2023
ANNUAL REPORT

Global Ferronickel Holdings, Inc.

ABOUT THE REPORT

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In its fifth year of publication, the Company shares its Sustainability Report with the theme ***Empowering Communities for a Greener Future***, underscoring the belief that environmental and social sustainability are interconnected. In this report, the Company highlights the role of community development in achieving sustainable outcomes, emphasizing the importance of engaging local communities as active participants in sustainability initiatives which eventually fosters mutual growth and resilience, promoting a collaborative journey towards lasting environmental impact.

Moreover, this report also aims to highlight the contributions to community empowerment through educational initiatives, health and well-being programs, economic empowerment, and infrastructure development that meet ecological standards. These initiatives not only support local entrepreneurship and skills development but also involve communities in environmental conservation efforts like reforestation and biodiversity projects.

This report covers the sustainability and financial performance of the Company from January 1, 2023, to December 31, 2023.

It only covers the operations of the Head Office and two mine sites in Ipilan and Surigao.

This report has been prepared in accordance with the following:

GRI Empowering Sustainable Decisions

SUSTAINABLE DEVELOPMENT GOALS

For further inquiries regarding this report, you may contact:

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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.

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.

Presidential Mineral Industry Environmental Awards

2nd runner-up for **Best Mining Forest**

PAST AWARDS

Most Improved Safety Performance Award (2014)

Platinum Achievement Award (2019)

Platinum Achievement Award (2020)

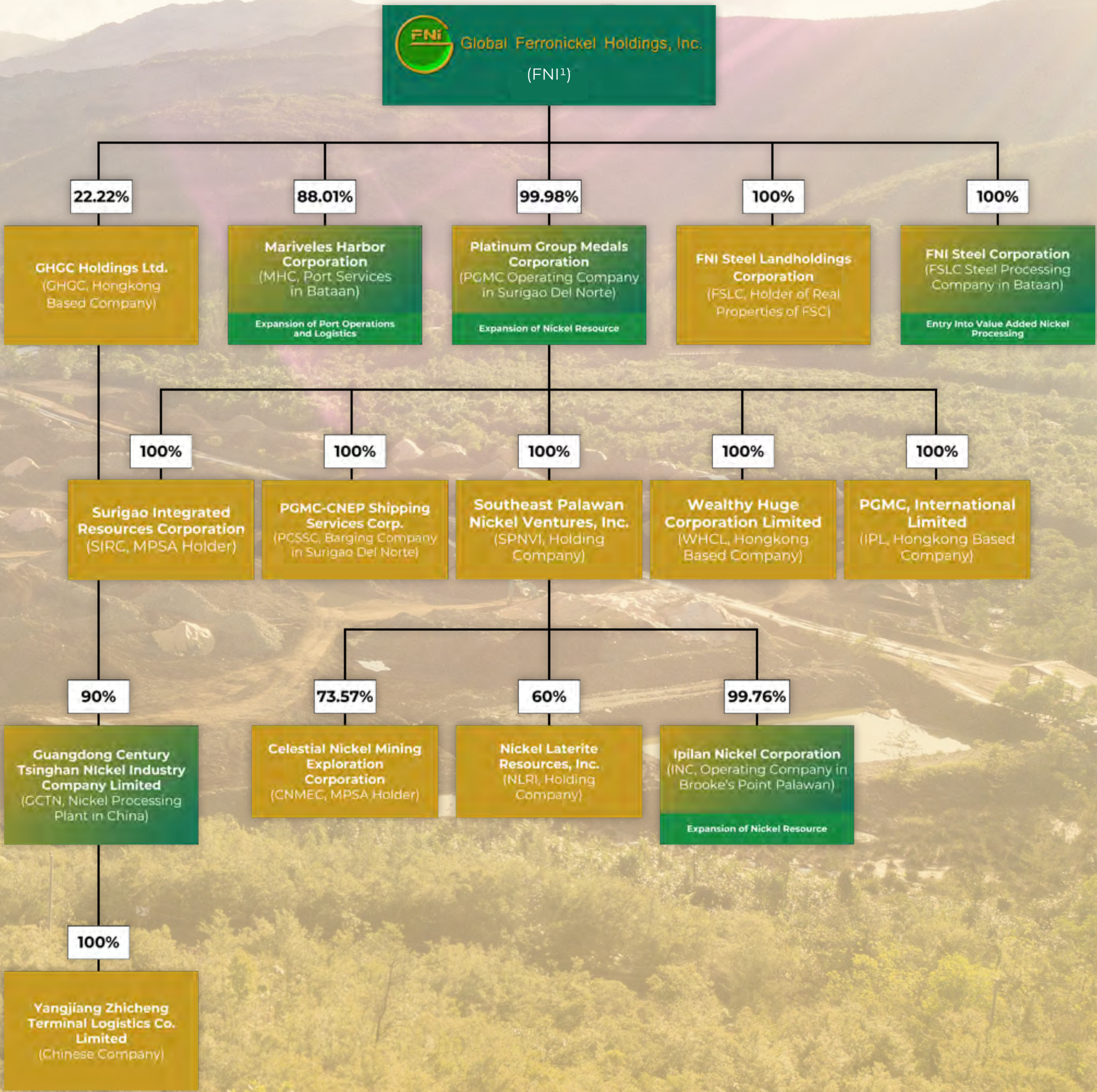
Top Exporter Award (2019)

Best Surface Miner (2020)

PMIEA Presidential Mineral Industry Environmental Award (2021 and 2022)

ORGANIZATIONAL STRUCTURE and SUBSIDIARIES

2-1



¹ A publicly listed company in the Philippine Stock Exchange

OUR BUSINESS and POINT OF OPERATIONS

FNI Head Office, Metro Manila

The Head Office is primarily responsible for the activities of entities focused on nickel ore mining, logistics, and the production of cement. It also oversees port operations and manages investments in ferronickel smelting plants. The office is instrumental in driving the company's growth and sustainability initiatives, facilitating the expansion into strategic markets, especially in the ASEAN region and China.

PLATINUM GROUP METALS CORPORATION (PGMC)

Claver, Surigao del Norte

This mine site spans approximately 5,220 hectares under Mineral Production Sharing Agreement No. 007-92-X. This mine boasts over 110 million WMT of nickel resources, with an average nickel grade of 1.2%, and anticipates an additional 40 million WMT in untapped areas. It operates four distinct deposit sites—CAGA 1 through CAGA 4—and supports a diverse range of nickel ore grades from low to high quality. Annually, the mine has a shipping capacity of up to 7.6 million WMT, primarily during the dry season from April to October, pausing operations in the rainy months. As a key player in the national nickel industry, the **Platinum Group Metals Corp** contributes significantly to both the volume and value of the Philippines' nickel exports.

IPILAN NICKEL CORPORATION (INC)

Brooke's Point, Palawan

Ipilan Nickel Corp in **Palawan** operates under Mineral Production Sharing Agreement No. 017-93-IV and spans approximately 2,835 hectares. It has an estimated resource base of 80 million WMT with a potential for an additional 50 million WMT. Currently, the mine has a shipment capacity of 1.5 million WMT annually, with its initial shipments beginning in September 2022, totaling 500,000 WMT of high-grade ore (above 1.5% Ni) by the end of that year.

For 2023, Ipilan aims to maintain its shipment target of 1.5 million WMT of high-grade ores and plans to expand its production to 3 million WMT per mining cycle within the next two years, significantly boosting its financial contributions to the company and its shareholders. The mine operates from November to July, complementing PGMC's mining season and ensuring a consistent year-round supply of nickel ore, thus stabilizing revenue streams.

GUANGDONG CENTURY TSINGSHAN NICKEL INDUSTRY CO., LTD (GCTN)

China

The company holds a 20% investment interest in **Guangdong Century Tsingshan Nickel Industry Co., Ltd (GCTN)**, a leading ferronickel smelter in China, using state-of-the-art rotary kiln electric arc furnace technology to produce an average of 300,000 tons of ferronickel annually. GCTN is exploring an expansion of its processing capabilities to include the production of nickel matte, a high-grade nickel product used in batteries, aiming to enter and capitalize on the battery sector. This initiative aligns with plans to replicate the technology in the Philippines, leveraging cheaper local production costs.

MARIVELES HARBOR CORPORATION (MHC)

Mariveles, Bataan

The Multi-purpose Terminal of **Mariveles Harbor Corporation (MHC)**, located within the Freeport Area of Bataan, spans 16 hectares and is strategically positioned within a 2-4 hour drive from Manila. This terminal benefits from duty-free status, tax incentives, and robust infrastructure, enabling year-round operations with minimal disruptions. It can handle up to 3 million MT per annum of various cargo types and accommodate Supramax vessels up to 60,000 deadweight tons. MHC is designed to support the logistics needs of a proposed steel plant and other clients, with plans to expand into container terminal services to meet increasing logistics demands.

HIGHLIGHTS OF THE YEAR

ECONOMIC

Global Ferronickel's Revenue Hits P6.8 Billion, Driven by Strong Output from Palawan Mine

Global Ferronickel Holdings, Inc. (PSE: FNI), the Philippines' second largest producer of nickel ore, has reported a significant 33.1% increase in its revenue for the first nine months of 2023, amounting to P6.8 billion. This impressive growth is largely attributed to enhanced production from the company's high-grade nickel ore mine in Palawan, despite facing operational challenges at its Surigao mine. Accordingly, the Company highlighted that the operating income for the period reached P1.8 billion, with net income available to shareholders at P1.5 billion. Earnings per share also rose, reaching P0.3021. For 2023, the Company sold a total of 3.801 million wet metric tons (WMT) of nickel ore during this period, marking a 20.7% increase from the previous year. The Palawan mine's contribution was particularly significant, accounting for 1.090 million WMT of the total sales.

The sales mix shifted towards medium-grade ore, which now represents 32% of total sales, up from 22% last year. This change, along with a 10.5% increase in the average price of nickel ore to US$31.93/WMT, reflects a more favorable market position for the company's products. However, the cost of sales rose by 37.8% to P2.8 billion, driven by the startup costs associated with the Palawan mine operations, which included higher expenses on contract hires, depreciation, depletion, and personnel. General and administrative expenses also increased, contributing to a 7.0% rise in operating costs, which totaled P1.8 billion.

Despite these increased costs, FNI reported a net income contraction of 14.4% to P1.8 billion, including contributions from its China-based associates. After adjustments for non-controlling interests, the net income attributable to shareholders fell by 19.7% to P1.5 billion, with earnings per share decreasing by 18.7%.

FNI President Dante R. Bravo emphasized the company's strategic focus on strengthening its business and enhancing asset diversification. Noteworthy developments include the acquisition of five landing craft tanks (LCTs) to improve operational and cost efficiencies in nickel ore transport starting in 2024, and the purchase of additional land in the Freeport Area of Bataan for business expansion. As part of its growth strategy, the company is diversifying its investments into areas such as value-added nickel processing, cement production, and the development of port operations and logistics, expanding its reach within the Philippines and into China.

ENVIRONMENTAL

PGMC's Commitment to Biodiversity Conservation

In its ongoing efforts to harmonize resource extraction with environmental stewardship, the Company exemplifies a profound commitment to biodiversity conservation and rehabilitation. Throughout 2023, PGMC has reinforced its dedication to preserving local ecosystems significantly affected by mining activities.

