

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Non-Compliant		No such policy has been formulated.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant		Public ownership is at 13.12% as of December 31, 2020.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	



## Duties to Stakeholders

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

### Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.

Compliant

See Annual Report for the year ended Dec. 31, 2020 per SEC Form 17-A (Sustainability Report for 2020)  
<http://www.spcpowergroup.com/company-disclosures/>

### Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

Compliant

Please see Section 6 of the Revised Manual on Corporate Governance.  
<http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/>

### Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

Compliant

See section 6.1.8 of the Revised Manual on Corporate Governance.  
<http://www.spcpowergroup.com/corporate-governance/manual-of-corporate-governance/>

### Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.

Non-Compliant

Under 2.2.1.2 of the Revised Manual on Corporate Governance, the board shall establish and maintain an alternative dispute resolution system that can amicably settle conflicts between the corporation and stockholders. However, the alternative dispute mechanism is still for discussion and deliberation.



Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	Company did not request for exemption.	
2. Company respects intellectual property rights.	Compliant	For example: The company only procures original and licensed IT products.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare		Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	



**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.

Compliant

For Example: Strategic Planning Session conducted annually.

**Supplement to Recommendation 15.1**

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.
2. Company has policies and practices on health, safety and welfare of its employees.
3. Company has policies and practices on training and development of its employees.

Compliant

Annual performance appraisal that rewards employees on the basis of the company's performance.

Life Insurance Coverage, Medical Insurance Coverage, Provision of Safety Apparels, Retirement Plan.

(See Annex 21)

Professional Conventions, Seminars and Trainings. Highly specialized training such as WESM, SAP, Contracting.

(See Annex 22)

**Recommendation 15.2**

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.

Compliant

See attached Uniform Code of Conduct.

(See Annex 23)

(See Annex 24)

Supplement to Recommendation 15.2				
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Uniform Code of Conduct, Whistle Blowing Policy at <a href="http://www.spcpowergroup.com">www.spcpowergroup.com</a> (See Annex 25)		
Recommendation 15.3				
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	See website link at <a href="http://www.spcpowergroup.com/corporate-governance/companys-policies/">http://www.spcpowergroup.com/corporate-governance/companys-policies/</a>		
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	See website link at <a href="http://www.spcpowergroup.com/corporate-governance/companys-policies/">http://www.spcpowergroup.com/corporate-governance/companys-policies/</a> <b>Compliance Officer:</b> Maria Luz L. Caminero <b>Phone:</b> 02.8810-4450 <b>Email:</b> <a href="mailto:complaint@spcpower.com">complaint@spcpower.com</a>		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	See whistle-blowing policy See website link at <a href="http://www.spcpowergroup.com/corporate-governance/companys-policies/">http://www.spcpowergroup.com/corporate-governance/companys-policies/</a>		



**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Public Library Feeding Programs Tree Planting (See Annex 26)	
<b>Optional: Principle 16</b>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

# SIGNATURES

**ALFREDO L. HENARES**  
Chairman of the Board

**RAMON Y. SY**  
Independent Director

**SERGIO R. ORTIZ-LUIS, JR.**  
Independent Director

**MARIA LUZ L. CAMINERO**  
Compliance Officer

**DENNIS T. VILLAREAL**  
Chief Executive Officer

**ENRIQUE L. BENEDICTO**  
Independent Director

**FRANCISCO L. VIRAY**  
Independent Director

**VICTOR P. LAZATIN**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUN 29 2021 day of June 2021, affiant(s) exhibiting to me their Government-issued identification as follows:

Name	Government-issued IDs (Passport/Driver's License/UMID)	Date of Issue	Place of Issue
Alfredo L. Henares	P50993078	March 11, 2020	DFA NCR East
Dennis T. Villareal	P8767960A	February 17, 2018	DFA Manila
Ramon Y. Sy	P0411558B	January 25, 2019	DFA NCR South
Enrique L. Benedicto	P9540542A	November 14, 2018	DFA CEBU
Sergio R. Ortiz-Luis, Jr.	P5889673B	December 02, 2020	DFA MANILA
Francisco L. Viray	P2611186B	July 19, 2019	DFA NCR EAST
Maria Luz L. Caminero	006-0006-8627-6		
Victor P. Lazatin	C14-67-001479	August 16, 2021	LTD MAKATI

Doc. No. 499  
Page No. 99  
Book No. 170  
Series of 2021

**ATTY. JOSHUA P. LAPUZ**  
Notary Public for and in Makati City  
Appointment No. M-66 until 12/31/2021  
PTR No. 8531012, Jan. 4, 2021 Until Dec. 31 2021 Makati City  
Roll No. 45790, ICP, Lifetime N. 04897  
MCLE No. VI-0010565 / Jan. 14, 2019  
G/F Fedman Suites 99 Salcedo Street  
Legaspi Village, Makati City





Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## **CERTIFICATE OF COMPLETION**

to

**Atty. Victor P. Lazatin**

for having completed the webinar on

## **CORPORATE GOVERNANCE**

held on 21 December 2020

  
**Benjamin I. Espiritu, Ph.D.**  
President





*presents this*

# CERTIFICATE OF ATTENDANCE

*to*

**Atty. Maria Luz L. Caminero**


*for attending the training program*

## ***BEST PRACTICES IN CORPORATE HOUSEKEEPING***

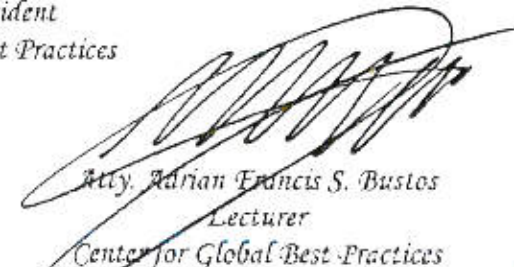
*held on May 17 & 18, 2018 at*

**EDSA SHANGRI-LA HOTEL  
MANDALUYONG CITY, PHILIPPINES**

*given this 18<sup>th</sup> day of May 2018*

  
Henry Belleza Aguende  
Founder & President  
Center for Global Best Practices

  
Prof. Tristan A. Calindig  
Course Director & Lecturer  
Center for Global Best Practices

