, which offer significant growth potential.

Underpinning these strategic plans is FNI's new Vision, Mission, and Core Values (V-M-V). With a commitment to excellence, innovation, and collaboration, FNI strives to set new standards of success while creating shared values and prosperity for all stakeholders. This transformative approach aligns with the company's dedication to delivering essential metals and minerals for greener, more sustainable products. FNI upholds environmental, social, and financial responsibility, ensuring the well-being of the nation, communities, employees, customers, and all stakeholders.

Driven by its core values, FNI maintains a culture of exceptional results, strong partnerships, inclusivity, and collaboration. These values shape the company's actions and reinforce its commitment to delivering positive outcomes in every aspect of its operations.



FNI is driven by a relentless pursuit of excellence and a commitment to surpassing expectations, drawing strength from our past achievements to propel us toward our goals. These milestones have humbled us and continue to ignite our drive for improvement.

We sincerely appreciate the trust and unwavering support of our shareholders and stakeholders. As we embark on our journey into the future, we eagerly anticipate deepening these relationships and fostering even stronger partnerships.

OUR LEADERSHIP



Joseph C. Sy

Chairman, and Director

Mr. Sy became Chairman of the Board of Directors on August 6, 2015. He became president of PGMCI and Company in July 2011 and on August 29, 2014, respectively. He is also a Director and Chairman of Ipilan 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 leading companies engaged in mining and mineral exploration and development. He was conferred as a Doctorate Fellow of the Academy of Multi-Skills, United Kingdom.



Dante R. Bravo

President and 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 PGMCI since 2011. He was Chief Finance Officer of PGMCI 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 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 and Treasurer

Ms. Bituin became a Director of the Company on November 2, 2015. She holds a Bachelor of Science degree in Business Administration, major in Accounting from the Philippine School of Business Administration Manila. 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 International Audits at the Cooperative for Assistance and Relief Everywhere (CARE), a leading international humanitarian organization fighting global poverty and 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.

OUR LEADERSHIP



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 PGMCO 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 degree 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. 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 a Doctorate Fellow of the Academy of Multi-Skills, United Kingdom. She is a seasoned entrepreneur with over 20 years of experience in business leadership.

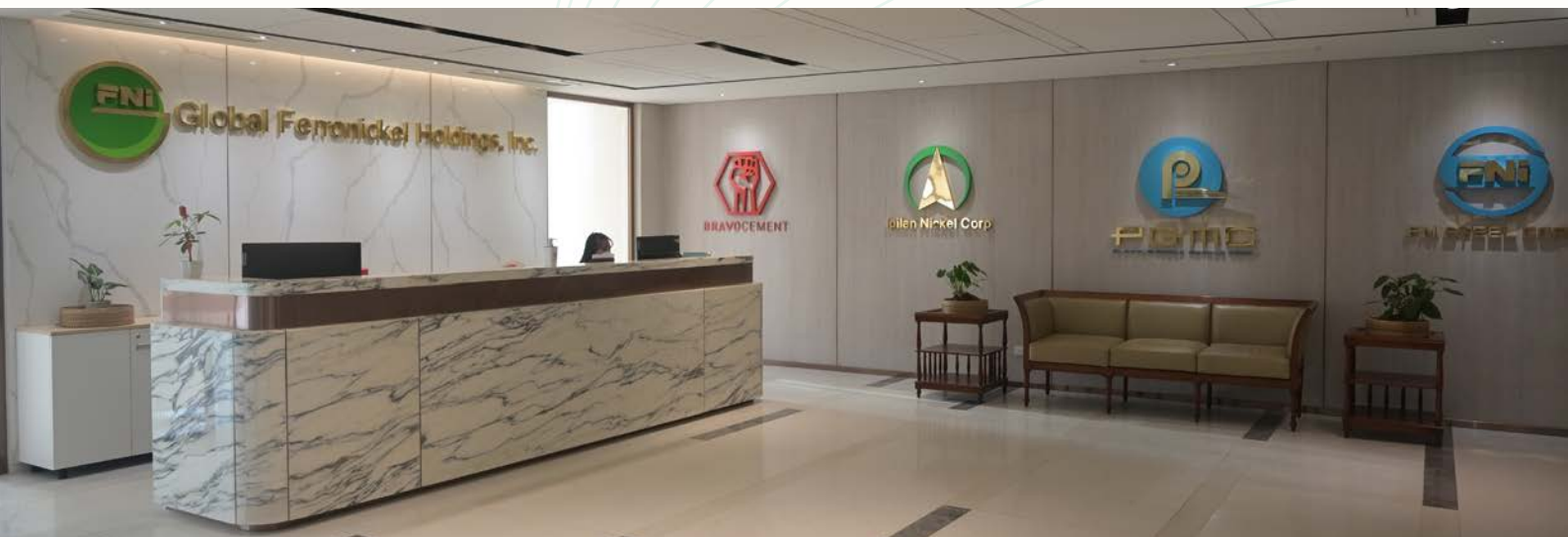


Dennis Allan T. Ang

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 the 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 the Asian Institute of Management.