In areas bustling with unique flora and fauna, PGMC faces the challenge of operating responsibly amidst habitats for critically endangered species listed on the IUCN Red List. These include towering trees like the Apitong and the Yakal, elusive animals such as the Banog bird and the wild pig, and rare plants like the wild orchids and pitcher plants. The presence of these species drives PGMC's stringent conservation protocols to ensure their protection.

PGMC's commitment to environmental care extends beyond mere regulatory compliance. It has set up ambitious projects aimed at boosting ecosystem resilience and facilitating habitat recovery. This includes extensive reforestation initiatives, maintaining a botanical park, and efforts to improve both marine and terrestrial habitats. Additionally, the Company actively involves the community in its conservation efforts. It funds wildlife rescue and conservation projects and offers educational programs to foster a widespread appreciation and understanding of biodiversity conservation.

SOCIAL

PGMC’s P357 Million Investment in Community Development: A Model of Sustainable Impact

The Company has made substantial investments amounting to P357 million in its Social Development and Management Program (SDMP), showcasing a profound commitment to fostering sustainable development and enhancing the quality of life in its host and neighboring communities.

The SDMP is an integral part of PGMC’s corporate responsibility strategy, designed to ensure that the benefits of mining activities extend beyond economic contributions to include social and environmental improvements. The program includes a wide range of initiatives aimed at addressing the United Nations’ SDGs, focusing on areas such as education, health, infrastructure, and economic empowerment.

PGMC has been particularly active in promoting education within its communities. The company has supported local schools by providing educational materials and supplies and financing additional volunteer teachers to enhance learning experiences. Furthermore, PGMC offers full scholarships, regular allowances, and graduation incentives to deserving students, covering disciplines relevant to the mining industry and other fields.

PGMC Celebrates Its 17th Anniversary

The Company celebrated its 17th anniversary, marking nearly two decades of substantial growth and sustainable practices in the mining industry. Since its inception, PGMC has not only focused on mining operations but also on building a reputable business that prioritizes the health, safety, and development of its employees.

Over the years, PGMC has developed a workforce that embodies energy, motivation, and productivity, attributes that have been crucial to the company's continuous growth. This anniversary highlights PGMC's ongoing efforts to strengthen its foundations in sustainable development and innovation, ensuring that it remains at the forefront of the mining industry while fostering an environment that supports community and environmental well-being.

The celebration of this milestone is not just about reflecting on past achievements but also about looking forward to future opportunities that align with sustainable practices and community development. PGMC's commitment to these principles is evident in their proactive approach to environmental management, community engagement, and employee welfare, setting a standard for responsible mining practices in the industry.


FNi
RIGHT TURN ONLY

MESSAGE FROM **OUR LEADERS**

JOSEPH C. SY
CHAIRMAN, FNI

ATTY. DANTE R. BRAVO
PRESIDENT, FNI

"FNI has remained steadfast, focusing on what truly matters for our stakeholders."

To Our Stakeholders,

As we reflect on another year of challenges and triumphs, we are proud to share FNI's continued journey of resilience, innovation, and commitment to sustainability.

The global pandemic and ongoing geopolitical tensions have reshaped our world, yet FNI has remained steadfast, focusing on what truly matters for our stakeholders.

Despite a turbulent market, FNI has demonstrated exceptional performance. Our core business of mining and exporting nickel ores continues to thrive.

Through our consolidated interests under Platinum Group Metals Corporation (PGMC) and the expansion of our Ipilan Nickel Mine in Palawan, we have ensured a consistent supply of nickel to meet the growing demand, particularly from China and the electric vehicle sector.

We have also made strategic investments in value-added processing. Our acquisition of a 20% interest in a leading ferronickel smelting plant in China has enhanced our ability to produce ferronickel, nickel matte, and battery-grade nickel. Additionally, 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.

GOVERNANCE AND STRATEGY

Strong governance and strategic foresight have been pivotal to our success.

Our Board of Directors has guided us through a transformative period, emphasizing compliance, transparency, and accountability.

We have expanded our horizons, venturing into cement manufacturing in Surigao del Norte, leveraging the potential of our Cagdianao site.

This aligns with the government's aggressive infrastructure program and the growth of the property sector, filling us with optimism for this new endeavor.

STAKEHOLDER ENGAGEMENT

Our achievements are a testament to the collective efforts of the entire FNI family and the trust placed in us by our stakeholders.

We remain committed to our shareholders, employees, customers, and communities.

Our new Vision, Mission, and Values (V-M-V) guide us in providing essential metals and minerals for greener and more sustainable products, enriching various aspects of life.

SUSTAINABILITY AND RESPONSIBILITY

As an organization, we aim beyond compliance and seek to contribute to the United Nations Sustainable Development Goals (UN SDGs). We continue to improve our processes, ensuring we remain strong, resilient, and innovative.

Our commitment to responsible mining and sustainable practices is unwavering. We support the nation's drive towards inclusive progress for all communities and strive to be a leading force in responsible mining.

Looking ahead, we are dedicated to fostering positive change through sustainable development and responsible mining practices.

We extend our heartfelt thanks to our esteemed Board of Directors, management, staff, and stakeholders for their unwavering support. While we have achieved much, there is still work to be done.

Together, we can shape a future where sustainable development and responsible mining practices converge to foster positive change for the benefit of our company, our families, and our country.

Thank you for your trust and support as we continue on this journey together.

JOSEPH C. SY
CHAIRMAN, FNI

ATTY. DANTE R. BRAVO
PRESIDENT, FNI

THE PRESIDENT'S REPORT

FINANCIAL PERFORMANCE: SOLID FINANCIAL PERFORMANCE and STRATEGIC INVESTMENTS

In 2023, Global Ferronickel Holdings, Inc. demonstrated robust financial performance, underscored by significant growth in revenues and operational efficiency. We are pleased to report a 30.5% increase in revenues, amounting to P8.8 billion, compared to the previous year. This growth was primarily driven by the higher volume of medium-grade ores from our Palawan mine, which commenced commercial shipments in September 2022 and became a subsidiary in December 2022.

Despite challenges at our Surigao mine due to adverse weather conditions and a dip in low-grade ore prices from increased output in Indonesia, our diversified operations ensured strong revenue growth.

Our total sold volume reached 4.717 million wet metric tons (WMT), with Surigao contributing 3.297 million WMT and Palawan adding 1.420 million WMT.

This shift in our sales mix to 64% low-grade ore and 36% medium-grade ore, compared to 76% low-grade and 24% medium-grade in 2022, enabled us to capitalize on higher medium-grade ore prices. The average realized nickel ore price was US$33.28/WMT, marking a 5.1% increase year-over-year, driven by the favorable sales mix and a notable 11.6% rise in medium-grade ore prices.

Operating income for the year stood at P2.8 billion, supported by stringent cost management. Cost of sales rose 52.5% to P3.6 billion, reflecting higher contract hire and personnel costs due to increased sales volume from Palawan.

However, our operating costs remained relatively stable at P2.4 billion, accounting for 27.3% of revenues. This was achieved by offsetting higher general and administrative expenses with reduced shipping and distribution costs from softer volumes and lower freight costs at Surigao. Finance costs increased by 73.2% to P275.6 million, primarily due to interest expenses from our 2022 acquisition of an associate company.

Net income attributable to shareholders was P1.5 billion, with an EPS of P0.3022. This represents a decrease of 19.6% and 18.2%, respectively, compared to 2022, which included a one-off gain of P680 million. Excluding this non-recurring gain, our net income attributable to shareholders grew by 3.9%, and EPS increased by 5.8%.

Our balance sheet remains strong with a net cash position of P1.3 billion. This robust financial footing has allowed us to deliver enhanced returns to shareholders, including P524.2 million in dividends and a P295.4 million share buyback.

Capital expenditures for the year totaled P871.4 million, a 42.5% increase over the previous year, with investments focused on expanding mine facilities, causeway improvements, and land acquisitions for future projects.

SUBSIDIARY OPERATIONS: ENHANCING EFFICIENCY and EXPANDING HORIZONS

Palawan Mine

In 2023, our Palawan mining operations have shown remarkable growth and operational efficiency. The Palawan mine generated P3,947.9 million in export revenues, a significant increase from P157.4 million in the previous year. This substantial rise is attributable to the commencement of year-round operations, allowing for 26 shipments predominantly of medium-grade nickel ore. The strategic focus for Palawan includes doubling the production capacity from 1.5 million WMT to 3 million WMT by next year, leveraging enhanced operational efficiencies and robust infrastructure.

Surigao Mine

The Surigao mining operations, despite facing challenges, remain a vital part of our portfolio. In 2023, the Surigao mine generated P4,818.1 million in export revenues, a decrease from P6,417.6 million in the previous year. The decline is primarily due to lower average realized nickel ore prices and reduced shipment volumes caused by adverse weather conditions. Moving forward, the strategy for Surigao involves increasing the shipment of higher-grade ores (1.4% and above) to optimize revenue and enhance profitability.

ENHANCEMENTS IN OPERATIONAL EFFICIENCIES:

Shared Knowledge and Technology

Our commitment to operational efficiency is underscored by the sharing of best practices and technological innovations across our mining sites. Both the Surigao and Palawan mines benefit from a unified team of technical experts who oversee mine planning and operations, ensuring consistency and optimization. The use of advanced software for mine planning and resource management is standard across all operations, facilitating efficient and effective decision-making.

Equipment Maintenance and Procurement

To enhance productivity and reduce costs, we have implemented a comprehensive equipment maintenance program. Ensuring that our equipment is well-maintained, reduces downtime, optimizes fuel consumption, and extends the life of our assets. Additionally, we have centralized our procurement processes to secure the best possible rates for supplies and services, further driving down operational costs.

Environmental and Sustainability Initiatives

Recognizing the importance of sustainability, we have prioritized the implementation of flood control measures in the Palawan mine. These measures not only protect our infrastructure from damage but also contribute to our long-term environmental stewardship goals. By minimizing the risk of flooding, we safeguard our operations and reduce potential environmental impacts, aligning with the United Nations Sustainable Development Goals (UN SDGs).

Future Exploration and Expansion

Our future growth strategy includes expanding our resource base through exploration and potential acquisitions. We are actively exploring opportunities in other regions of the Philippines, such as Northern Luzon, Visayas, and additional areas in Surigao.

By increasing our resource base, we aim to support the establishment of a value-added processing plant in the Philippines, enhancing our capacity to produce high-grade nickel products for the global market.


NO SMOKING

OPERATIONAL EFFICIENCY AND EXPLORATION: ENHANCING EFFICIENCY THROUGH INNOVATION and EXPLORATION

In our ongoing commitment to operational excellence, we have implemented several cost-saving measures and leveraged technological advancements to enhance efficiency across our operations.

Cost-Saving Measures

We have centralized our procurement processes, ensuring we secure the best possible rates for supplies and services. This strategic move has significantly reduced costs and streamlined operations.

Additionally, we have focused on maintaining our equipment to minimize downtime and extend asset lifespan. Regular maintenance routines have reduced fuel consumption and other consumables, further driving down operational costs.