  
Atty. Adrian Francis S. Bustos  
Lecturer  
Center for Global Best Practices



The Philippine Stock Exchange, Inc.

presents this

## CERTIFICATE OF PARTICIPATION

to

# MARIA LUZ CAMINERO

for attending the

## 2018 ANNUAL LISTING AND DISCLOSURE RULES SEMINAR

held on December 4-5, 2018 at the PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street

Bonifacio Global City, Taguig City.

A stylized blue ink signature of Janet A. Encarnacion.

**JANET A. ENCARNACION**  
Head, Disclosure Department

A stylized blue ink signature of Roel A. Refran.

**ROEL A. REFRAN**  
Chief Operating Officer





**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS  
OF**

**SPC POWER CORPORATION**

Held at the SPC Conference Room, 7<sup>th</sup> Floor, Citibank Center

8741 Paseo de Roxas, Makati City

On November 25, 2019 (2:00 P.M.)

**PRESENT:**

ALFREDO L. HENARES  
DENNIS T. VILLAREAL  
ALBERTO P. FENIX, JR.  
KIM, JUNG IN  
KIM, YONG UK  
KIM, TAE MIN  
YOON, JONG RYOON  
ROBERTO F. DE OCAMPO  
SERGIO R. ORTIZ-LUIS, JR.  
ENRIQUE L. BENEDICTO  
RAMON Y. SY

**ALSO PRESENT:**

JAIME M. BALISACAN  
MA. LUZ L. CAMINERO  
CESAR O. VILLEGAS  
JAMES ROY N. VILLAREAL  
KEEYONG CHUNG  
LEE, SANGHUN  
OH, JIMIN  
CORAZON L. GAMEZ  
REMIGIO MICHAEL A. ANCHETA II

**1. Call to Order**

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 2:08 p.m. The Corporate Secretary, Mr. Remigio Michael A. Ancheta II, recorded the proceedings.

**2. Quorum Certification**

Mr. Ancheta certified that proper notices of the meeting were sent to all Directors. He also certified the presence of all eleven (11) Directors and thus a quorum was present to transact business of the Board.

**3. Approval of the Minutes of Previous (May 30, 2019) Meeting**

Mr. Enrique L. Benedicto moved to approve the minutes of the organizational meeting on May 30, 2019. Mr. Alberto P. Fenix, Jr. seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the minutes of the organizational meeting on May 30, 2019.

**4. Matters Arising from Previous Meeting**

Mr. Ancheta informed the Board that matters arising from the previous meeting were included as individual items in the agenda.

**5. Resignation of Mr. Alfredo L. Henares as Treasurer of the Corporation and the Nomination and Election of Mr. Jaime M. Balisacan as His Replacement**

Mr. Ancheta invited the attention of the Board to the letter dated November 21, 2019 of Mr. Henares, tendering his resignation as the Treasurer of the Corporation effective November 25, 2019.

Mr. Fenix moved for the Board's acceptance of Mr. Henares's resignation. Mr. Sergio R. Ortiz-Luis, Jr. seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously accepted the resignation of Mr. Alfredo L. Henares as Treasurer of the Corporation.

The Board thanked Mr. Henares for his services as Treasurer.

Thereafter, Mr. Roberto F. de Ocampo moved to nominate Mr. Jaime M. Balisacan as the new Treasurer. Mr. Balisacan accepted the nomination. Mr. Fenix seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the appointment of Mr. Jaime M. Balisacan as the new Treasurer of the Corporation.

Mr. Balisacan thanked the Board for his appointment.

**6. Operations Report and Update as of October 31, 2019**

Mr. Cesar O. Villegas, SVP for Operations, discussed his report attached to the agenda folder on plant operation performance and significant event.

He discussed:

- (a) Plant operation parameters of PDPP-1, PDPP-3, BDPP, and PB104 on their respective (i) Plant Availability (%), (ii) Net Generation, MWh, (iii) Capacity Utilization (%), (iv) Forced Outage (%), and (v) Maintenance Outage (%) for October 2019 and for the period January to September 2019.
- (b) Plant significant events involving PDPP-1, PDPP-3, BDPP, and PB104.

The Board noted the reports.



## **7. Presentation of Financial Reports**

### **7.1 Consolidated Actual as of and for the Nine Months Ended September 30, 2019**

Mr. Balisacan presented the highlights of the Consolidated Interim Financial Statements of SPC Power Corporation and its subsidiaries, namely, KSPC, MECO, SIPC, SMPC, BLCI, SECI, and SLCI (the Group) as of and for the nine months ended September 30, 2019 as compared to the same nine-month period last year. His reports were included in the agenda folder.

The Group recorded a 7.6% year-on-year decline in its nine-month consolidated net income to P1,462.0 million, from P1,582.5 million in the same period last year. This was attributed mainly to the non-recurrence of 2018 non-core income of the power generation business segment of the Group. Excluding the impact of the said non-recurring income, the consolidated net income in the first nine months of 2019 and 2018 would have been almost the same.

Equity share in the earnings of investee companies amounting to P1,039.5 million in the first nine months of 2019 was slightly lower by 3.4% as compared to last year's P1,076.5 million due mainly to unrecovered impact of major overhaul of a generating unit conducted in the first quarter of 2019.