OUR LEADERSHIP



Jennifer Yu Cong

Director

Ms. 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 was 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 Gapuz Lacson

Independent Director

Mr. 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. 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 De La Salle College. He is also a Master 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 degree in BS Mining Engineering from the 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 PGMCO. She is Assistant Corporate Secretary of PGMCO, SIRC and the Corporate Secretary of Ipilan 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 PGMCO 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



Joseph 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

The company believes in good corporate governance and 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 toward our stakeholders. FNI assures its stakeholders that the Company will always act in the interest of sustainable growth that is aligned with its corporate values.

BOARD COMMITTEES

- Joseph C. Sy – Chairman
- Dante R. Bravo
- Mary Belle D. Bituin
- Roberto C. Amores
- Edgardo Lacson

NOMINATION COMMITTEE

- Edgardo G. Lacson – Chairman
- Ming Huat Chua
- Dante R. Bravo

COMPENSATION AND REMUNERATION COMMITTEE

- Roberto C. Amores – Chairman
- Joseph C. Sy
- Dante R. Bravo

AUDIT, RISK AND RELATED PARTY TRANSACTION COMMITTEE

- Roberto C. Amores – Chairman
- Edgardo G. Lacson
- Dante R. Bravo

ENTERPRISE RISK MANAGEMENT

102-11

FNI has adopted an integrated strategy on enterprise risk management that capitalizes on the value gained from managing risks and delivers on the requirements of all stakeholders.

The Company'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 that it faces in pursuit of creating value for stakeholders – bridging strategic direction with operational execution.



ERM FRAMEWORK

Based on the COSO ERM Framework, the company considers Enterprise Risk Management as a process that is effected by the board of directors, management, and other personnel, enterprise-wide at a strategic level. It is designed to identify potential events that may affect the entity, manage risks to remain within its risk appetite, and 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 interrelated components of the Framework can be summarized into five principles:

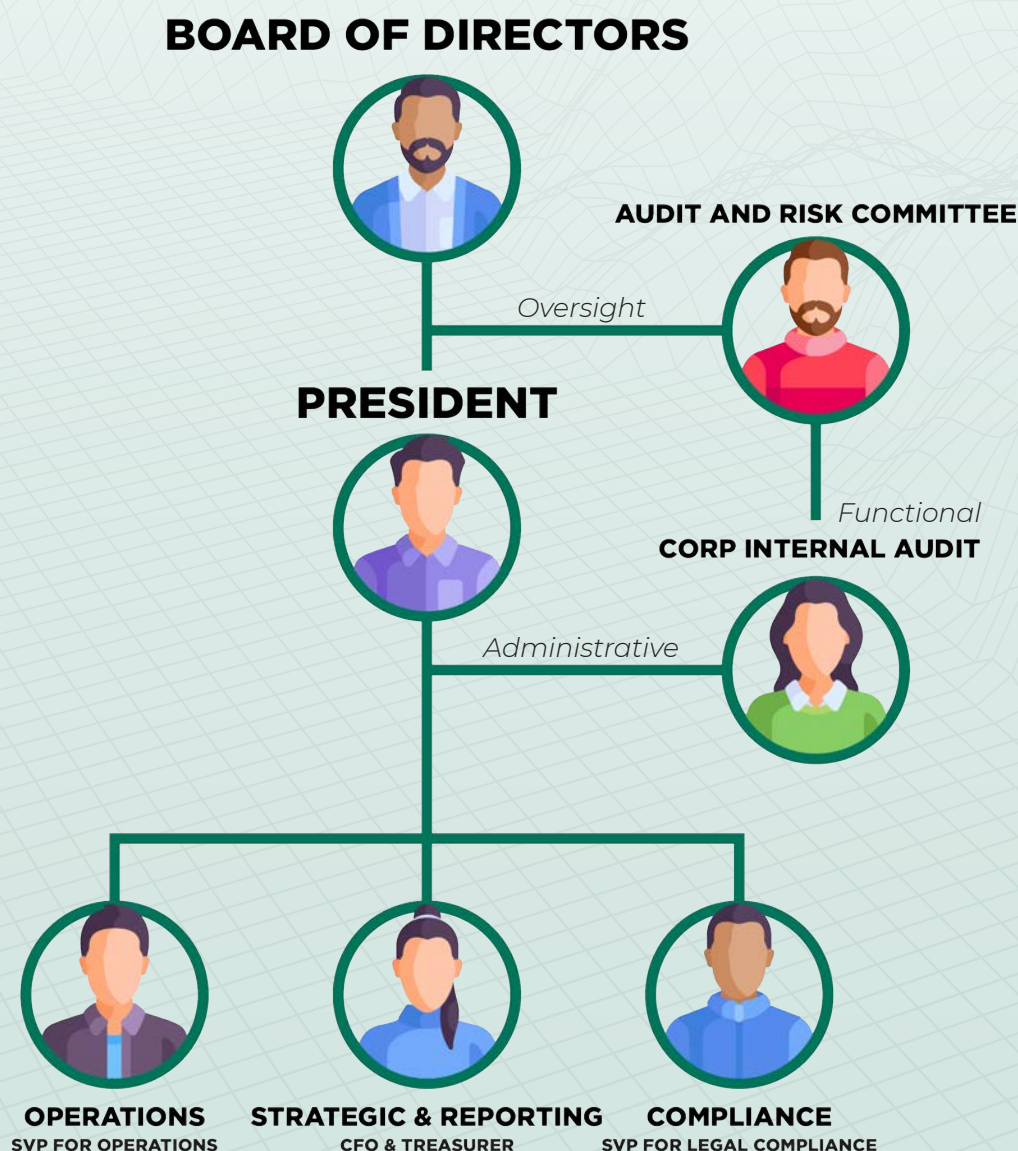
- **Governance and Culture:** where the board and top management set the organization's tone and culture towards an understanding of risk affecting the organization (internal and external factors); part of establishing good governance is reinforcing oversight responsibilities for enterprise risk management.
- **Strategy and Objective-Setting:** where the Company establishes its risk appetite and aligns it with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.
- **Performance:** where risks are prioritized by severity in the context of established risk appetite; the Company then implements risk responses.
- **Review and Revision:** where the ERM components are reviewed against the actual performance, to determine if revisions in the risk response are needed. Accordingly, it is imperative that the Company pursue continuous improvements.
- **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, FNI Management holds overall responsibility for managing risks and continues 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.