Technological Advancements

We have embraced advanced software solutions for mine planning and resource management.
These tools facilitate efficient decision-making and optimize our mining operations. Our technical teams, equipped with the latest technologies, oversee both the Surigao and Palawan mines, ensuring consistent and optimized performance.
To further enhance our operational efficiency, we are investing in electric vehicles for our mining operations. This transition will reduce our carbon footprint and align with our sustainability goals. Additionally, we are exploring the use of AI and machine learning to predict maintenance needs and optimize production schedules.

In-House Exploration

Recognizing the importance of a robust resource base, we are committed to enhancing our exploration capabilities as part of our long-term strategic goals. While we continue to work with outsourced consultants for specialized tasks, we are building a dedicated in-house exploration team. This initiative aims to ensure continuous and efficient exploration activities, supporting the steady expansion of our resource base. By exploring new areas in Surigao, Northern Luzon, and Visayas, we aim to uncover additional nickel deposits to support the long-term growth of our operations. This proactive approach to exploration is designed to meet future demand and capitalize on market opportunities.

In-Sourcing Operational Activities

As part of our long-term strategy, we are exploring the potential for in-sourcing certain operational activities that are currently outsourced. This includes building our own fleet of exploration equipment and hiring specialized personnel to manage these operations internally.
By bringing these activities in-house, we aim to enhance control over our processes, improve efficiency, and reduce dependency on third-party contractors.

While outsourcing will remain practical for specific situations, such as the wet season in Surigao, in-sourcing could provide greater flexibility and control over our operations. This strategic move will be carefully assessed to balance cost, efficiency, and operational needs, ensuring sustainable growth and operational excellence.

PERFORMANCE AND SUSTAINABILITY

GREEN FUTURE: COMPLIANCE, CONSERVATION, and COMMUNITY

Compliance with UN SDGs and Commitment to Environmental Protection

Our commitment to sustainability is reflected in our adherence to the United Nations Sustainable Development Goals (UN SDGs), particularly those focusing on environmental protection, poverty alleviation, and health. Our operations align with 15 of the 17 UN SDGs, underscoring our dedication to responsible mining practices and community well-being.

Our environmental management strategies are guided by the Philippine Mining Act of 1995 and the ISO 14001:2015 standards. These frameworks ensure that our mining activities—from initial land clearing to final reclamation—are conducted with the utmost respect for the environment.
Our sustained certification by Intertek highlights our commitment to rigorous environmental practices, validated through regular audits.

The Annual Environmental Protection and Enhancement Program (AEPEP) is at the heart of our environmental initiatives. This program addresses a wide array of concerns, including the rehabilitation of mine-disturbed areas, reforestation, and comprehensive waste management.

We also prioritize air and water quality monitoring to mitigate the environmental impacts of our operations, such as sedimentation in waterways and the conservation of biodiversity and cultural heritage.

Greenhouse Gas Emissions Reduction

We are dedicated to the quantification and reduction of greenhouse gas (GHG) emissions across all operational phases. This aligns with global efforts to combat climate change and underscores our commitment to environmental sustainability. Our management, through the Audit and Board Risk Oversight Committee, ensures that our strategies not only comply with environmental regulations but also lead to greater environmental responsibility.

Flood Control Measures and Long-Term Sustainability Goals

Recognizing the increasing unpredictability of weather patterns and the risk of flooding, we have prioritized the implementation of robust flood control measures. These measures are essential to protect our facilities, maintain operational efficiency, and ensure environmental safety.

Our flood control initiatives include the construction of large culverts and drainage canals designed to handle heavy water flow. These structures prevent damage to our hauling roads and environmental facilities, reducing maintenance costs and minimizing the risk of operational disruptions. Additionally, these measures contribute to our long-term sustainability goals by protecting local ecosystems from severe runoffs and erosion.
By investing in these flood control systems, we aim to enhance the resilience of our operations and safeguard the surrounding communities. This proactive approach not only reduces the potential for environmental damage but also aligns with our broader sustainability objectives.

Commitment to Long-Term Environmental Goals

Our long-term sustainability goals are deeply rooted in our environmental management strategies. We aim to achieve significant reductions in greenhouse gas emissions, enhance biodiversity, and promote sustainable land use.

Our initiatives include:

Reforestation and Biodiversity Conservation: For every tree harvested, we plant 100 new trees, significantly enhancing local biodiversity and contributing to carbon offset efforts.

Sustainable Land Use: We continuously rehabilitate mined areas, transforming them into productive landscapes that benefit local communities and ecosystems.

Community Engagement and Education: We actively involve local communities in our environmental efforts, providing education and resources to support sustainable practices.

Our dedication to environmental stewardship is supported by robust governance structures, including oversight by our Audit and Board Risk Oversight Committee. This ensures that our strategies are not only compliant with regulatory standards but also aligned with global sustainability goals.

OUR SUSTAINABILITY FRAMEWORK and APPROACH to MATERIALITY

2-1, 2-3, 2-6

The Company's commitment to sustainability is steered by a dynamic framework established in 2018, designed to evolve based on the changing needs of our stakeholders. This framework aligns with major global standards and objectives such as the Initiative for Responsible Mining Assurance (IRMA), the International Council on Mining and Metals (ICMM), the Mining Association of Canada's Towards Sustainable Mining (TSM) initiative, and the United Nations Sustainable Development Goals (UN SDGs). Our dedication to these principles is integrated into our operational strategies to ensure that our practices not only comply with but actively advance global sustainability efforts.

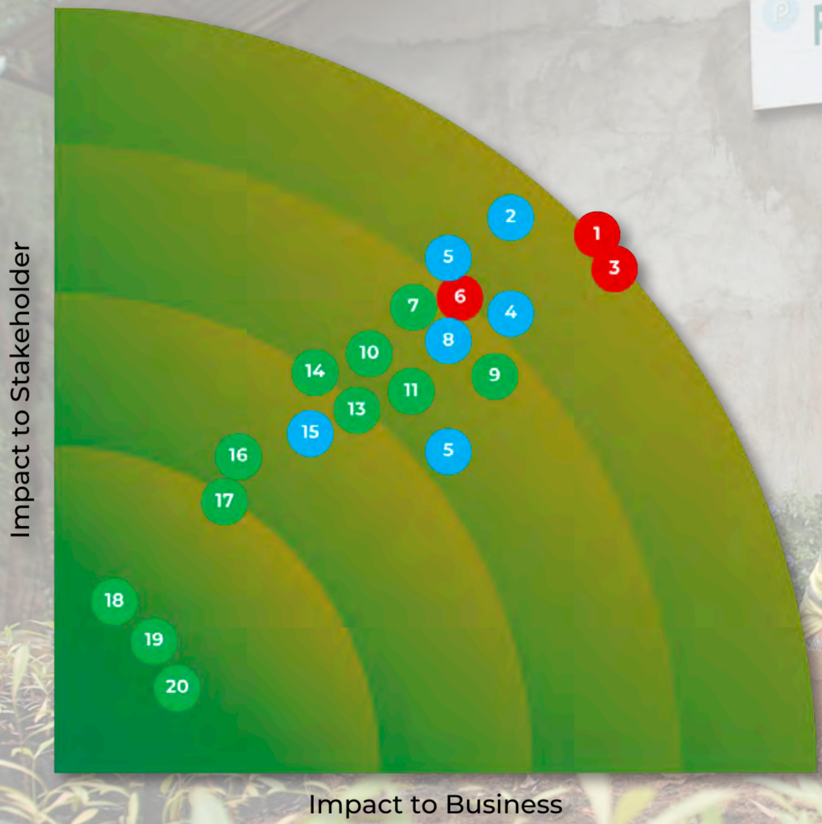
In developing this framework, we emphasize principled prioritization. This method involves a careful selection of specific SDG targets, chosen after a detailed analysis of the potential risks and benefits to people and the environment.

Contribution to the Economy	Environmental Performance	Social Performance
Material Topics		
Leadership and Governance	Exploration Activities	Local Employment
Revenue & Income	Chemicals Management	Employee Relations & Labor Practices
Fluctuation in Metal Prices	Electricity Generation and Consumption	Health & Safety Performance
	Fuel Consumption – Transportation	Community Development
	Water Consumption & Recycling	Emergency Preparedness
	Water Pollution/Impact on Water Sources	Facility Security
	Settling Pond Management	
	Land Rehabilitation & Management	
	Biodiversity & Ecosystem Management	
	Geological Risk Assessment	
	Waste Management	

On the other hand, the Company likewise conducts materiality assessments regularly as a critical practice that guides the short and medium-term strategic directions of our sustainability efforts. By utilizing the Global Reporting Initiative's (GRI) Materiality Assessment process, we identify and prioritize economic, environmental, social, and governance (EESG) issues that are most significant to both our business operations and our stakeholders. This practice ensures that our sustainability initiatives are not only aligned with global standards but are also directly responsive to the evolving dynamics of our business environment and stakeholder expectations.

OUR SUSTAINABILITY FRAMEWORK

The materiality matrix displayed below outlines the key issues prioritized by our stakeholders during the 2021 assessment. To continue aligning our sustainability initiatives with the needs and concerns of our stakeholders, the company plans to conduct another materiality assessment in 2024. This ongoing process ensures that we remain focused on addressing the most critical issues identified by those we serve and affect.



ECONOMIC	SOCIAL	ENVIROMENTAL
1. Revenue & Income 3. Leadership & Governance 6. Fluctuation in Metal Prices	2. Community Development 4. Employee Relations & Labor Practices 5. Health & Safety Performance 8. Emergency Preparedness 12. Local Employment 15. Facility Security	7. Land Management & Rehabilitation 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

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Our sustainability framework emphasizes the critical role of stakeholder engagement in shaping our corporate practices. Recognizing the value of diverse perspectives, the company prioritizes meaningful interactions with all stakeholders, ensuring their insights and concerns directly influence our sustainability strategies and actions.

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	• Performance, Planning, and Evaluation program • Loyalty awards and salary increments • Regular skills training • Employee engagement activities and events • Accommodation and meal provision for stay-in employee
Communities	• Consultation for SDMP planning and formulation • Information, Education and Communication (IEC) campaigns • MMT RHNC, FGDs • Monthly barangay sessions and project monitoring • Job Fairs	• 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	• 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 PGMC 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

STAKEHOLDERS	ENGAGEMENT METHOD	KEY CONCERNS	COMPANY'S RESPONSE
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 policy
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

SUSTAINABILITY IN FOCUS: OUR GOALS and MILESTONES

CONTRIBUTION to the ECONOMY

This section shows the Company's 2023 economic performance, which demonstrated a steadfast commitment to supporting both the financial and social aspects of the communities in which we operate. Such is reflected in our economic approach that balances steady production levels with the economic growth of investors, communities, employees, and partners, even amidst environmental and market challenges.

ECONOMIC PERFORMANCE

3-3, 201-1, 201-2

The Company is committed to delivering robust economic results, as our financial performance is crucial in providing tangible benefits to our stakeholders. To sustain and possibly enhance our economic contributions, we focus on maintaining consistent production levels and efficient operational performance. However, our ability to achieve these goals can be influenced by a range of external factors, such as local weather conditions, regulatory environments, and global market trends.