The generation business segment's contribution to the consolidated net income was down by 20.5% to P372.4 million in the first nine months of 2019, from P468.5 million in the same period last year. This was due mainly to non-recurrence of 2018 non-core income from disposal of excess inventories and refund of withholding tax. Moreover, the anticipated additional revenues from a new generating plant was not realized until the fourth quarter of 2019.

The distribution business unit increased its contribution to the consolidated net income to P48.9 million in the first nine months of 2019, from P36.3 million in the same period last year, due mainly to higher average selling price and 3.1% increase in the volume of electricity sold.

Mr. Balisacan also discussed the following:

- (a) Highlights of the Consolidated Statements of Financial Position as of September 30, 2019 and December 31, 2018; and
- (b) Highlights of the Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2019 and 2018

The Board noted the reports.

## **7.2 Projections for the Year Ending December 31, 2019**

Mr. Balisacan presented the Projected Financial Statements of the Parent Company (SPC Power Corporation), as of and for the year ending December 31, 2019 in relation to the 2018 Audited Financial Statements (AFS). In particular, he discussed the following:

- (a) Summary of Selected Major Assumptions
- (b) Projected Statements of Comprehensive Income
- (c) Projected Statements of Financial Position
- (d) Projected Statements of Cash Flows

The Board noted the Projected Financial Statements.

Thereafter, Mr. Balisacan requested board approval for the Year-End Directors' Fees. Mr. Fenix moved to approve the amount of P600,000.00 for each Director, which was the same amount as last year. Mr. Sy seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the amount of P600,000.00 as Director's Fee for each member of the Board of Directors for CY 2019.

Mr. Balisacan then presented the Group's Projected Consolidated Financial Statements as of and for the Year Ending December 31, 2019 vis-à-vis the 2018 AFS. In particular, he discussed the following:

- (a) Summary of Selected Major Assumptions
- (b) Projected Consolidated Statements of Comprehensive Income
- (c) Projected Consolidated Statements of Financial Position
- (d) Projected Consolidated Statements of Cash Flows

The Board noted the Projected Financial Statements.

## **8. Presentation of 2020 OPEX and CAPEX Budgets**

Mr. Balisacan presented the proposed 2020 budgets for OPEX and CAPEX with grand total of P1,083 million, broken down as follows: (a) plant operating expenses of P898.3 million; (b) capital expenditures and insurance spares of P46.8 million, and (c) general and administrative expenses of P137.8 million.

The proposed 2020 budget for fuel and lubes expenses are projected to increase by 358% to P773.1 million, from 2019's projected expenses of



P168.8 million only, because of higher operating demand coming from PB104, which has started operations in Q4.

Mr. Balisacan then discussed the Parent Company's projected income statements and simplified cash flow for the year ending December 31, 2020 as compared to the 2019 projections. Revenue target is P1,005 million, or a 214% increase based on 2019 projection; gross margin will be P106.4 million; net income before income tax will be P1,615.95 million, or 5% lower versus 2019 projection; and net income after tax will be P1,576.32 million or 5% lower as compared to this year's projection.

Finally, Mr. Balisacan discussed the projected consolidated net income of the Group, excluding inter-company transactions, for the year ending December 31, 2020 as compared to 2019 projections. Total consolidated net income for 2020 is projected at P1,663.41 million or 8% lower than this year's consolidated projection. He added: (i) that the 2020 projection for KSPC was tentatively based on the last three years' actual average pending availability of updated KSPC projections; (ii) that the projected 10% decline in the equity share from MECO earnings is due mainly to lower interest income and lower engineering services rendered to big customers; and (iii) that the 40% decline in the earnings of SIPC is attributed mainly to the combined effect of lower capacity utilization of PDPP, full impact of lower ASPA price, and higher OPEX that include catch-up requirements.

Mr. Fenix moved to approve the proposed budgets. Mr. Sy seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved a budget of P1,082.85 million for operating expenses and capital expenditures for CY 2020.

## **9. New Projects**

Mr. Cesar O. Villegas, SVP for Operations, presented the new projects for 2020 for the Board's consideration:

- (1) Project 1: BDPP capacity expansion project – Project is to add capacity of 44.2MW with estimated cost of P750 million and project completion in Q3 2020.
- (2) Project 2: Project Tamaraw – Mr. James N. Villareal discussed the key terms of the 15-year Competitive Selection Process (CSP) for power procurement by Occidental Mindoro Electric Cooperative (OMECO), the schedule of activities, the proposed power plant locations, and other related information. Total project cost is P3.89 billion, 66% of which, or P2.6 billion, will be debt, and 34% will come from equity equivalent to P1.3 billion.

Mr. Henares said that the submission of bids will be on January 8, 2020, and because of the intervening holidays, he proposed that the final approval will be delegated to the EXECOM but the Board will already approve the appropriation of P1.3 billion from retained earnings.

Mr. Kim, Jung In said they need to be informed of the project risks and their resolution before the EXECOM meeting.

Mr. Fenix moved to appropriate P1.3 billion for the project and the delegation of the project's final approval to the EXECOM. Mr. Kim, Jung In seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the appropriation of retained earnings amounting to P1.3 billion for the construction and operation of new generating power plant capacity to supply the 39 MW full demand requirements in the mainland of Occidental Mindoro starting May 25, 2022.

Mr. Fenix also moved to delegate the project's final approval to the EXECOM. Mr. Kim, Jung In seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the delegation of the final approval of "Project Tamaraw" to the Executive Committee.