The company has therefore identified its key business risks and affected interrelated risk drivers. Accordingly, the 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.

The priority risks identified because of their capability to greatly affect the day-to-day operations of the company are energy shortage, natural disasters such as extreme typhoons and flooding, and occupational injuries and ill health due to gradual increases in temperature. 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 production, and various additional costs.

Climate-related risks are accounted for in the ERM as with other risks that may affect the Company and we continue to monitor other climate-related risk events that need to be considered for a strategic response.



FINANCIAL HIGHLIGHTS



	2022	2021	2020	2019	2018	2017	2016
Volume ('000)	3,735	4887	5624.9	5890.2	08.742	5970.613	4308.6
Average Realized Price (USD)	31.68	31.78	26.16	21.87	18.07	19.29	17.9
Sales of Nickel Ore	6,731.4	7708.1	7262.6	6654.6	5486.619	5815.596	3773.7
Operating Income	1,972.3	3190.6	2709.3	1973.7	873.906	1110.818	210.9
Net Income	2,155.1	1975.7	1865.4	1303.6	509.528	779.689	37.5
Earnings Per Share (PhP)	0.37	0.38	0.34	0.24	0.09	0.14	0.01
Current Ratio	1.99	5.13	3.70	3.14	3.61	2.12	1.63
Debt-to-Equity Ratio	0.57	0.31	0.27	0.4	0.39	0.41	0.44

19.6%
Debt-to-Equity

13.6%
Return on Assets

29.3%
Operating Margin

48.0%
EBITDA Margin

PERFORMANCE IN 2022

Total cash costs/ wmt

2022	1,139.88
2021	849.3
2020	720.3
<hr/>	
Increase	429.72
% Increase	34.2%

CALCULATION FOR THE COST REDUCTION

ENVIRONMENTAL PERFORMANCE



ENVIRONMENT PROTECTION AND ENHANCEMENT (EPEP) PROGRAM SPENDING



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.

ENVIRONMENT PROTECTION AND ENHANCEMENT (EPEP) PROGRAM SPENDING

INDICATOR	2022 (PGMC)	2022 (INC)	2021	2020
Land Protection	54,489,061.00		40,965,325	33,630,481
Air Protection	50,971,424.00		23,802,430	10,023,287
Water Protection	24,913,582.00		16,314,702	25,005,266
Environmental Monitoring	780,840.00		784,574	492,483
Conservation Values	3,158,759.00		3,650,821	2,180,947
Waste Management	1,691,398.00		2,000,342	1,831,762
Construction of Environmental Facilities	5,473,765.00		8,928,275	7,416,739
Environmental Researches /Trainings/IEC	3,262,551.00		2,716,022	4,105,618
Total Spending	144,741,380		99,162,491	84,686,583

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 88% of the physical targets of our 2022 AEPEP, while the financial accomplishment was 100.06% of the year's budget.

The major projects that were not completely done as programmed in the AEPEP 2022 are the causeway revetment project and the concreting of road segment at gates 1 to 4. There was also partial delivery of coconut seedlings as several mechanisms were prioritized to be placed in order to ensure that only good quality coconut seedlings will be delivered. The rest of the projects were significantly implemented until the 4th quarter of year

For INC, AEPEP accomplishment is 93% in the Physical and 91% of the allotted 2022 AEPEP Budget.

The project that was not completed was the plantation establishment inside the MPSA area (MFP) and outside the MPSA area (NGP). This is due to lack of available planting area. However, several communications have been made with CENRO-Brooke's Point and they are already in the process of identifying potential NGP areas that can be adopted by the company.

RESOURCE AND ENERGY CONSUMPTION

302-1, 302-2

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).

INDICATOR	2022				2021		2020	
	PGMC		INC					
Total fuel consumption - Genset - Diesel (liters)	93,951	28,082			81,474	56,290	54,905	33,736
Total fuel consumption - others Vehicles - Diesel (liters)	2,782,092	7,484,909			2,974,605	11,632,552	2,286,286	9,854,950
Electricity from local supply (kWh)	791, 873	294, 058			899,134	425,377	851,094	381,921

Factors contributing to such performance encompass 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.

RESOURCE AND ENERGY CONSUMPTION

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.

A substantial percentage of the contractors' fuel consumption was primarily accounted to mine production, ore transferring, barge operation, and waste extraction.