For instance, in 2023, significant rainfall disrupted our operations on numerous occasions, leading to an 11% decrease in nickel ore shipments. Such external challenges necessitate adaptive management strategies to mitigate impacts and ensure the continuity of operations. Our fiscal responsibilities include managing excise taxes and royalties, which totaled P851.2 million in 2023. These figures represent our contributions to the government and indigenous communities, directly reflecting our commitment to equitable resource distribution.

Additionally, general and administrative expenses rose to P1,146.9 million due to increased operational activities, particularly in our Palawan mining operations. Looking forward, we see substantial opportunities in expanding our operations and exploring value-added processes. The establishment of a steel plant in Mariveles, Bataan, is a strategic move to enhance our manufacturing capabilities, supported by our significant investment in port operations to ensure efficient material handling and transportation.

DISCLOSURE	2023	2022	2021
Direct economic value generated (revenue in billions Php)	8,785	6,731	7,708
Direct economic value distributed: (in millions Php)			
a. Operating costs (cost of sales & operating expenses)	5,988	4,759	4,517
b. Employee wages and benefits	671	519	444
c. Payments to suppliers, other operating costs	6,437	4,427	4,987
d. Dividends given to stockholders and interest payments to loan providers	2,185	1,524	1,497
e. Taxes given to government	94	62	53

LEADERSHIP and GOVERNANCE

2-9, 2-11, 2-12, 2-13, 2-14, 2-17

The Company's strong corporate governance is recognized as the cornerstone of sustainable business practices. This commitment to sustainability begins with the highest levels of leadership, ensuring that values of ethics, integrity, and responsible management are integral to all operations. Leaders are dedicated to continuous improvement, regularly reviewing practices to align with global sustainability trends and stakeholder expectations. This proactive stance ensures that the Company remains at the forefront of sustainable mining, advancing operations while respecting people and the planet.

Moreover, the Board of Directors integrates sustainability into strategic decisions and oversees their implementation throughout the company. This top-down approach guarantees that commitments to the environment, social responsibility, and ethical business practices are actively pursued across every aspect of the organization. With a strong commitment to ethics and integrity, a strict Code of Conduct is rigorously maintained from the corporate governance level to field staff, ensuring that all interactions—whether inside the company, with local communities, or regarding environmental practices are conducted with the highest standards of responsibility and respect. This commitment to ethical behavior transcends the confines of the Boardroom, directly impacting ground-level operations and fostering a culture of trust and reliability.

COMMITTEES, MEMBERS, and RESPONSIBILITIES

2-9

COMMITTEE	MEMBERS	ROLE
BOARD COMMITTEE	Joseph C. Sy – Chairman Dante R. Bravo Mary Belle D. Bituin Segio R. Ortiz-Luis Jr. Edgardo G. Lacson	This committee plays a critical role in enhancing transparency, accountability, and governance within the organization, ultimately contributing to sustainable business practices and shareholder value.
NOMINATION COMMITTEE	Edgardo G. Lacson – Chairman Mary Belle D. Bituin Dante R. Bravo	This committee is primarily responsible for overseeing the board's composition and governance structure. It ensures that the board remains diverse, balanced, and equipped with the necessary skills to meet the organization's needs.
COMPENSATION AND REMUNERATION COMMITTEE	Sergio R. Ortiz-Luis Jr. – Chairman Joseph C. Sy Dante R. Bravo	This committee is tasked with setting and reviewing the compensation policies for the company's directors and senior management. Its goal is to establish remuneration levels that attract, retain, and motivate executives while aligning with the long-term interests of stakeholders.
AUDIT, RISK AND RELATED PARTY TRANSACTION COMMITTEE	Sergio R. Ortiz-Luis Jr. – Chairman Edgardo G. Lacson Dante R. Bravo	This committee assists the board in fulfilling its oversight responsibilities related to financial reporting processes, auditing, risk management, and the integrity of the company's financial statements.

OUR
LEADERSHIP

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 PGMC 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 heading companies engaged in mining and mineral exploration and development. He was conferred as Doctorate Fellow of the Academy of Multi-Skills, United Kingdom.

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

Mary Belle D. Bituin
Chief Financial Officer and Treasurer

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

Noel B. Lazaro
Senior Vice President for Legal and Regulatory Affairs and Corporate Information Officer

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

Francis C. Chua
Director

Mr. Chua became a Director of the Company on October 22, 2014. He is currently the Honorary Consulate General of the Republic of Peru and the honorary president of the Federation of Filipino Chinese Chamber of Commerce and Industry. He is also the president emeritus of the Chamber of Commerce of the Philippines Foundations. Mr. Chua also served as the special envoy on Trade and Investments on China. He holds a Bachelor of Science 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.

OUR **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.

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., Jolliville 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 Eugelio Rodriguez University, and PhD in Capital Management honoris causa from the Academy of Multiskills, United Kingdom.

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 PGMC. She is Assistant Corporate Secretary of PGMC, 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 PGMC 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

2-9, 2-12

The Company's management team is the backbone of our organization, guiding us through the challenges and opportunities of the business landscape with expertise, commitment, and a forward-looking approach. This team is composed of individuals from diverse backgrounds, each bringing a unique set of skills and experiences that contribute to our collective success. Moreover, they are primarily tasked with setting strategic goals that align with our long-term vision for growth and sustainability. They are adept at navigating the complexities of our industry, anticipating market trends, and positioning the company to take advantage of emerging opportunities. Through their strategic guidance, we aim to strengthen our market position while enhancing our contributions to economic, social, and environmental progress.

Joseph C. 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

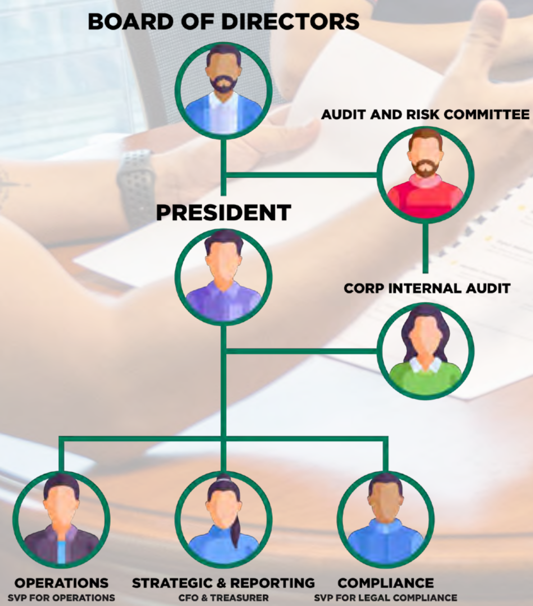
Atty. Evreart Grace Pomarin-Claro

Corporate Secretary and Alternate Corporate Information Officer

ENTERPRISE RISK **MANAGEMENT**

Recognizing the intricate balance between risk and opportunity, we have developed a comprehensive Enterprise Risk Management (ERM) strategy that not only protects our assets but also enhances our value creation for all stakeholders.

Our ERM framework is integrated into every aspect of our operations. It aligns our strategy, processes, people, technology, and knowledge, ensuring that we manage uncertainties and exposure effectively across the board. This holistic approach allows us to bridge the gap between strategic planning and operational execution, making risk management an inherent part of our daily activities and long-term objectives.



At FNI, the Board, particularly through its Audit and Board Risk Oversight Committee, plays a pivotal role in overseeing risk management strategies within the company. This high-level engagement ensures that managing risks is not just about mitigation but also about leveraging these challenges to secure a competitive edge in the industry. The management team, under the direction of the SVPs for Legal and Compliance, Operations, and Finance, works closely with the Corporate Internal Audit (CIA) to evaluate and enhance the effectiveness of the company's risk management practices.

Supporting the Company's enterprise risk management (ERM) structure is a dedicated, lean ERM core team that focuses on identifying key business risks and their interconnected drivers. This team collaborates to develop and implement responsive strategies, continuously updating the management and the board on progress and changes. These updates help maintain transparency and allow for dynamic responses to evolving risks.

Among the most critical risks identified are energy shortages, natural disasters like typhoons and flooding, and occupational hazards related to increasing temperatures—all of which have significant potential to disrupt daily operations. The Company prioritizes these risks, ensuring they are meticulously managed to minimize operational disruptions, protect human resources, and control costs. The Company remains vigilant, regularly monitoring and adjusting its strategies to address these and other emerging risks, emphasizing a proactive approach to both traditional and climate-related challenges in its operations.


TOWER

PROCUREMENT PRACTICES 2-9, 2-12

In managing its supply chain, the Company prioritizes supporting local economies by sourcing the majority of its supplies from vendors within the Philippines, particularly from local communities. This approach not only fosters the growth and development of these areas but also strengthens the company's ties with local stakeholders, including suppliers, local communities, and government entities. When local supplies are insufficient or unavailable, the company collaborates with local partners to source necessary items from international vendors, ensuring the continuity and efficiency of its operations.

The Company actively engages with its suppliers through structured interactions, including annual vendor meetings, accreditation processes, and ocular inspections. These practices ensure efficient coordination regarding delivery timelines and payments, and they establish a framework of transparency and fairness in supplier relations. Notably, the company emphasizes partnerships with People's Organizations (POs) that are part of the Social Development and Management Program (SDMP), further integrating community involvement into its supply chain. However, sourcing locally presents risks, such as the potential for lower-quality products compared to those available from international suppliers with access to more advanced technologies. This could impact the operational efficiency of the company, which is committed to maintaining global standards. To mitigate this risk, the company implements stringent procurement processes to ensure that all suppliers, whether local or international, meet the required quality standard.

	2023	2022
Procurement budget used for significant locations of operations spent on local suppliers	150	164

204-1

ENVIRONMENTAL PERFORMANCE: STEWARDS OF THE ENVIRONMENT

This section highlights the Company's environmental performance in 2023, showcasing its commitment as a steward of the environment. Our approach involves integrating sustainable practices into our operations, aiming to minimize environmental impact while enhancing the ecological health of the communities where we operate. This is achieved even amid the challenges posed by regulatory changes and environmental variabilities, reflecting our ongoing commitment to responsible environmental management.

Allocated a total of **P214,468,615** funds for the Environmental Protection and Enhancement Program (EPEP)

Implementations to protect, mitigate damages, and restore biodiversity in and out of areas of mining operation

Lessened fuel consumption by 9.26% compared to last year

ENVIRONMENTAL IMPACT ASSESSMENT

Through continuous improvement in environmental practices and an unwavering commitment to sustainability, our Company aims to lead by example in the mining sector, making significant contributions to both local and global environmental goals.

Our team is dedicated to enhancing its environmental impact management, with a strong focus on the quantification and reduction of greenhouse gas (GHG) emissions across all operational phases. This commitment aligns with global efforts to mitigate climate change and contributes positively to environmental sustainability. Management's role involves comprehensive oversight of these efforts through its Audit and Board Risk Oversight Committee, ensuring that strategies not only comply with but lead to environmental responsibility.