#### **10. Appropriation of Retained Earnings/Declaration of Cash Dividends**

Mr. Balisacan presented the computation of the projected improperly accumulated retained earnings for the year ending December 31, 2019. He recommended the declaration of additional cash dividends and for the Board: (i) to confirm the retention of previously approved appropriation of retained earnings amounting to P500 million for 1Bohol Power Plant Project and (ii) to appropriate additional retained earnings amounting to Php1billion to invest in SPC Island Power Corporation for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021.

Mr. Dennis T. Villareal moved to declare dividends of P0.70 per share. Mr. Kim, Jung In seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the declaration of additional cash dividends equivalent to P0.70 per share, or for a total of P1.0476 billion, to all stockholders of record as of December 10, 2019, payable on or before December 17, 2019.



Mr. Fenix moved to retain the previously approved appropriation of P500 million from retained earnings for 1Bohol Power Project. Mr. Ocampo seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the retention of previously approved appropriation of retained earnings amounting to P500 million for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol starting December 26, 2023.

Mr. Fenix moved to have additional appropriation of retained earnings amounting to P1 billion to invest in SPC Island Power Corporation (SPC) for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021. Mr. Villareal seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the appropriation of retained earnings amounting to P1 billion to invest in SPC Island Power Corporation (SPC) for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021.

#### **11. Approval of the Material Related Party Transaction Policy of SPC and Other Governance Requirements**

Atty. Maria Luz L. Caminero, SVP for Legal and the Compliance Officer, discussed the company's policy on material related party transactions, which was submitted to the SEC. The policy was part of the agenda folder.

Mr. Henares requested the management to submit all material related party transactions to the Audit Committee.

Mr. Fenix pointed out the need for directors and officers to undergo corporate governance seminar. Ms. Caminero said that the SEC requires submission of certificates of compliance for such attendance. Mr. Fenix proposed to hold a seminar at the office and to require all directors and officers to attend.

The Board noted the SPC policy on material related party transactions.

#### **12. Other Matters**

There were no other matters discussed.

### 13. Adjournment

Mr. Fenix moved to adjourn. Mr. Sy seconded. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the adjournment of the meeting at 3:54 p.m.

#### ATTEST:



**ALFREDO L. HENARES**  
Chairman



**REMIGIO MICHAEL A. ANCHETA II**  
Corporate Secretary



**MINUTES OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS  
OF  
SPC POWER CORPORATION**  
Held on May 30, 2019, 11:00 A.M.  
At the Seda Ayala Center Cebu, Cardinal Rosales Avenue  
Cebu City

**PRESENT:**

ALFREDO L. HENARES  
DENNIS T. VILLAREAL  
ALBERTO P. FENIX, JR.  
ENRIQUE L. BENEDICTO  
SERGIO R. ORTIZ-LUIS, JR.  
ROBERTO F. DE OCAMPO  
KIM, YONG-UK  
YOON, JONG RYOON  
KIM, TAEMIN  
KIM, JUNG IN

**ALSO PRESENT:**

MA. LUZ L. CAMINERO  
JAIME M. BALISACAN  
CESAR O. VILLEGAS  
JAMES ROY N. VILLAREAL  
CORAZON L. GAMEZ  
ANTONIO T. CORPUZ  
MISHELLE ANNE R.  
RUBIO-AGUINALDO

**ABSENT:**

RAMON Y. SY

**1. Call to Order**

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 11:00 a.m. The Assistant Corporate Secretary, Ms. Mishelle Anne R. Rubio-Aguinaldo, recorded the proceedings.

**2. Quorum Certification**

Ms. Rubio-Aguinaldo certified that proper notices of the meeting were sent to all directors. She also certified the presence of ten (10) directors at the start of the meeting who constitute a quorum to transact business of the Board.

**3. Minutes of Previous (April 4, 2019) Meeting**

Upon motion duly made and seconded, without any objection, the Board unanimously approved the minutes of its meeting on April 4, 2019.

**4. Matters Arising from Previous Meeting**

There were no matters arising from the previous meeting.

**5. Composition of Board Committees**

The Board nominated and unanimously elected the following members of the Board Committees for CY 2019-2020:

**I. Executive Committee**

Chairman	:	Alfredo L. Henares
Members	:	Dennis T. Villareal

Alberto P. Fenix, Jr.  
Kim, Jung-In  
Kim, Yong-Uk

II. Audit Committee

Chairman	:	Roberto F. De Ocampo
Members	:	Alfredo L. Henares Ramon Y. Sy Sergio R. Ortiz-Luis, Jr. Kim, Yong-Uk

III. Corporate Governance Committee

Chairman	:	Sergio R. Ortiz-Luis, Jr.
Members	:	Dennis T. Villareal Ramon Y. Sy Enrique L. Benedicto Kim, Yong-Uk

**6. Election of Officers**

The following were nominated as corporate officers for CY 2019-2020: Alfredo L. Henares as Chairman of the Board and Treasurer; Dennis T. Villareal as President and CEO; Alberto P. Fenix, Jr. as Executive Director; Cesar O. Villegas as Senior Vice President for Operations and Business Development; Jaime M. Balisacan as Senior Vice President for Finance and Administration; Ma. Luz L. Caminero as Senior Vice President for Legal and Regulatory Affairs and Compliance Officer; James Roy N. Villareal as Vice President; Remigio Michael A. Ancheta II as Corporate Secretary; and Mishelle Anne R. Rubio-Aguinaldo as Assistant Corporate Secretary.

There were no other nominees.