In CY 2022, six general contractors have utilized generators as backup power supply compared to only four (6) of them in CY 2021. 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

INDICATOR	2022				2021		2020	
	PGMC		INC					
	IN HOUSE	CONTRACTORS	IN HOUSE	CONTRACTORS	IN HOUSE	CONTRACTORS	IN HOUSE	CONTRACTORS
Electrical (kWh/man-hour)	0.12	0.04	N/A	N/A	0.23	0.113	0.27	0.12
Fuel (L/WMT)	0.78	2.04	N/A	N/A	0.726		1.46	

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.

ENERGY INTENSITY

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	2022 (PGMC)	2022 (INC)	2021	2020
GHG (Scope 1)	27,250.74	N/A	40,307	33,013
GHG (Scope 1)	668.93	N/A	816	760

303, 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

LOCATION	2022 (PGMC)	2022 (INC)	2021	2020	DENR STANDARD
Contractors Camp	19	N/A	23	9	230 µg/Ncm
Contractors Camp	10	N/A	12	5	230 µg/Ncm
Contractors Camp	13	N/A	10	5	230 µg/Ncm
Contractors Camp	15	N/A	15	8	230 µg/Ncm
Contractors Camp	10	N/A	19	13	230 µg/Ncm

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 Kinalablaban 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 the company 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 2022 were all within DENR standards.

WATER RESOURCES

Water Withdrawal and Discharge 303-3, 303-4, 303-5

INDICATOR		2022 (PGMC)	2022 (INC)	2021	2020
Extraction	Shallow Well	5,448.20	N/A	4474	5,046
	Deep Well			1600	61,903
	Surface Water	141,921 cu.m	1,795.21	258,024	150,117
	TOTAL	147,369.20		264,098	217,066
Discharge	Kinalablaban River and/or Ground	164,302	7,158	264,098	217,066
Silt collected/discharge		184,392		135,641 cu.m	278,029

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.

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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.



SOLID AND HAZARDOUS WASTE MANAGEMENT

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

WASTE TYPE		2022 (PGMC)	2022 (INC)	2021	2020	DISPOSAL METHOD
Solid Waste	Biodegradable waste (kg)	14,635	4,100.26	28,467	19,774	Composting
	Residual Waste (kg)	5,799	1,838.58	35,538	26,990	Landfill
	Recyclable Waste (kg)	11,588.16	467.30	12,467	9,478	Storage
Hazardous Waste	Used Batteries (pcs.)	294	79	83 pcs4	17	Storage
	Toxic Containers (pcs.)			109 kilos3	95	torage
	Busted Bulbs (pcs.)	328	07	06 pcs	225	Storage
	Used Filters (pcs.)	4,460	06	,239 kilos7	,629	Storage
	Cooking Oil (ltrs)	1000		418 liters7	05	torage
	Used Oil (ltrs)	48,183.00	1,7006	0,688	47,926	Storage and treatment

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

Land Use 304-1, 304-3

DISCLOSURE	2022 (PGMC)	2022 (INC)	2021	2020
Area distributed		N/A	416.68	398
Area used for other purposes (hectares)		N/A	5,073.73	332
Area rehabilitated (hectares)2	13.72	N/A	206.32	156
Area reforested (hectares)	255.68	N/A	144	144
Area of land used for extractive use (hectares)		N/A	80.01	80
% of land requiring biodiversity management plans		N/A	N/A	/A
Operational sites owned, leased, managed in, or adjacent to, protected area and areas of high biodiversity value outside protected areas		N/A	None	None
Habitats protected or restored (ha)	5	N/A	None	CAGA 5/50 has



IUCN RED LIST SPECIES

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

RED LIST SPECIES (Tree)

Apitong (*Dipterocarpus grandiflorus*),
 Rob 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*)

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

RED LIST SPECIES (Tree)

Cryptocarpa ampla (Bagarilau),
Melicope triphylla (Matang Araw),
Archidendron clypearia (Tiagkot),
Casearia fuliginosa (Talitan),
Drypetes palawanensis (Turmbong uak),
Nepenthes sp. (Pitcher plant),
Prunus javanica (Palawan Cherry),
Xanthostemon speciosus (palawan Mangkono),
Alstonia macrophylla (Batino),
Macaranga bicolor (Hamindang),
Mussaenda palawanensis (Malabuyon),
Terminalia nitens (Sakat), *Tarrietia sylvatica* (Dungo)

RED LIST SPECIES (Volant Mammals)

Mydaus marchei (Palawan Stink Badger),
Sus barbatus ahoenobarbus (Bearded Pig),
Tupaia palawanensis (Palawan tree shrew),

RED LIST SPECIES (Birds)

Palawan Scops owl,
 Palawan tit,
 Palawan Striped babbler,
 Falcated ground-babbler,
 Palawan flycatcher,
 Palawan blue flycatcher

RED LIST SPECIES (Herps)

Barbourula busuangensis (Philippine Discoglossid Frog)

IUCN RED LIST SPECIES

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,

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 Kinalablaban River, safety berms and roadsides, as well as the national highway.