PGMC's environmental management strategies are rigorously designed to align with the stringent requirements set forth by the Philippine Mining Act of 1995, underscoring the company's commitment to environmental stewardship. Integral to these efforts is the establishment of the Annual Environmental Protection and Enhancement Program (AEPEP), which addresses a wide range of environmental concerns, including the rehabilitation of mine-disturbed areas, reforestation, and the management of both solid and hazardous wastes, alongside air and water quality monitoring. These comprehensive measures are vital for mitigating the environmental impacts associated with mining operations, such as sedimentation in waterways, waste management, and the conservation of biodiversity and cultural heritage. In practice, PGMC integrates the ISO 14001:2015 standards throughout its mining operations—from vegetation clearing and soil stripping to truck loading and stockpiling. This integration ensures that all activities not only adhere to established environmental management systems (EMS) procedures but also align with specific work guidelines designed to promote sound environmental practices. The Company's commitment to these standards is evidenced by its sustained certification by Intertek, a testament to its rigorous environmental practices validated through regular audits.

ENVIRONMENTAL PROTECTION and ENHANCEMENT PROGRAM (EPEP)

In relation to our environmental impact assessment, PGMC's Environmental Protection and Enhancement Program (EPEP) is a cornerstone of its commitment to sustainable mining practices, ensuring that all operations adhere to rigorous environmental standards. The program encompasses a broad range of activities designed to minimize the environmental footprint of mining activities and enhance the ecological well-being of the surrounding areas. Operational compliance encompasses several key areas, including air and water quality management, solid and hazardous waste management, and adherence to strict waste treatment protocols before any wastewater discharge aligning with national environmental regulations such as R.A. No. 6969, R.A. No. 9003, R.A. No. 9275, and R.A. No. 8749. The company's environmental efforts are complemented by initiatives such as reforestation, temporary revegetation, and ongoing research studies aimed at further enhancing environmental protection. Moreover, the company maintains a strong focus on community engagement and education regarding environmental practices and compliance, ensuring all stakeholders are informed and involved.

INDICATOR	2023	2022
Land Protection	117,450,592	100,780,540
Air Protection	24,540,683	70,023,100
Water Protection	52,705,957	28,750,543
Environmental Monitoring	4,081,204	3,193,933
Conservation Values	5,143,436	3,427,559
Waste Management	1,065,160	3,098,211
Construction of Environmental Facilities	6,848,326	28,548,429
Environmental Researches/Trainings /IEC1	2,633,257	4,160,331
Total Spending	**214,468,615**	**241,982,646**

RESOURCE MANAGEMENT and CONSERVATION

3-3, 302-1, 302-2

Recognizing the environmental impact of its operations, PGMC implemented a comprehensive suite of measures aimed at energy conservation, including routine maintenance and checks on equipment, the implementation of carpooling policies, and the enforcement of speed limits to reduce fuel use. In 2023, the Company took significant strides in refining its approach to resource management and conservation, focusing keenly on optimizing energy use across all facets of its operations. The company reported a reduction in fuel consumption by 9.26% compared to the previous year, which was achieved through several efficiency improvements even amidst an increase in activities that led to a 28% rise in electricity consumption. These activities included construction projects and the expansion of operational facilities, which inherently required more energy.

Moreover, PGMC made a significant investment in renewable energy solutions, starting with the installation of solar-powered streetlights and a mini hydroelectric generator that not only supports the company's operations but also contributes to the energy needs of the local indigenous community.

ENERGY 3-3

In 2023, the Company demonstrated a strong commitment to optimizing energy use and enhancing efficiencies across its operations, showing a significant dedication to resource management and conservation. This commitment is highlighted by a notable reduction in fuel consumption across the company, decreasing by 9.26% from the previous year, despite the operational demands of ongoing construction projects and enhanced facility usage, which inevitably raised electricity consumption by 28%.

We have intensified the area of energy conservation as a strategic priority, embedded deeply within the company's operational ethos across all facilities, including in-house operations and those managed by general contractors at the INC Campsite. To ensure that this area is a priority, PGMC has implemented a series of initiatives aimed at reducing energy and fuel consumption. For electricity, efforts include practical measures such as turning off lights and air conditioners when not in use, unplugging outlets during non-operational hours, regular maintenance of generators, and conducting Information, Education, and Communication (IEC) sessions on energy saving. Signages encouraging energy conservation is also prominently displayed throughout the company's facilities.

Fuel consumption is similarly managed through stringent operational protocols, including the mandatory shut-off of heavy equipment during standby periods, strict adherence to preventive maintenance schedules, and the efficient scheduling of activities that require vehicle use. These measures are part of a broader Fuel Conservation Program, which is monitored closely to ensure compliance with established objectives and targets.

INDICATOR	2023	2022
Total fuel consumption - Genset - Diesel (liters)	118,541	138,444
Total fuel consumption - Other Vehicles - Diesel (liters)	10,472,206	11,357,351
Electricity from local supply (kWh)	1,794,555	1,601,395

302-1

Energy Intensity

INDICATOR	2023	2022
Electrical (kWh/man-hour)	0.25	0.25
Fuel (L/WMT)	4.69	3.63

302-3

EMISSIONS 3-3, 305-1, 305-2, 305-5

Likewise, we are deeply committed to managing and reducing our greenhouse gas (GHG) emissions as part of our broader sustainability strategy. Each year, we conduct a thorough monitoring of our GHG emissions, adhering strictly to the organizational and operational boundaries we have established to ensure accuracy and accountability in our environmental reporting. For this year, our estimated GHG emissions totaled 28,418.68 TCO_2e, marking a 4.2% increase compared to the previous year. This rise was primarily due to the expansion of facilities and an increase in manpower at our Ipilan operations. Despite this increase, we are actively implementing measures to mitigate our impact.

We have set stringent protocols to reduce electricity and fuel consumption, which include regular inspections and preventive maintenance of all equipment and vehicles. Our Mechanical and Maintenance Department ensures compliance with government emission standards and our internal Environmental Management System (EMS) guidelines. We are also phasing out older vehicles and equipment in accordance with our new EMS guidelines, which set operational limits to encourage the use of newer, more efficient models.

Our Emission Reduction Initiatives

In line with our commitment to technological improvement, we are transitioning to more environmentally friendly technologies. For example, while we continue to use equipment with R-22 refrigerants, our new air conditioning purchases now utilize the ozone-friendly R-410A refrigerant. Currently, 42% of our air conditioning units have been upgraded to this new standard, with regular inspections and maintenance conducted by our Electrical Works Section to ensure optimal performance and minimal environmental impact. Beyond technological upgrades and efficient operational practices, we are actively engaged in forest carbon sequestration. This involves the progressive rehabilitation of mined-out areas and the reforestation of terrestrial and marine ecosystems within and outside our Mineral Production Sharing Agreement (MPSA) areas. Our partnership with CSU involves a research study to assess carbon stocks across various landscapes, enhancing our understanding and management of biomass and carbon sequestration.

GHG Emissions	2023	2022
Direct (Scope 1) GHG Emissions (Tonnes CO2e)	28,418	27,250
Indirect (Scope 2) GHG Emissions (Tonnes CO2e)	1,143	668

305-1, 305-2

WATER CONSUMPTION *3-3, 303-1, 303-2*

Managing water resources is a critical component of our sustainability practices, reflecting our commitment to environmental stewardship and efficient operations. In 2023, our overall water consumption increased due to enhanced road watering activities, which consume 70% of the total volume of water extracted. This significant usage is primarily for dust control, a necessary measure to ensure visibility and maintain air quality within the mine site.

Maximizing our efforts for responsible consumption of natural resources, the Company actively pursues water conservation as part of its Integrated Management System, implementing various strategies to manage and reduce consumption. Among these strategies, the company has employed innovative practices such as using water-soluble dust suppressants to reduce the frequency of road watering and deploying rainwater harvesting systems. These systems collect and repurpose water from siltation ponds for dust suppression, significantly reducing the need for freshwater.

Furthermore, PGMC is in the process of baselining its water consumption to set precise reduction targets starting in the second quarter of 2024. This initiative underscores the company's proactive approach to understanding and optimizing its water use. In addition to operational measures, PGMC also focuses on employee education and infrastructure improvements to enhance water conservation.

Water Withdrawal and Discharge (cu.m)

INDICATOR		2023	2022
Extraction	Shallow Well	5,481	5,448
	Deep Well	56,101	N/A
	Surface Water	167,608	159,636
	Spring Water	N/A	1,012
	TOTAL	229,192	166,097
Discharge	Kinalablaban River and/or Ground	229,192	171,460
Silt collected/discharge		137,378	184,392

303-3, 303-4, 303-5

WASTE MANAGEMENT *3-3, 306-1, 306-2*

Through regular monitoring, employee training, and continuous improvement of waste management protocols, PGMC remains committed to its environmental responsibilities and the promotion of sustainable practices throughout its operations. To manage and reduce waste, PGMC has adopted several innovative strategies. For instance, in our QAQC Department, we have initiated the reuse of plastic bags used for ore samples by implementing a washing protocol. This is part of a broader effort to reduce plastic waste that also includes banning plastics and styrofoam packaging in food services. Additionally, the company has employed a water-soluble dust suppressant to decrease the frequency of road watering, which significantly cuts down water usage.

Promoting a circular economy is also a cornerstone of our waste management strategy. PGMC actively recycles materials, selling recyclable items to junk shops and reusing plastic cellophane from QAQC for bagging soil in our nursery operations. This not only reduces waste but also supports local recycling efforts. Moreover, the company's initiatives extend to minimizing packaging waste by reusing scratch paper and providing visitors with reusable tumblers instead of disposable plastic water bottles.

Solid and Hazardous Waste Generated

WASTE TYPE		2023	2022
Solid Waste	Biodegradable Waste (kg)	22,979	18,735
	Residual Waste (kg)	12,442	34,539
	Recyclable Waste (kg)	14,615	12,056
Hazardous Waste	Used Batteries	9.871 MT	301 pcs
	Toxic Containers (kl)	0.209 MT	0
	Busted Bulbs	0.055 MT	328
	Used Filters (pcs.)	0	4,460
	Cooking Oil (litres)	264	100
	Used Oil (litres)	62,310	49,883

306-3, 306-4, 306-5

BIODIVERSITY CONSERVATION and **REHABILITATION**

3-3, 303-1, 303-2

PGMC strives to maintain a balance between resource extraction and environmental conservation, ensuring that all activities are conducted responsibly and sustainably. In 2023, the Company continues to be deeply committed to integrating biodiversity conservation and rehabilitation throughout its mining operations, recognizing the critical impact that such activities can have on local ecosystems. Our approach includes conducting comprehensive biodiversity impact assessments prior to any mining activities. These assessments help to identify and mitigate potential impacts on local flora and fauna, ensuring that biodiversity considerations are integrated from the very beginning of site selection through to the development and construction phases.

Significant measures have been implemented to protect and restore biodiversity. For instance, we commission third-party biodiversity assessments to accurately understand the ecological dynamics within their operational areas. Based on these assessments, proactive steps are taken, such as the collection and rearing of native floral species for future transplantation and the strict enforcement of no-hunting zones to protect local wildlife. Additionally, vegetative clearing is deliberately restricted to previously inventoried areas to minimize habitat disruption.

Our commitment extends beyond mere compliance with environmental regulations. The company has established several programs aimed at enhancing ecosystem resilience and promoting habitat recovery. This includes extensive reforestation efforts, the maintenance of a botanical park, and initiatives to enhance marine and terrestrial habitats. Furthermore, PGMC supports the local community through educational programs on biodiversity conservation and provides financial assistance for wildlife rescue and conservation projects.