Upon motion duly made and seconded, the Board unanimously elected the following corporate officers for CY 2019-2020:

Alfredo L. Henares	-	Chairman of the Board & Treasurer
Dennis T. Villareal	-	President & CEO
Alberto P. Fenix, Jr.	-	Executive Director
Cesar O. Villegas	-	Senior Vice President for Operations and Business Development
Jaime M. Balisacan	-	Senior Vice President for Finance and Administration
Ma. Luz L. Caminero	-	Senior Vice President for Legal and Regulatory Affairs and Compliance Officer
James Roy N. Villareal	-	Vice President
Remigio Michael A. Ancheta II	-	Corporate Secretary
Mishelle Anne R. Rubio-Aguinaldo	-	Assistant Corporate Secretary



**7. Presentation of the Consolidated Interim Financial Statements as of and for the Four-Months Ended April 30, 2019**

Mr. Jaime M. Balisacan presented the highlights of the financial performance of the group. According to his report, the total consolidated net income in the first four months of 2019 is 18% lower than the previous year.

On KEPCO-SPC Power Corporation (KSPC), Mr. Balisacan reported that the group earned PhP300 Million equity from KSPC, which is 23% lower compared to what it earned in 2018. This is attributable to the major overhaul done on Unit 2 in the first quarter of 2019. He also reported that as of March 31, 2019, there is a shortfall of 45%. He added that, hopefully, in the next couple of months, KSPC will wipe out the deficit and may even exceed its 2018 performance.

On Mactan Electric Company, Inc. (MECO), he reported that the 2019 actual interim performance is 24% higher and this may be attributed to: (i) 2% increase in energy sold, (ii) high interest income from short-term investments, and (iii) increase in other income in the form of engineering services rendered to other companies such as Megaworld and Rockwell.

On SPC Island Power Corporation (SIPC), Mr. Balisacan reported that SIPC improved by 6% as compared to 2018 which can be attributed mainly to higher utilization of available capacity.

On Bohol Light Company, Inc. (BLCI), Mr. Balisacan reported that BLCI improved by 27%. The increase is attributed mainly to higher sales volume and partial recoveries of previous unrecovered purchased cost of power.

On SPC Power Corporation (SPC), the parent company, Mr. Balisacan reported that there was a 97% reduction in its contribution in the consolidated income due to the following: (i) in 2018, SPC Power still had the incidental income from the safekeeping of Cebu-Naga Diesel Power Plant before it was returned to PSALM; and (ii) the delayed implementation of the contract with NGCP for ancillary services which is still pending approval by the ERC.

According to Mr. Balisacan, there is an 18% reduction in the total consolidated income. He added that, hopefully, in the next coming months, SPC Group can exceed or at least equal its 2018 performance.

Mr. Balisacan further reported that the main contributor in the consolidated income is the equity share from SPC's associates which accounted for 66.6% of the total consolidated income. Power generation and power distribution contributed 31.5% and 1.9%, respectively.

Mr. Balisacan also reported on the consolidated statement of financial position. He informed the Board that there is a slight decrease in total assets by 0.7% and this is largely attributed to the declaration of dividends last April 2019. In terms of total liabilities, he reported that there is a slight increase of 0.7% attributable mainly to higher income tax payable.

As to stockholders' equity, he reported that there is an increase in the unappropriated retained earnings because the acquisition of 100% ownership of a renewable energy plant with PhP 1 Billion appropriation, did not materialize. As such, the appropriation was reverted to unappropriated retained earnings. He added that the other reason for the increase is the additional net income for the period and that the net cash from

operating activities is PhP165 Million as compared to only PhP124 Thousand in the same period last year.

The Board noted the reports.

#### **8. Operations Report and Update on Power Barge 104**

Mr. Cesar O. Villegas reported on the highlights of the operations for the past four months and presented a summary of the plants' performance for April 2019.

For the month of April, he reported the maintained capacities, availability rates, utilization rates, and total outage of each plant as follows:

	<b>Maintained Capacity</b>	<b>Availability</b>	<b>Utilization</b>	<b>Outage</b>
PDPP 1	15.0 MW	100%	96.1%	0%
PDPP 3	50.0 MW	99.6%	90.2%	0.37%
BDPP	16.2 MW	96.8%	94.5%	3.13%

He also presented the performance of all the plants in the past four months of 2019 and compared it to the last four months of 2018. He informed the Board that all capacities were maintained.

Mr. Villegas reported that the availability rate for the first quarter of 2019 is remarkably higher. From 91.4% in 2018, the availability of PDPP 1 increased to 98.8%. PDPP 3's availability also increased to 98.68% as compared to last year's 96.03%. BDPP's availability also significantly increased by 30%, from 62.34% to 92.54% this year.

He also reported that the utilization rate of PDPP 1 increased from 84.61% last year to 96.55% this year. However, the utilization rate of PDPP 3 decreased from 89.08% in 2018 to 82.8% this year on account of the suspension. Meanwhile, BDPP's utilization rate remarkably increased by more than 30% from 51.23% in 2018 to 88.99% this year, because of its high availability rate.

He further reported that the outages for all the plants were significantly reduced.

Mr. Villegas reported that, overall, the availability rates of PDPP 1, PDPP 3, and BDPP as a result of the new contract with NGCP, have been very high for the past four (4) months. The plants' utilization rates are also remarkably closer to their availability rates.

In sum, Mr. Villegas informed the Board that for the first quarter of 2019, the plants started off with a very high availability and utilization rates as compared to the first quarter of 2018.

Following his report on operations, Mr. Villegas reported on Power Barge 104.

Mr. Villegas reported that the rehabilitation works on all four (4) engines of the barge have been completed and that they are all working in perfect condition.

He was pleased to inform the Board that the capacity of the power barge is 28MW or 2MW higher than the target of 26MW.

He also informed the Board that the commercial operation of the barge commenced on July 18, 2018.