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. PGMC implemented its MFP even during the exploration period where it has already planted fast-growing trees such as acacia mangium. During its mining operation stage, PGMC 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), the company adheres to its commitment to preserving its natural vegetation through the planting of indigenous forest trees previously thriving in its MPSA area. To date, the company has already planted a total of 2,723,068 seedlings within and outside MPSA.
National Greening Program (NGP)	The national government through Executive order No.26 series of 2011 implemented the NGP which aims to reduce poverty, 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. TRP is a sort of temporary rehabilitation of disturbed mineable areas awaiting equitable market value. To date, 135 hectares of inactive mine areas in CAGA 2 and CAGA 4 have been subjected to TRP and 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 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, coconet installation, and planting of trees and grasses were part of the scope for slope stabilization works. These are accomplished 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.

A photograph of a school building with children running in the foreground. The school building is light blue with white arches and a balcony. The text "MAYANGGABON ELEMENTARY SCHOOL" is visible on the building's facade, along with "CITY OF DEL NORTE". In the foreground, several children are running on a grassy area. One child is wearing a blue t-shirt with "WILSTER 1922 FINALS" and another is wearing a green t-shirt with "99".

SOCIAL PERFORMANCE
















SUSTAINABILITY FRAMEWORK

The company 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 FNI. 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."



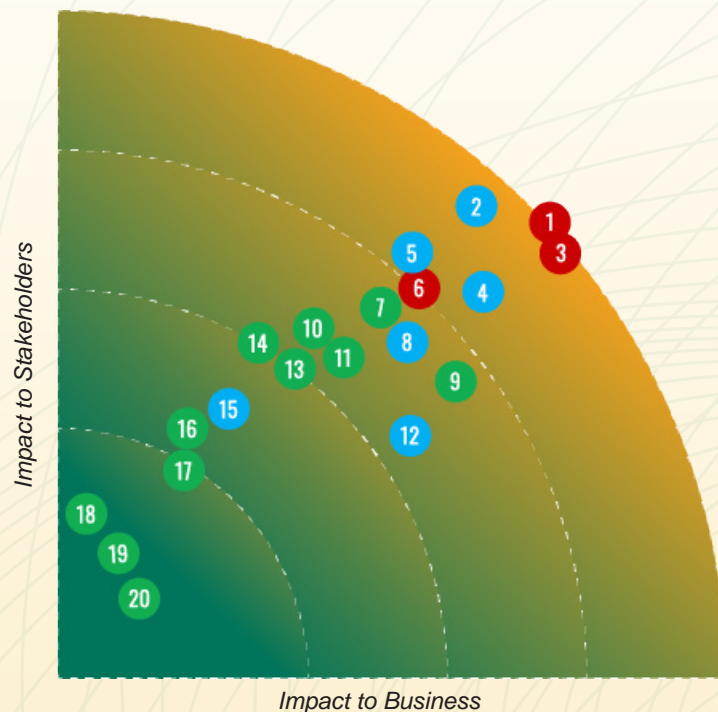
1 NO POVERTY 	SDG 1: No Poverty	₱44,588,536.89 Total spending on SDMP			
		₱2,747,018.00 Total spending on Livelihood			
2 ZERO HUNGER 	SDG 2: Zero Hunger	₱104,884.00 Total expenditures in feeding program to 10 identified undernourished children in Barangay Cagdianao			
3 GOOD HEALTH AND WELL-BEING 	SDG 3: Good Health and Well-being	6,573,098 Man-hours with 0 lost time	1 Ambulance Donated	Amounting to 1,446,526.80	
		23,375,089.67 Hours to date			
4 QUALITY EDUCATION 	SDG 4: Quality Education	₱10,362,122.48 Total investment on education	Supported 144 Scholars & 6 Teachers	22 Schools supported for Brigada Eskwela	9 Schools that are beneficiaries of school supplies and equipment
8 DECENT WORK AND ECONOMIC GROWTH 	SDG 8: Decent Work and Economic Growth	1,390 Regular/probationary and seasonal employees hired from local communities			
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	SDG 9: Industry, Innovation and Infrastructure	Installation of solar and transformers for street lights and for every household in Hayanggabon and Cagdianao		5 Million Spent on public infrastructure projects	
10 REDUCED INEQUALITIES 	SDG 10: Reduced Inequalities	19 Indigenous peoples hired in the workforce	IP royalties totaled 60,205,857.38M in 2022	1,530,694.00 IP communities expenditures under Corporate Social Responsibilities	
6 CLEAN WATER AND SANITATION 	SDG 6: Clean Water and Sanitation	264,098 cu.m Total water extracted	171,460 cu.m Water Discharged	184,392 cu.m Silt Collected	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	SDG 12: Responsible consumption and production	5,799 kg Residual waste sent to landfills	40,178 kg Recycled and decomposed wastes	32% Decrease in GHG emissions compared to CY 2021	791,873 kWh Electricity Consumed
13 CLIMATE ACTION 	SDG 13: Climate Action	₱99,162,491 Total investment on EPEP			
15 LIFE ON LAND 	SDG 15: Life on Land	1,622.5 has. Rehabilitated and Reforested area	Re-vegetated a total area of 170 has. of inactive mine areas wherein 1,063,988 grass cuttings were planted since 2018	21,680 Planted mangrove species of Rhizophora sp. most commonly known as "Bakauan babae".	As of December 2022, the company planted a total of 3,079,744 trees covering a total area of 1,262.5 hectares under the Mining Forest Program with a survival rate of 90.94%.
		3,079,744 Number of seedlings planted within and outside MPSA			1,690,754 Trees planted of indigenous species out of the 2,139,300 required for the replacement.
8 DECENT WORK AND ECONOMIC GROWTH 	SDG 8: Decent Work and Economic Growth	Net income stood at PhP 1.976 billion, 5.9% higher than the previous year's net income of PhP1.865 billion.	Nickel industry contributed 58 percent or PhP 70.83 billion of the industry's total earnings in 2021	Shipped 3,690,070 million WMT for the 68 vessels	Revenues ended at Php 6.7 Billion against Php 7.76 Billion in 2021
17 PARTNERSHIPS FOR THE GOALS 	SDG 17: Partnerships for the Goals	0 Incidents of Corruption		0 Legal actions or employee grievances involving forced or child labor	