DISCLOSURE	2023			2022		
	PGMC	INC	TOTAL	PGMC	INC	TOTAL
Area disturbed (hectares)	496	16	512	446	27	473
Undisturbed areas (hectares)	4,921	2,917	7,839	5,047	2,934	7,982
Area rehabilitated (hectares)	54	None	54	10	None	10
Area reforested (hectares)	54	493 [1]	548	10	183 [1]	193
Area of land used for extractive use (hectares)	80	20	100	80	12	92
% of land requiring biodiversity management plans	> 5%	> 5%	>5%	> 5%	None	> 5%
Operational sites owned, leased, managed in, or adjacent to, protected area and areas of high biodiversity value outside protected areas	> 4,000	187	>4,000		148.04	148
Habitats protected or restored (hectares)	172	542			No area identified	

[1] Outside MPSA

304-1, 304-3

IUCN Red List Species

IUCN Red List species and national conservation list species with habitats in areas affected by operations	**Red List Species (Tree)** Apitong (Dipterocarpus grandiflorus), Reb Lauan (Shorea negrosensis), Tangible (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 scorfa), Uwal (Corvus)
	Red List Species (Plants) Wild orchids (Neotina tridentata), Pitcher plant (Ne-penthes)

304-4

CLIMATE-RELATED RISKS and OPPORTUNITIES

In its governance structure, PGMC has established a robust framework to oversee climate-related risks and opportunities, a responsibility held by the Board alongside the Audit and Board Risk Oversight Committee, supported by key senior vice presidents.

This structure ensures a comprehensive management of risks through the Enterprise Risk Management (ERM) system, which is continuously reviewed to adapt to emerging challenges and improve resilience. Moreover, our commitment to managing climate-related risks is reflected in our metrics and targets. PGMC tracks a range of indicators such as generator usage hours, frequency of operational interruptions, and the heat index to gauge the impact of climate conditions on its operations. These metrics help in making informed decisions to enhance energy efficiency, stabilize facility operations, and ensure the health and safety of its workforce.

In terms of strategic planning, PGMC acknowledges the significant impact that climate-related issues can have on its operations. For instance, energy shortages could lead to increased use of generators, disrupting normal operations, while extreme weather events like typhoons and flooding pose risks to mining activities and infrastructure. To address these challenges, PGMC integrates climate considerations into its financial planning and business strategies, aiming to enhance the resilience of its operations against various climate scenarios. This includes developing specific measures for climate-related risks and incorporating them into the overall risk management framework.

SOCIAL PERFORMANCE– PUTTING PEOPLE FIRST

This section presents the Company's social performance in 2023, underscoring our unwavering commitment to prioritizing people in all aspects of our operations. It reflects our dedication to fostering positive social impact by supporting the well-being of our employees, communities, and partners.

Achieved a diverse, dynamic and adaptive workforce system to all types of workers and employees

Improved employee training, development, and engagement for better evaluation and reward

Invested a total of Php 62.74M funds to nearby communities for livelihood opportunities and development

WORKFORCE DEVELOPMENT

3-3

In 2023, the Company has a total of 2,695 employees. The Company's workforce development strategy is structured around meeting the evolving challenges of the job market. These challenges include a competitive landscape for skilled labor, rapid technological shifts, and changing work preferences, particularly the increased demand for remote and flexible work arrangements since the COVID-19 pandemic. To navigate these challenges, we utilize diverse recruitment channels, emphasize strong employer branding, and offer competitive benefits. Our commitment to inclusivity is reflected in our rigorous non-discrimination policy, ensuring all candidates have equal employment opportunities regardless of their background. This foundational approach supports our goal of not just filling positions but enhancing our organizational capability with highly skilled individuals.

Employee Statistics

	2023	2022
MALE	2,260	2,422
FEMALE	435	392
TOTAL	**2,695** [1]	**2,814**
Indigenous Communities and/or Vulnerable Sector	232	N/A

2-7

Employee Breakdown[2]

By Contract Type and Gender

CONTRACT TYPE	MALE	FEMALE	TOTAL
Regular/Probationary	165	113	278
Seasonal	2,058	281	2,339
TOTAL	**2,223**	**394**	**2,617**

[1] Total number of employees include data from PGMC, INC mine sites and the Head Office.
[2] Employee breakdown does not include employees from other subsidiaries; only includes employee data from PGMC and INC.

By Position and Gender

CONTRACT TYPE	MALE	FEMALE	TOTAL
Managers	32	9	41
Supervisors	64	53	117
Non-supervisory/Technical	41	21	62
Rank and File	17	16	33
TOTAL	**154**	**99**	**253**

By Position and Age Group

CONTRACT TYPE	<30 y/o	30-50 y/o	>50 y/o	TOTAL
Managers	1	21	19	41
Supervisors	35	68	14	117
Non-supervisory/Technical	12	41	9	62
Rank and File	6	19	8	33
TOTAL	**54**	**149**	**50**	**253**

From Local Community

CONTRACT TYPE	MALE	FEMALE	TOTAL
Regular/Probationary	26	11	37
Seasonal	1,177	181	1,358
TOTAL	**1,203**	**192**	**1,395**
Indigenous Peoples	205	27	232

Hiring Statistics

CONTRACT TYPE	MALE	FEMALE	TOTAL
New Hires	1,561	231	1,792
Attritions/Turnover	1,525	239	1,764

202-1, 401-1

TOTAL ATTRITION RATE	2023
PGMC	-0.05%
INC	3.36%

EMPLOYEE ENGAGEMENT, TRAINING, and CAREER DEVELOPMENT

3-3, 404-1, 404-2, 404-3

Engagement strategies at the Company are closely tied to our development efforts. Understanding that retention is as critical as attraction, we focus on maintaining high morale and engagement, especially through the challenges posed by the pandemic. This includes supporting mental health, providing stability and security, and adapting work processes to better suit the new normal.

Regular performance reviews form a part of our engagement strategy, allowing us to recognize and reward outstanding contributions through bonuses, incentives, and career advancement opportunities.

For this year, 100% of employees received performance reviews.

Moreover, training programs are tailored from annual reviews of departmental needs, ensuring that our team not only meets but exceeds professional development goals in areas such as technical skills, environmental awareness, and leadership. For 2023, the Company conducted 47 trainings, with a total of 5,850 hours.

Employee Training and Development (hours)

	2023	2022
Male	7,271	4,448
Female	4,539	1,272

404-1

LABOR-MANAGEMENT RELATIONS

3-3

Our labor-management relations are characterized by openness and mutual respect, which enhances our employee engagement strategy. The absence of labor unions at PGMC does not equate to a lack of representation or voice for our employees. Instead, we ensure open communications and have established various platforms for our team members to express concerns and provide feedback across all levels and departments. This proactive approach to fostering a cooperative work environment is integral to our organizational culture and is pivotal in addressing any issues before they escalate, thus maintaining a harmonious and productive workplace.

Labor Management Relations

	2023	2022
% of employees covered with Collective Bargaining Agreements	0	0
Number of consultations conducted with employees concerning employee-related policies	0	0

2-30

BENEFITS

3-3, 401-2

The emphasis on robust compensation and benefits packages stands as a cornerstone of our retention strategy, integral to our overarching Putting People First strategy. Recognizing the substantial benefits of retaining skilled and high-performing employees, we focus our efforts not merely on recruitment but significantly on nurturing and advancing our existing workforce.

By offering competitive salaries and benefits, we ensure that our employees feel valued and fairly compensated for their hard work and dedication. This sense of appreciation translates into higher job satisfaction, increased motivation, and enhanced overall morale. The benefits of such a strategy extend beyond individual employee contentment, contributing to a robust corporate culture that attracts top talent and reduces turnover. This, in turn, allows us to allocate more resources towards training and development rather than continual recruitment.

Likewise, the Company strives to exceed the basic compliance with labor laws by offering an enriched benefits package.

Although we currently do not offer long-term incentives like stock options, our focus on career development and continuous learning acts as a significant motivational and retention tool. We provide a structured Annual Training Schedule, developed from Training Request Forms filled out by department heads, which prioritizes not only compliance-related training but also personal and professional development opportunities across various domains.

Beyond Compliance: Seasonal Workforce Considerations

Understanding the seasonal nature of our mining operations, we extend comprehensive benefits even to our seasonal employees, including contributions to the Social Security System (SSS), Home Development Mutual Fund (HDMF), 13th-month pay, and HMOs through Maxicare Philippines.

Benefits

	2023	2022
SSS	14%	9%
Philhealth	4%	1%
Pag-ibig	5%	3%
Vacation Leaves	100%	60%
Sick Leaves	100%	60%
Medical Benefits (Aside from Philhealth)	100%	100%
Housing Assistance (Aside from Pag-ibig)	N/A	N/A
Retirement Fund (Aside from SSS)	100%	100%
Further Education Support	N/A	N/A
Company Stock Options	N/A	N/A
Telecommuting	100%	100%
Flexible-Working Hours	100%	100%

401-2

Parental Leave

	2023
Total number of employees entitled to parental leave	466
Total number of employees that took parental leave	53
Total number of employees that returned to work in 2023 after parental leave ended	43
Return to Work Rate	84%
Total number of employees who availed the parental leave in 2022 and returned to work in 2023	21
Retention Rate	1.40%

401-3

HEALTH, SAFETY, AND SECURITY MEASURES

3-3, 403-1, 403-3, 403-4, 403-5, 403-7

Upholding our commitment to health and safety is pivotal, not only as a core aspect of our operational integrity but also as a fundamental component of our corporate responsibility. We've fortified our safety culture through comprehensive strategies and robust policy frameworks that align with international standards, underscored by recent ISO certifications in Occupational Health and Safety Management Systems (OHSMS), Quality Management Systems (QMS), and a recertification in Environmental Management System (EMS).

In an effort to ensure the highest levels of health and safety for our miners and safeguard our property and equipment, operations throughout the Company are equipped with dedicated buildings, state-of-the-art medical equipment, and a team of healthcare professionals, including corporate doctors, nurses, and first aid responders, ensuring immediate and effective medical response capabilities. On the other hand, our Occupational Safety and Health Program (OSHP) not only focuses on the safety and health of our workers but also extends its protective measures to the local communities surrounding our mining operations. These policies cover a comprehensive range of safety and health considerations, from employee protection and community awareness to emergency response protocols.

Health and Safety

INDICATOR	2023	2022
No. of employees in Health and Safety Committee	38	34
Total Safe Man-hours	12,054,588	10,072,623
Lost Time Accidents	1	0
No. of occupational injuries/illnesses	2	139
Incidence Rate	0.90	10.50
Severity Rate	903	0
Lost Days	6,000	0
Fatalities	1	0
No. of Safety Drills Conducted	12	8

403-9,403-10

COMMUNITY ENGAGEMENT

3-3, 203-2, 413-1. 413-2

The Company recognizes that our operations extend beyond mere business activities; they impact real people and real communities. As part of our corporate social responsibility, we are committed to protecting the well-being of both the people and the environments affected by our work. We strive not only to mitigate negative impacts but to actively enhance the welfare and quality of life in the communities where we operate.