Mr. Villegas also reported that the contract for ancillary services is still pending approval by the ERC and that the provisional authority is expected to be issued on July 26, 2019.

He reported to the Board that the total project cost is PhP453 Million.

Mr. De Ocampo inquired about other costs associated with the project aside from the maintenance and rehabilitation such as expenses related to the use of docking facilities and transmission or distribution lines and if these expenses are already included in the total project cost.

Mr. Villegas affirmed that the project cost already includes the cost of transmission line and that there are no additional costs on distribution since it is directly connected to the grid.

Mr. Ortiz-Luis, Jr. inquired about the initial budget and Mr. Villegas reported that the initial budget was PhP450 Million.

The Chairman clarified that, initially, it was not anticipated that Unit 4 was almost completely unusable and that it had to be built from scratch. He also informed the Board that there were also some unanticipated costs on the rehabilitation of the barge itself.

Mr. Fenix, Jr. asked the projection of returns on the project. Mr. Villegas gave an estimate of PhP150 Million a year on capital recovery fee.

The Board noted the reports.

#### **9. New Projects**

Mr. Villegas also reported on the plan to expand the capacity of BDPP with an existing capacity of 16.2MW. He further reported that if the 28MW capacity of PB104 is included, the total capacity will be 44.2MW for the entire island of Bohol. Currently, the management intends to expand this capacity to another 44.4MW to get a total capacity of 88.6MW.

Mr. Villegas explained that the additional 44.4MW capacity is necessary in order to participate in the bidding as required by 1BP, wherein BOHECO I, BOHECO II, and BLCI have aggregated their capacity requirements. He informed the Board that that the *resiliency* capacity required by the bidders should not be less than the total capacity for bidding.

According to Mr. Villegas, the estimated project cost is PhP600 Million.

The Chairman added that the main purpose is really to augment BDPP's existing capacity from 44.2MW to 88.6MW which will serve as a back-up capacity of the Bohol island.

The Board noted the reports.

#### **10. Other Matters**

No other matter was raised at the meeting.

#### **11. Adjournment**

The Board adjourned at 1:00 p.m.



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ATTEST:

  
ALFREDO L. HENARES  
Chairman

  
ALBERTO P. FENIX, JR.  
Director

  
ENRIQUE L. BENEDICTO  
Director

  
KIM, YONG-UK  
Director

  
KIM, TAEMIN  
Director

  
MISHELLE ANNE R. RUBIO-AGUINALDO  
Assistant Corporate Secretary

  
DENNIS T. VILLAREAL  
Director

  
RAMON Y. SY  
Director

  
ROBERTO F. DE OCAMPO  
Director

  
YOON, JONG RYOON  
Director

  
KIM, JUNG IN  
Director

OF  
**SPC POWER CORPORATION**  
 Held on May 7, 2020 (Thursday), at 2:00 P.M.  
 Through Zoom Videoconferencing

**PRESENT:**

ALFREDO L. HENARES  
 DENNIS T. VILLAREAL  
 ALBERTO P. FENIX, JR.  
 KIM, JUNG IN  
 KIM, YONG UK  
 YOON, JONG RYOON  
 ROBERTO F. DE OCAMPO  
 SERGIO R. ORTIZ-LUIS, JR.  
 ENRIQUE L. BENEDICTO  
 RAMON Y. SY

**ALSO PRESENT:**

JAIME M. BALISACAN  
 MA. LUZ L. CAMINERO  
 CESAR O. VILLEGAS  
 JAMES ROY N. VILLAREAL  
 NINO RAY D. AGUIRRE  
 CORAZON L. GAMEZ  
 STAN KRUG  
 ANTONIO T. CORPUZ  
 REMIGIO MICHAEL A. ANCHETA II

**ABSENT:**

KIM, TAE MIN

**1. Call to Order**

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 2:00 p.m. He described the meeting as significant in the history of the Corporation being the first board meeting to be held via videoconferencing.

The Corporate Secretary, Mr. Remigio Michael A. Ancheta II, informed the attendees that there would be a visual and audio recording of the meeting as required by the SEC guidelines on board meetings through teleconferencing. He added that the meeting would be conducted pursuant to the bylaws of the Corporation, the said SEC guidelines, and the "Internal Procedures for Board Meeting By Teleconference" that was sent together with the agenda and board materials.

**2. Quorum Certification**

The Chairman instructed the Corporate Secretary to request each Director to state for the record his full name, his present location, a confirmation that he could clearly hear and see the other attendees, a confirmation that he received the agenda and board materials, and a description of the device that he was using.

Each Director present (as named above), including the Chairman, stated for the record the information and confirmations requested.

Mr. Ancheta confirmed the identities of the ten (10) Directors present, and he certified the existence of a quorum to transact business.

Upon the Chairman's request, the other attendees (as named above) stated for the record the same information and certifications.



### **3. Approval of the Minutes of Previous (November 25, 2019) Meeting**

Mr. Alberto P. Fenix, Jr. moved to approve the minutes of the regular meeting on November 25, 2019. Mr. Roberto F. De Ocampo seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the minutes of the regular meeting on November 25, 2019.

### **4. Matters Arising from Previous Meeting**

There were no pending matters arising from the previous meeting.

### **5. Appointment of Mr. Nino Ray D. Aguirre as the Vice President for Finance**

Mr. Jaime M. Balisacan, Treasurer and SVP - Finance & Administration, introduced Mr. Nino Ray D. Aguirre to the Board and stated his credentials.

Mr. Fenix moved for the appointment of Mr. Aguirre as the Vice President for Finance. Mr. Ramon Y. Sy seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously appointed Mr. Nino Ray D. Aguirre as the Vice President for Finance.

Mr. Aguirre thanked the Board for his appointment.