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 allows 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

- 1. Revenue & Income
- 3. Leadership & Governance
- 6. Fluctuation in Metal Prices

SOCIAL

- 2. Community Development
- 4. Employee Relations & Labor Practices
- 5. Health & Safety Performance
- 8. Emergency Preparedness
- 12. Local Employment
- 15. Facility Security

ENVIRONMENTAL

- 7. Land Rehabilitation & Management
- 9. Water Pollution/Impact on Water Resources
- 10. Settling Pond Management
- 11. Exploration Activities
- 13. Biodiversity & Ecosystem Management
- 14. Waste Management
- 16. Geological Risk Assessment
- 17. Water Consumption & Recycling
- 18. Fuel Consumption & Recycling
- 19. Electricity Generation & Consumption
- 20. Chemicals Management

STAKEHOLDER ENGAGEMENT

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

Our sustainability framework 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	Annual Town Hall meetings Monthly bulletins Information drive lectures Employee engagement programs COVID-19 response	Compensation, benefits, and incentives Career growth and development Safe workplace during COVID-19	Performance, Planning, and Evaluation program Loyalty awards and salary increments Regular skills training Employee engagement activities and events Office and vehicle disinfection Quarantine facilities Provision of PPEs Rapid Antibody Test on all Employees on the Mine Site Accommodation and meal provision for stay-in employees
Communities	Consultation for SDMP planning and formulation Information, Education and Communication (IEC) campaigns MMT, RHNC, FGDs Monthly barangays sessions and project monitoring Job fairs COVID-19 response	Fresh water supply and water system Garbage disposal of contractors Skills and development training Values formation Peace and order IP's health Employment, labor, and livelihood Support during calamities and medical emergencies Support during COVID-19 pandemic	Prioritizes applicants from its neighboring communities Feeding programs, scholarship programs, skills development, training, financial literacy, and management training, water supplies SDMP execution Realignment of SDMP, CSR, and EPEP funds to assist communities affected
Contractors	Regular meetings for environment and safety concerns Orientations, inspections, and reports General Contractors Association Intersport Fest	Limited space for housing Coordination with PGMCC for manpower when working overtime Limited space for parking of equipment Proper disposal of waste	Safety and health orientations Safety incentive schemes Environment awareness sessions Report on salaries and government remittances

STAKEHOLDER ENGAGEMENT

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

Contractors	Regular meetings for environment and safety concerns Orientations, inspections, and reports General Contractors Association Intersport Fest	Limited space for housing Coordination with PCMC for manpower when working overtime Limited space for parking of equipment Proper disposal of waste	Safety and health orientations Safety incentive schemes Environment awareness sessions Report on salaries and government remittances
Investors	Investor briefings Analyst briefings One-on-one briefings as needed	Dividends and returns Sustainable growth plans and initiatives Transparency and governance	Annual and quarterly disclosures Sustainability reporting Public disclosures Press releases
Local Government	Mine Rehabilitation Fund Committee (MRFC) activities Barangay sessions (as standee), as needed for clarifications or particular concerns, sociocultural activities support, consultations MMT activities	Program-related concerns Compliance Lack of sanitation facilities	Livelihood programs Timely submission of compliance documents Provision of materials for sanitation facilities
Regulatory Bodies	Regular compliance and accomplishment reports	Compliance	Timely submission of reports and payments
Suppliers	Annual vendors' meetings Vendors' accreditation Ocular inspection	Timely payments Fair accreditation policies Delivery	Timely payments Coordination with suppliers Transparent accreditation policies
Industry Associations	Annual conferences Regular meetings Monthly meetings with CARAGA chapter	Contributions and updates Regional community relations conference	Events sponsorship
Customers	One-on-one engagements	Product quality	Improvements in extraction process and ore preparations Submission of quality assurance results via third parties

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 we strive to improve the welfare and quality of life in the communities wherein 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 for social development and management programs that 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 serves as the Implementing Rules and Regulations of the Philippine Mining Act and 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 toward 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 416,549,260.12 has been spent on 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 toward addressing environmental challenges and social ills. The 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 (in PhP)

INDICATOR	2022 (PGMC)	2022 (INC)	2021	2020
Required Spending	51,657,743.14		44,783,376.34	56,447,115
Actual Spending	44,588,536.89		38,286,931	48,145,359

SDMP Spending (in million PhP)

AREA	2022 (PGMC)	2022 (INC)	2021	2020
Education	10,362,122.48		9.03	6.64
Health	8,925,745.45		10,346,434.14	4.38
Livelihood	2,747,018.00		4,835,209.72	11.99
Infrastructure	4,989,125.53		2,689,949.32	9.97
Others	5,943,606.55		466,155.50 (Water)	3.58

EDUCATION

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 provided free education and school materials to about 580 students from Barangay Hayanggabon.