Under the mandates of the Philippine Mining Act and its Implementing Rules and Regulations (DENR Department Order No. 2010-21), we are required to contribute a minimum of 1.5% of our total operating costs annually towards the development of our host and neighboring communities. This funding supports a variety of programs aimed at fostering sustainable economic growth within these areas.

COMMUNITY HIGHLIGHT: Empowering the Members of Our Local Communities in Two Barangays in Cabugo and Magallanes

In collaboration with the Technical Education and Skills Development Authority (TESDA), we launched a comprehensive 15-day skills development training in driving, which concluded with a technical assessment day, benefitting 20 local residents. This program is part of our broader effort to enhance employability and support community members in gaining essential skills that foster economic independence and resilience. Furthering our investment in local enterprise, we established handicraft facilities that serve as a creative and economic hub for the community. These facilities enable local artisans to craft, market, and sell their products, effectively supporting their journey toward economic self-sufficiency.

This initiative not only nurtures local talent and entrepreneurship but also enriches the community's cultural and economic landscape.

Through our Social Development and Management Program (SDMP), we have allocated P1.9 million to these vital projects, directly impacting 80 individuals and associations.

P62.74 million

AMOUNT SPENT FOR LOCAL COMMUNITIES IN 2023

SOCIAL DEVELOPMENT and MANAGEMENT PROGRAM (SDMP)

At the onset, we aim to foster resilient communities that can thrive in a sustainable future. Our community engagement strategy is built on a foundation of thorough and ongoing consultations, ensuring that our initiatives truly resonate with the needs of the communities we serve. This approach allows us to develop a diverse array of programs that genuinely address local requirements and promote long-term sustainability.

SDMP Spending

in PHP millions	2023
Required Spending	44
Actual Spending	62

413-1

SDMP Spending

AREA	2023
Education	16,407,378
Health	9,239,777
Livelihood	4,958,473
Infrastructure	5,723,939
Water	110,000
Others	624,855

203-1

Each of our operations has various programs that span several critical areas, including the enhancement of local infrastructure, education, healthcare, and economic development through livelihood projects. All these initiatives are carefully designed to align with the United Nations' SDGs, ensuring that our efforts contribute meaningfully to global sustainability targets while making a tangible impact at the local level.

PROGRAM	OVERVIEW	BENEFICIARIES	RELEVANT SDGs
Scholarship Program	Assistance to High School and College Students	74 Scholars	
Provision of Medicines	Medicines to be dispensed during the conduct of weekly community medical consultations by the community doctor and vitamins & other maintenance for the Sr. Citizens	• 206 beneficiaries per month • 2,472 beneficiaries per year • Senior Citizens	
Solar Street Lights	• Installation of Phase 1 - 27 Solar street light in the Barangay Hall Area • Provided illumination to roads, public and remote areas which will increase safety and security of drivers and pedestrians	Local Communities	

SDMP BREAKDOWN

PROGRAM	OVERVIEW	BENEFICIARIES	RELEVANT SDGs
Skills Training	• Training from TESDA Accredited Programs • Trainees will have their NC II after 15 days of training in Driving, HEO, Truck Driver, and SMAW	72 individuals from Brgys. Maasin & Mambalot	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
Connection of Potable Water	A water resource program provided by the Company to help beneficiaries with little to no available potable water resource in their community.	60-80 households	6 CLEAN WATER AND SANITATION; 10 REDUCED INEQUALITIES
Respect to Socio-Cultural Activities	Medical emergencies, mortuaries, natural calamities, socio-cultural activities	Barangay	3 GOOD HEALTH AND WELL-BEING; 10 REDUCED INEQUALITIES; 15 LIFE ON LAND
Access to Education and Educational Support Program	Scholarship Program for College Students from Cagdianao and Hayanggabon	196 scholars	1 NO POVERTY; 4 QUALITY EDUCATION
Access to Health and Services, Health Facilities and Professionals	A Health and Wellness program of the Company that provided medical assistance	1,550 beneficiaries	3 GOOD HEALTH AND WELL-BEING
Food Security	A donation drive that provided 1,450 sacks of rice to Barangay Hayanggabon, 1,650 sacks of rice to Barangay Cagdianao, and 132 sacks of rice to Barangay Cagdianao (for Emergency Disaster Preparedness)	Residents of Barangay Hayanggabon and Barangay Cagdianao	1 NO POVERTY; 2 ZERO HUNGER
Enterprise Development and Networking	A Livelihood Program with 80 beneficiaries and associations who received assistance through SDMP for livelihood	80 beneficiaries	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH
Livelihood Program	A TESDA Skills Development Training--15 days of comprehensive training and a day of technical skills assessment	20 candidates	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH

PROGRAM	OVERVIEW	BENEFICIARIES	RELEVANT SDGs
Handicraft Facilities	Providing the community with a space to produce and sell their products to help them achieve economic self-sufficiency and improve their quality of life	Residents of Barangay Cabugo and Barangay Magallanes	
Assistance to Infrastructure Development and Support Services	Electrification project for newly developed puroks/ communities	55 communities	
Hayanggabon Elementary	Handwashing area with a canopy, electrical installation and reinstallation, as well as the repair of ceilings and roofing	Students of the school	
Religious Community Support	Monoblock chair donation to the SDA church community and a donation for the building of a Tabernacle of the Hayanggabon Chapel	Church members	
Support to Local and National activities (fiesta celebrations and relevant activities) and for IP affairs	Various community support for the projects of Claver, Surigao del Norte	36,033 population of Claver	

GRI Content Index

FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
Volume ('000 WMT)	4,717.1	3,735.6	4,887.2	5,624.9	5,890.2
Average Realized Price (USD)	33.3	31.7	31.8	26.2	21.9
In million Php unless stated					
Sale of Nickel ore	8,785.5	6,731.4	7,708.1	7,262.6	6,654.6
Operating Income	2,797.6	1,972.3	3,190.6	2,709.3	1,973.7
Net Income	1,813.1	2,155.1	2,106.8	1,865.4	1,303.6
Earnings per Share	0.30	0.37	0.40	0.34	0.24
Current Ratio	1.72	1.99	5.13	3.70	3.14
Debt-to-Equity Ratio	0.42	0.57	0.31	0.27	0.40

19.2%
Return on Equity
(5-year Average)

13.9%
Return on Asset
(5-year Average)

33.9%
Operating Margin
(5-year Average)

40.4%
EBITDA Margin
(5-year Average)

Global Ferronickel Holdings, Inc.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the audited consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

JOSEPH C. SY
Chairman

DANTE R. BRAVO
President

APR 12 2024

MARY BELLE D. BITUIN
Chief Financial Officer

Signed this 15th day of March 2024

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Book No. XI
Series of 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Global Ferronickel Holdings, Inc. and Subsidiaries
Penthouse, Platinum Tower
Asean Avenue corner Fuentes St., Aseana
Parañaque City

Opinion

We have audited the consolidated financial statements of Global Ferronickel Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matter

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

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

Impairment Testing of Property and Equipment

Mariveles Harbor Corporation (MHC), a subsidiary, has property and equipment amounting to ₱1,011.3 million as at December 31, 2023. With the termination of the contract with its main customer, MHC has been incurring net losses which indicates that its property and equipment may be impaired. In the event that an impairment indicator is identified, the assessment of the recoverable amount requires significant judgment and estimations about the assets' fair value, such as prices of materials, labor and contractor's costs, including inflation rate, associated with the reconstruction or reacquisition of the said assets. Management used an external appraiser in determining the recoverable amount of MHC's property and equipment based on fair value less cost to sell. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to property and equipment are included in Notes 3, 8 and 29 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that items of property and equipment may be impaired. We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We involved our internal specialists in the evaluation of the methodology and significant assumptions used by the external appraiser in determining the fair value of the said items of property and equipment. These assumptions include the estimated reconstruction costs, such as the price for the materials, labor and contractor's costs, including inflation rate, associated with the rebuilding and/or reacquisition of each replaceable component of the property and equipment. We recalculated the related depreciation of the estimated replacement costs based on the prevailing useful life of the property and equipment. We also inquired any future plan of the management to improve the operating performance of MHC. We also reviewed the Group's disclosures about those assumptions that have the most significant effect on the determination of the recoverable amounts of the property and equipment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
Tax Identification No. 163-069-453
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-097-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079951, January 6, 2024, Makati City

March 15, 2024

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,442,898**	₱3,180,585
Trade and other receivables (Note 5)	**453,846**	2,244,391
Advances to related parties (Note 30)	**560,486**	213,927
Inventories (Note 6)	**453,253**	292,293
Prepayments and other current assets (Note 7)	**28,450**	55,741
Total Current Assets	**3,938,933**	5,986,937
Noncurrent Assets		
Property and equipment (Note 8)	**6,239,057**	5,904,199
Investment in associates (Note 9)	**4,467,457**	4,308,540
Mine exploration costs (Note 11)	**237,857**	179,030
Mining rights (Note 10)	**110,932**	117,304
Deferred tax assets – net (Note 31)	**136,390**	143,215
Retirement plan asset – net (Note 17)	**43,556**	16,836
Other noncurrent assets (Note 12)	**2,240,559**	1,316,700
Total Noncurrent Assets	**13,475,808**	11,985,824
TOTAL ASSETS	**₱17,414,741**	₱17,972,761
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	**₱760,907**	₱951,912
Noninterest-bearing liability (Note 14)	**437,958**	561,200
Income tax payable	**193,200**	319,827
Current portion of loans payable (Note 15)	**347,294**	315,675
Advances from related parties (Note 30)	**171,234**	227,683
Current portion of lease liabilities (Note 18)	**75,881**	57,823
Other current liabilities (Note 19)	**301,699**	572,179
Total Current Liabilities	**2,288,173**	3,006,299
Noncurrent Liabilities		
Noninterest-bearing liability – net of current portion (Note 14)	**1,566,752**	1,874,482
Lease liabilities – net of current portion (Note 18)	**747,461**	777,762
Provision for mine rehabilitation and decommissioning (Note 16)	**296,814**	261,039
Deferred tax liabilities – net (Note 31)	**234,958**	131,180
Loans payable – net of current portion (Note 15)	**–**	526,125
Other noncurrent liabilities (Note 19)	**232**	232
Total Noncurrent Liabilities	**2,846,217**	3,570,820
Total Liabilities	**5,134,390**	6,577,119
Equity		
Capital stock (Note 20)	**6,375,975**	6,375,975
Additional paid-in capital (Note 20)	**239,012**	239,012
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	**(6,198)**	(5,818)
Remeasurement gain on retirement obligation (Note 17)	**44,276**	35,535
Cumulative translation adjustment	**132,801**	133,898
Retained earnings (Note 20)	**7,470,593**	6,040,354
Treasury shares (Note 20)	**(2,129,803)**	(1,968,213)
Equity attributable to the Parent Company	**12,126,656**	10,850,743
Non-controlling interest (Note 20)	**153,695**	544,899
Total Equity	**12,280,351**	11,395,642
TOTAL LIABILITIES AND EQUITY	**₱17,414,741**	₱17,972,761

See accompanying Notes to Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2023	2022	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 34)	**₱8,785,462**	₱6,731,378	₱7,708,105
COST OF SALES (Note 22)	**3,592,361**	2,355,067	2,287,003
GROSS PROFIT	**5,193,101**	4,376,311	5,421,102
OPERATING EXPENSES			
General and administrative (Note 23)	**1,146,876**	946,233	734,247
Excise taxes and royalties (Note 24)	**851,168**	842,916	1,043,457
Shipping and distribution (Note 25)	**397,434**	614,880	452,755
	2,395,478	2,404,029	2,230,459
SHARE IN NET INCOME (LOSS) OF INVESTMENT IN ASSOCIATES (Note 9)	**158,917**	219,475	(52,116)
FINANCE COSTS (Note 28)	**(275,572)**	(159,091)	(65,174)
FINANCE INCOME (Notes 4, 12, and 17)	**29,608**	15,324	6,665
BARGAIN PURCHASE GAIN (Note 37)	**–**	–	176,897
LOSS ON REMEASUREMENT OF INVESTMENT IN AN ASSOCIATE (Note 37)	**–**	–	(41,426)
OTHER INCOME (CHARGES) – net (Note 29)	**(83,203)**	644,869	(519,825)
INCOME BEFORE INCOME TAX	**2,627,373**	2,692,859	2,695,664
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 31)			
Current	**706,105**	568,358	569,288
Deferred	**108,128**	(30,639)	19,528
	814,233	537,719	588,816
NET INCOME	**1,813,140**	2,155,140	2,106,848
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Currency translation adjustment	**(1,463)**	153,049	85,440
Income tax effect	**366**	(38,262)	(21,360)
	(1,097)	114,787	64,080
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement obligation (Note 17)	**11,655**	(10,891)	46,795
Income tax effect	**(2,914)**	2,723	(11,699)
	8,741	(8,168)	35,096
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	**(380)**	(253)	(84)
	7,264	106,366	99,092
TOTAL COMPREHENSIVE INCOME	**₱1,820,404**	₱2,261,506	₱2,205,940
Net income attributable to:			
Equity holders of the Parent Company	**₱1,544,144**	₱1,921,387	₱2,106,442
Non-controlling interest in consolidated subsidiaries	**268,996**	233,753	406
	₱1,813,140	₱2,155,140	₱2,106,848
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,551,408**	₱2,027,753	₱2,205,534
Non-controlling interest in consolidated subsidiaries	**268,996**	233,753	406
	₱1,820,404	₱2,261,506	₱2,205,940
Basic/Diluted Earnings Per Share (Note 21)	**₱0.30**	₱0.37	₱0.40

See accompanying Notes to Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Treasury Shares (Note 20)	Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive Income (Note 12)	Remeasure-ment Gain (Loss) on Retirement Obligation (Note 17)	Cumulative Translation Adjustment	Retained Earnings (Note 20)	Total	Non-Controlling Interest in Consolidated Subsidiaries (Note 20)	Total
Balances at December 31, 2020	**₱6,375,975**	**₱239,012**	**(₱1,544,904)**	**(₱5,481)**	**₱8,607**	**(₱44,969)**	**₱4,053,133**	**₱9,081,373**	**₱31,589**	**₱9,112,962**
Net income	–	–	–	–	–	–	2,106,442	2,106,442	406	2,106,848
Other comprehensive income (loss) – net of tax	–	–	–	(84)	35,096	64,080	–	99,092	–	99,092
Total comprehensive income (loss)	–	–	–	(84)	35,096	64,080	2,106,442	2,205,534	406	2,205,940
Acquisition of Mariveles Harbor Corporation (Note 37)	–	–	–	–	–	–	–	–	356,639	356,639
Acquisition of additional interest in FNI Steel Corporation and FNI Steel Landholdings Corporation (Note 20)	–	–	–	–	–	–	(7,041)	(7,041)	(31,084)	(38,125)
Purchase of treasury shares in relation to buyback program (Note 20)	–	–	(367,902)	–	–	–	–	(367,902)	–	(367,902)
Cash dividend (Note 20)	–	–	–	–	–	–	(521,033)	(521,033)	(254)	(521,287)

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Treasury Shares (Note 20)	Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive Income (Note 12)	Remeasure-ment Gain (Loss) on Retirement Obligation (Note 17)	Cumulative Translation Adjustment	Retained Earnings (Note 20)	Total	Non-Controlling Interest in Consolidated Subsidiaries (Note 20)	Total
Balances at December 31, 2021	**₱6,375,975**	**₱239,012**	**(₱1,912,806)**	**(₱5,565)**	**₱43,703**	**₱19,111**	**₱5,631,501**	**₱10,390,931**	**₱430,594**	**₱10,821,525**
Net income	–	–	–	–	–	–	1,921,387	1,921,387	233,753	2,155,140
Other comprehensive income (loss) - net of tax	–	–	–	(253)	(8,168)	114,787	–	106,366	–	106,366
Total comprehensive income (loss)	–	–	–	(253)	(8,168)	114,787	1,921,387	2,027,753	233,753	2,261,506
Acquisition of Southeast Palawan Nickel Ventures, Inc. (Note 37)	–	–	–	–	–	–	–	–	6,503	6,503
Purchase of treasury shares in relation to buyback program (Note 20)	–	–	(55,407)	–	–	–	–	(55,407)	–	(55,407)
Effect of common control business combination (Note 37)	–	–	–	–	–	–	(472,559)	(472,559)	–	(472,559)
Cash dividend (Note 20)	–	–	–	–	–	–	(1,039,975)	(1,039,975)	(125,951)	(1,165,926)
Balances at December 31, 2022	**₱6,375,975**	**₱239,012**	**(₱1,968,213)**	**(₱5,818)**	**₱35,535**	**₱133,898**	**₱6,040,354**	**₱10,850,743**	**₱544,899**	**₱11,395,642**
Net income	–	–	–	–	–	–	1,544,144	1,544,144	268,996	1,813,140
Other comprehensive income (loss) - net of tax	–	–	–	(380)	8,741	(1,097)	–	7,264	–	7,264
Total comprehensive income (loss)	–	–	–	(380)	8,741	(1,097)	1,544,144	1,551,408	268,996	1,820,404
Acquisition of non-controlling interest of Southeast Palawan Nickel Ventures, Inc. and Mariveles Harbor Corporation (Note 20)	–	–	–	–	–	–	414,376	414,376	(659,971)	(245,595)
Purchase of treasury shares in relation to buyback program (Note 20)	–	–	(295,450)	–	–	–	–	(295,450)	–	(295,450)
Cash dividend (Note 20)	–	–	–	–	–	–	(524,169)	(524,169)	(229)	(524,398)
Sale of treasury shares (Note 20)	–	–	133,860	–	–	–	(4,112)	129,748	–	129,748
Balances at December 31, 2023	**₱6,375,975**	**₱239,012**	**(₱2,129,803)**	**(₱6,198)**	**₱44,276**	**₱132,801**	**₱7,470,593**	**₱12,126,656**	**₱153,695**	**₱12,280,351**

See accompanying Notes to Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,627,373**	₱2,692,859	₱2,695,664
Depreciation, depletion and amortization (Note 27)	**555,104**	470,749	361,453
Accretion interest on provision for mine rehabilitation and decommissioning and noninterest bearing liability (Notes 14, 16 and 28)	**159,808**	46,333	8,170
Share in net loss (income) of investment in associates (Note 9)	**(158,917)**	(219,475)	52,116
Interest expense (Note 28)	**111,621**	106,651	50,072
Unrealized foreign exchange losses (gains) - net (Note 29)	**83,147**	85,574	(37,234)
Interest income (Notes 4, 12, and 16)	**(28,660)**	(11,608)	(6,665)
Current service cost (Note 17)	**9,223**	8,026	13,500
Reversal of allowance for impairment loss of prepayments and other current assets (Note 7)	**(2,365)**	–	–
Provision for impairment losses on:			
Inventory (Note 6)	**1,861**	4,075	1,577
Other noncurrent assets (Notes 12 and 23)	**922**	3,260	3,891
Accretion of interest income on security deposit under "Other noncurrent assets" (Note 12)	**(948)**	(965)	–
Provision for expected credit losses (Notes 5 and 23)	**–**	23,574	–
Loss (gain) on:			
Gain on disposal of property and equipment (Note 8)	**(4)**	(426)	–
Derecognition of deposit for future acquisition (Note 30)	**–**	469,253	–
Remeasurement of investment in an associate (Note 37)	**–**	–	41,426
Day 1 gain on noninterest bearing liability (Note 9)	**–**	(504,273)	–
Bargain purchase gain (Note 37)	**–**	–	(45,756)
Gain on extinguishment of debt (Note 29)	**–**	–	(25,704)
Operating income before working capital changes	**3,358,165**	3,173,607	3,112,510
Decrease (increase) in:			
Trade and other receivables	**1,811,181**	(659,393)	18,945
Prepayments and other current assets	**27,273**	7,612	5,447
Input VAT under "other noncurrent assets"	**(457,449)**	(342,945)	(9,022)
Inventories	**(162,821)**	(3,656)	(1,617)
Increase (decrease) in:			
Trade and other payables	**(190,851)**	(38,724)	(25,027)
Other current liabilities	**2,364**	–	–
Net cash flows from operations	**4,387,862**	2,136,501	3,101,236
Income taxes paid	**(832,714)**	(515,166)	(563,749)
Interest paid	**(59,500)**	(154,384)	(62,428)
Contributions (Note 17)	**(22,909)**	(22,909)	(22,909)
Interest received	**25,188**	5,784	3,113
Net cash flows from operating activities	**3,497,927**	1,449,826	2,455,263
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8)	**(868,995)**	(611,322)	(404,608)
Advances to related parties	**(331,871)**	(647,828)	(301,607)
Mine exploration costs (Note 11)	**(58,827)**	(31,731)	(21,735)
Decrease (increase) in other noncurrent assets	**(466,764)**	(147,832)	82,937
Payment of non-interest bearing liability for acquisition of an associate (Note 14)	**(558,895)**	–	–
Acquisition of non-controlling interest (Note 20)	**(245,595)**	–	(38,125)
Proceeds from sale of property and equipment	**3,393**	–	–
Cash acquired (payment made) for the acquisition of net assets of a subsidiary (Note 37)	**–**	82,163	(158,720)
Net cash flows used in investing activities	**(2,527,554)**	(1,356,550)	(841,858)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of:			
Cash dividends	**(₱519,924)**	(₱472,885)	(₱218,397)
Loans (Note 15)	**(491,180)**	(137,646)	(460,487)
Lease liabilities and interest (Note 18)	**(62,984)**	(111,721)	(101,551)
Purchase of treasury shares (Note 20)	**(295,450)**	(55,407)	(367,902)
Increase (decrease) in:			
Advances from related parties	**(118,833)**	(90,906)	(127,997)
Other current liabilities	**(312,944)**	(85,444)	(10,061)
Sale of treasury shares	**129,748**	–	–
Proceeds from availment of loans (Note 15)	**–**	–	892,776
Net cash flows used in financing activities	**(1,671,567)**	(954,009)	(393,619)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(701,194)**	(860,733)	1,219,786
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(36,493)**	220,141	149,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,180,585**	3,821,177	2,451,566
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱2,442,898**	₱3,180,585	₱3,821,177

See accompanying Notes to Consolidated Financial Statements.