Other projects were:

- Salaries for six (6) public school teachers in host and neighboring communities
- Provision of school learning materials, supplies and equipment to nine schools from host and neighboring communities and 22 schools from non-impact mining communities
- 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



HEALTH

102-46, 102-47

Our health programs for the community includes the 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, with medicine and multivitamins 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 the 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.



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, PGMCM 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

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 and aims to foster cooperation and teamwork as well as impart a sense of ownership among them.

At our Cagdianao 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 Cagdianao, 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 Cagdianao 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

2-6

The company implements a supplier accreditation process to ensure that it conducts business with trustworthy and reliable suppliers that would help the Company in attaining targets. In the deliberation of suppliers of products and/or services, the Company reviews the supplier's legal documents and past performance for proper evaluation.

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

TOPIC	Yes/No	If Yes, cite reference in the Company policy
Environmental performance	Yes	Independent Mining Contractor Agreements entered into by the company include adherence to Company Environmental, Quality and Health and Safety Policy (IMS Policy). In evaluating each contractor, one key performance indicator item is 100% compliance with environmental laws and regulations.
Forced labor	Yes	Contracts and agreements entered into by the company 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	Yes	
Human Rights	Yes	
Bribery and corruption	Yes	Contracts and agreements entered into by the company 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).

EMPLOYEE WELFARE

102-7, 102-8, 405-1

By end of 2021, PGMCM 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. The company 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 the 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 in by Department Heads at every yearend. Compliance-related training stipulated in the Annual Health and Safety Plan and the 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, the company 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, the company 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 increment 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, PGMCM 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 is 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

	HEAD OFFICE	PGMC	INC
% Female in the workforce	47	14	14
% Male in the workforce	53	86	86
Number of employees from indigenous communities and/or vulnerable sector*	0	16	248

*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).

1. BY CONTRACT TYPE AND GENDER

CONTRACT TYPE	MALE			FEMALE			TOTAL
	Head Office	PGMC	INC	Head Office	PGMC	INC	
2022							
Regular/Probationary			30			22	
Seasonal			704			95	
TOTAL			734			117	
2021							
Regular/Probationary	-	98	-	-	46	-	144
Seasonal	-	1585	-	-	194	-	1779
TOTAL	-	1683	-	-	240	-	1923
2020							
Regular/Probationary	38	97	-	32	42	-	197
Seasonal	0	1306	-	2	152	-	1460
TOTAL	38	1403	-	34	194	-	1669

2. BY POSITION AND GENDER

CONTRACT TYPE	MALE			FEMALE			TOTAL
	Head Office	PGMC	INC	Head Office	PGMC	INC	
2022							
Senior Management							
Managers			8			0	
Supervisors			17			17	
Rank and File			709			100	
TOTAL			734			117	
2021							
Senior Management		1			0		1
Managers		10			1		11
Supervisors		105			31		136
Rank and File		1581			194		1775
TOTAL		1697			226		1923
2020							
Senior Management		1		1	0		8
Managers		8		5	0		18
Supervisors		102		5	24		134
Rank and File		1290		18	170		1497
TOTAL		1401		29	194		1657

3. BY POSITION AND AGE GROUP

CONTRACT TYPE	Below 30 yrs old			30 to 50 yrs old			Over 50 yrs old			TOTAL
	Head Office	PGMC	INC	Head Office	PGMC	INC	Head Office	PGMC	INC	
2022										
Senior Management										
Managers			2			4			2	
Supervisors			18			19			0	
Rank and File			460			313			33	
TOTAL			480			336			35	
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		1923
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	1495
TOTAL		13	798		48	734		11	65	1669

4. FROM LOCAL COMMUNITY

CONTRACT TYPE	MALE			FEMALE			TOTAL
	Head Office	PGMC	INC	Head Office	PGMC	INC	
2022							
Regular/Probationary			1			2	
Seasonal			251			36	
Total			252			38	
Indigenous Peoples			No Date				
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

5. HIRING STATISTICS 202-1, 401-1

CONTRACT TYPE	MALE			FEMALE			TOTAL
	Head Office	PGMC	INC	Head Office	PGMC	INC	
2022							
New Hires							
Attritions/Turnover							
Attrition Rate							
Ratio of lowest paid employee against minimum wage	1:11	:1	1:11	:1	1:11	:1	
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

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 the company 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

402-1

List of Benefits	Y/N	% of Male Employees who Availed					% of Female Employees who Availed				
		Head Office		PGMC		INC	Head Office		PGMC		INC
		2022	2021	2022	2021	2022	2022	2021	2022	2021	2022
SSS*	Y	5%	10%	6%	6%	86.14%	4%	22%	9 %	9%	13.86%
PhilHealth***	Y	1%	0%	0%	0%	86.14%	0%	0%	1%	2%	13.86%
Pag-ibig***	Y	2%	6%	25%	22%	86.14%	1%	13%	20%	18%	13.86%
Vacation Leaves***	Y	31%	32%	58%	95%	60%	29%	72%	25%	90%	40%
Sick Leaves**	Y	31%	35%	58%	95%	60%	29%	75%	25%	90%	40%
Medical benefits (Aside from PhilHealth)**	Y	100%	8%	6%	100%	57.69%	100%	16%	20%	100%	42.31%
Housing assistance (Aside from Pag-ibig)	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retirement fund (Aside from SSS)**	Y	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Further education support	N	N/A	N/A	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	N/A	N/A
Telecommuting**	Y	100%	100%	N/A	N/A	N/A	N/A	100%	N/A	N/A	N/A
Flexible-working hours**	Y	100%	100%	N/A	N/A	N/A	N/A	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

CONTRACT TYPE	MALE			FEMALE			TOTAL
	Head Office	PGMC	INC	Head Office	PGMC	INC	
Total number of employees that took parental leave in 2022							
Total number of employees that returned to work in the reporting period after parental leave ended in 2022							
Return to work rate							
Total number of employees who availed the parental leave in 2022 and returned to work one year after							
Total number of employees that returned to work after parental leave ended in 2022							
Retention rate							

ENSURING GOOD LABOR PRACTICES

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

The company follows the guidance of the Labor Code of the Philippines as well as the Department of Labor and Employment's (DOLE) 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 specifying 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 the company specifically include provisions for adherence to the Company's anti-corruption policies, the violation of which is the ground for suspension or termination of the contract.



HEALTH & SAFETY PERFORMANCE



HEALTH AND SAFETY

403-9, 403-10

INDICATOR	2022 (PGMC)	2022 (INC)	2021	2020
Number of employees in health & safety committee	30	34	30	30
Total Man Hours	6,574,098	3,499,525	7,666,160.2	6,427,976
Lost time accidents	0	0	0	0
Number of occupational injuries/ illnesses	69	27	39	7
Incidence Rate	10.5	7.71	5.61	1.09
Severity Rate	0	0	0	0
Lost days	0	0	0	0
Fatalities	0	0	0	0
Work-related fatalities	0	0	0	0
No. of safety drills	4	1	7	16

PGMC prioritized employee well-being during the COVID-19 pandemic and provided cash assistance to seasonal employees affected by quarantine measures. The company also offered free RT-PCR and antigen tests, vaccinations, and care packages to protect employees and the community.

To ensure the well-being of its workforce, PGMC constructed quarantine and isolation facilities, conducted clinical assessments, and organized extensive information drives on COVID-19. Additionally, free rapid antibody tests were provided to employees and proper waste disposal practices were followed, in line with ISO 14001 EMS.

Building on the momentum of 2021, PGMC continued its commitment to health and safety in 2022. Stringent protocols such as temperature monitoring, handwashing facilities, and vehicle disinfection were maintained. The company also introduced UV-light technology for office disinfection, further enhancing safety measures. Moreover, PGMC played a crucial role in spearheading the COVID-19 vaccination roll-out, providing vaccinations to employees and the local community. PGMC also actively engaged in emergency response efforts, particularly during typhoon Rai, and held successful blood donation programs.

As the year 2022 unfolded, PGMC remained steadfast in its commitment to health and safety. The company recorded a milestone of 20,667,234.57 man-hours without any lost time accidents from January 2020

to December 2022. This achievement demonstrates PGMC's dedication to creating a safe working environment.

To further strengthen its safety culture, PGMC secured ISO certifications for Occupational Health and Safety Management Systems (OHSMS), and Quality Management Systems (QMS) on top of the re-certification for Environmental Management System (EMS). These certifications validate the company's adherence to international standards in ensuring the well-being of its workforce without sacrificing overall environmental performance and compliance.

The company implements a Mine Safety and Health Policy, part of the ISO 45001:2018 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 the company 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.

In addition, PGMC achieved an outstanding vaccination rate of 99.93% among its employees. This accomplishment highlights the company's commitment to protecting its workforce from the pandemic.

TRAINING

404-1, 404-2



DISCLOSURE	MALE	FEMALE	OVERALL
PGMC			
Total training hours provided	2,912	824	3,736
Average training hours provided	242.67	91.56	334.23
INC			
Total training hours provided	2,608	360	2,968
Average training hours provided	29.30	21.18	50.48

Continuous training has been key to the Company'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 the 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 in by Department Heads at every yearend. Compliance-related training stipulated in the Annual Health and Safety Plan and in the 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, the company gives importance to evaluating and rewarding the excellent performance of its employees. Through the Performance, Planning, and Evaluation program, the company 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 careers 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 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 the mining operations in overcoming the pandemic with minimal 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.

The company also 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 845,000.00
- Assistance to Barangay Hayanggabon Health Workers during monthly medical missions and consultations totaling Php 1,000,000.00
- Support to four (4) medical workers to be hired by Municipality Health Office of Claver amounting to Php 624,000.00

EMERGENCY PREPAREDNESS AND RESPONSE

404-1, 404-2

The company 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 **four (4) safety drills and five (5) safety training sessions** related to emergency response for employees.



GRI CONTENT INDEX



2022

SUSTAINABILITY REPORT