### **6. Operations Report and Update as of April 30, 2020**

Mr. Cesar O. Villegas, SVP - Operations, discussed his reports on the operation performances of (1) PDPP 1, (2) PDPP 3, (3) BDPP, and (4) PB-104, for 2019 as compared to 2018, and for Q1 of 2020 as compared to Q1 of 2019.

The reports included the following plant operating parameters: Net Generation in MWh; Availability; Capacity Utilization; Operating Hours; Total Outage, Forced Outage, and Maintenance Outage.

Mr. Villegas said that, despite the COVID-19 pandemic, all plants were fully operational. He added that they were following a compressed work schedule and they adopted contingency measures to ensure continued operations.

The Board noted the reports.

### **7. Approval of Audited Financial Statements for the Year Ended December 31, 2019**

Mr. Balisacan presented the Audited Financial Statements for the Year Ended December 31, 2019, and the financial statement highlights.

The Audit Committee Chairman, Mr. De Ocampo, said that SGV rendered an unqualified opinion. He moved for the approval and release of the AFS. Mr. Sy seconded. There was no objection.

approved the following resolution:

RESOLVED, That the Board of Directors of SPC Power Corporation (the "Corporation") approve, as it hereby approves, the Corporation's Financial Statements as of 31 December 2019 as audited by its external auditor, SyCip Gorres Velayo & Co.;

RESOLVED, FURTHER, That the Board of Directors authorize, as it hereby authorizes, the release and issuance of the Corporation's Audited Financial Statements as of 31 December 2019;

RESOLVED, FURTHER, That the President of the Corporation, Mr. Dennis T. Villareal, and/or the Treasurer of the Corporation, Mr. Jaime M. Balisacan, be, as each of them is hereby, acting singly, authorized and empowered on behalf of the Corporation to sign, execute, deliver and receive any and all kinds of papers and documents necessary for the approval, release and issuance of the Corporation's Audited Financial Statements as of 31 December 2019.

**8. Approval of the Schedule of the Annual Stockholders' Meeting, Participation Therein Through Teleconferencing or Remote Communication, and the Internal Procedures for Participation**

Mr. Ancheta presented the proposed Internal Procedures for Participation in the event that the Board approve to hold the Annual Stockholders' Meeting through teleconferencing.

Mr. Fenix moved to hold the ASM through teleconferencing on June 25, 2020, at 10:00 a.m., and to approve the proposed internal procedures. Mr. Sergio R. Ortiz-Luis, Jr. seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the following resolution:

The Board, upon motion duly made and seconded, approved the holding of the Annual Stockholders' Meeting of the Corporation on June 25 (Thursday), 2020, starting at 10:00 a.m., via teleconferencing or remote communication pursuant to SEC Memorandum Circular No. 6, Series of 2020, using the videotelephony and online chat services of Zoom Video Communications, Inc., and further approved the "Internal Procedures for Annual Stockholders' Meeting by Teleconference," as presented during the meeting.

Mr. Ortiz-Luis then moved to hold the organizational meeting also on June 25, 2020, at 11 a.m. Mr. Enrique L. Benedicto seconded. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved to hold the organizational meeting on June 25, 2020, at 11 a.m.

## **2020) to the EXECOM**

Mr. Balisacan informed the Board that the Definitive Information Statement had to be released not later than June 3, 2020 together with the Q2 Financial Reports. He recommended that the Board delegate the authority to approve the DIS to the EXECOM because there was no scheduled board meeting before June 3.

Mr. Fenix moved to approve the proposal. Mr. Sy seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, delegated the authority to approve the Definitive Information Statement (SEC Form 17-Q) to the Executive Committee, with further authority to do all acts necessary for such purpose.

## **10. Proposed Declaration of Cash Dividends at P0.40 Per Share**

Mr. Balisacan discussed the excess earnings of the Corporation as of December 31, 2019. Mr. Fenix moved to declare cash dividends of P0.40 per share, or in the total amount of P598.6 million, to all stockholders of record as of May 22, 2020, payable on May 29, 2020. Mr. De Ocampo seconded. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the declaration of cash dividends equivalent to P0.40 per share, or in the total amount of P598.6 million, to all stockholders of record as of May 22, 2020, payable on May 29, 2020.

## **11. Other Matters**

No other matter was discussed.

## **12. Adjournment**

Mr. Ortiz-Luis moved to adjourn. Mr. Yoon, Jong Ryoan seconded. There was no objection.

The Board adjourned at 2:55 p.m.

*[Attestation page follows]*



ATTEST:



ALFREDO L. HENARES  
Chairman



DENNIS T. VILLAREAL  
Director

ALBERTO P. FENIX, JR.  
Director

KIM, JUNG IN  
Director

ENRIQUE L. BENEDICTO  
Director

KIM, YONG UK  
Director

ROBERTO F. DE OCAMPO  
Director



YOON, JONG RYOON  
Director


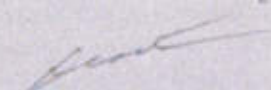

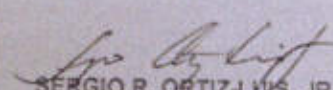

SERGIO R. ORTIZ-LUIS, JR.  
Director

RAMON Y. SY  
Director



REMIGIO MICHAEL A. ANCHETA II  
Corporate Secretary

ATTEST:

  
ALFREDO L. HENARES  
Chairman  
DENNIS T. VILLAREAL  
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Director  
REMIGIO MICHAEL A. ANCHETA II  
Corporate Secretary

On Feb 4, 2021, at 5:32 PM, Sonia M. Magno <smmagno@spcpower.com> wrote:

Hi Arlou,

Has the minutes of meeting signed by Mr. Ortiz0Luis? If yes, can you please scan and email to

ATTEST:

  
ALFREDO L. HENARES  
Chairman

  
DENNIS T. VILLAREAL  
Director

  
ALBERTO P. FENIX, JR.  
Director

KIM, JUNG IN  
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**ALFREDO L. HENARES**  
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Director




**RAMON Y. SY**  
Director



**REMIGIO MICHAEL A. ANCHETA II**  
Corporate Secretary

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**SERGIO R. ORTIZ-LUIS, JR.**  
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**RAMON Y. SY**  
Director

  
**REMIGIO MICHAEL A. ANCHETA II**  
Corporate Secretary

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS  
OF**

**SPC POWER CORPORATION**

Held at the SPC Conference Room, 7<sup>th</sup> Floor, Citibank Center  
8741 Paseo de Roxas, Makati City  
On November 25, 2019 (2:00 P.M.)

**PRESENT:**

ALFREDO L. HENARES  
DENNIS T. VILLAREAL  
ALBERTO P. FENIX, JR.  
KIM, JUNG IN  
KIM, YONG UK  
KIM, TAE MIN  
YOON, JONG RYOON  
ROBERTO F. DE OCAMPO  
SERGIO R. ORTIZ-LUIS, JR.  
ENRIQUE L. BENEDICTO  
RAMON Y. SY

**ALSO PRESENT:**

JAIME M. BALISACAN  
MA. LUZ L. CAMINERO  
CESAR O. VILLEGAS  
JAMES ROY N. VILLAREAL  
KEEYONG CHUNG  
LEE, SANGHUN  
OH, JIMIN  
CORAZON L. GAMEZ  
REMIGIO MICHAEL A. ANCHETA II

**1. Call to Order**

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 2:08 p.m. The Corporate Secretary, Mr. Remigio Michael A. Ancheta II, recorded the proceedings.

**2. Quorum Certification**

Mr. Ancheta certified that proper notices of the meeting were sent to all Directors. He also certified the presence of all eleven (11) Directors and thus a quorum was present to transact business of the Board.

**3. Approval of the Minutes of Previous (May 30, 2019) Meeting**

Mr. Enrique L. Benedicto moved to approve the minutes of the organizational meeting on May 30, 2019. Mr. Alberto P. Fenix, Jr. seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the minutes of the organizational meeting on May 30, 2019.

**4. Matters Arising from Previous Meeting**

Mr. Ancheta informed the Board that matters arising from the previous meeting were included as individual items in the agenda.



**5. Resignation of Mr. Alfredo L. Henares as Treasurer of the Corporation and the Nomination and Election of Mr. Jaime M. Balisacan as His Replacement**

Mr. Ancheta invited the attention of the Board to the letter dated November 21, 2019 of Mr. Henares, tendering his resignation as the Treasurer of the Corporation effective November 25, 2019.

Mr. Fenix moved for the Board's acceptance of Mr. Henares's resignation. Mr. Sergio R. Ortiz-Luis, Jr. seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously accepted the resignation of Mr. Alfredo L. Henares as Treasurer of the Corporation.

The Board thanked Mr. Henares for his services as Treasurer.

Thereafter, Mr. Roberto F. de Ocampo moved to nominate Mr. Jaime M. Balisacan as the new Treasurer. Mr. Balisacan accepted the nomination. Mr. Fenix seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the appointment of Mr. Jaime M. Balisacan as the new Treasurer of the Corporation.

Mr. Balisacan thanked the Board for his appointment.

**6. Operations Report and Update as of October 31, 2019**

Mr. Cesar O. Villegas, SVP for Operations, discussed his report attached to the agenda folder on plant operation performance and significant event.

He discussed:

- (a) Plant operation parameters of PDPP-1, PDPP-3, BDPP, and PB104 on their respective (i) Plant Availability (%), (ii) Net Generation, MWh, (iii) Capacity Utilization (%), (iv) Forced Outage (%), and (v) Maintenance Outage (%) for October 2019 and for the period January to September 2019.
- (b) Plant significant events involving PDPP-1, PDPP-3, BDPP, and PB104.

The Board noted the reports.

## **7. Presentation of Financial Reports**

### **7.1 Consolidated Actual as of and for the Nine Months Ended September 30, 2019**

Mr. Balisacan presented the highlights of the Consolidated Interim Financial Statements of SPC Power Corporation and its subsidiaries, namely, KSPC, MECO, SIPC, SMPC, BLCI, SECI, and SLCI (the Group) as of and for the nine months ended September 30, 2019 as compared to the same nine-month period last year. His reports were included in the agenda folder.

The Group recorded a 7.6% year-on-year decline in its nine-month consolidated net income to P1,462.0 million, from P1,582.5 million in the same period last year. This was attributed mainly to the non-recurrence of 2018 non-core income of the power generation business segment of the Group. Excluding the impact of the said non-recurring income, the consolidated net income in the first nine months of 2019 and 2018 would have been almost the same.

Equity share in the earnings of investee companies amounting to P1,039.5 million in the first nine months of 2019 was slightly lower by 3.4% as compared to last year's P1,076.5 million due mainly to unrecovered impact of major overhaul of a generating unit conducted in the first quarter of 2019.

The generation business segment's contribution to the consolidated net income was down by 20.5% to P372.4 million in the first nine months of 2019, from P468.5 million in the same period last year. This was due mainly to non-recurrence of 2018 non-core income from disposal of excess inventories and refund of withholding tax. Moreover, the anticipated additional revenues from a new generating plant was not realized until the fourth quarter of 2019.

The distribution business unit increased its contribution to the consolidated net income to P48.9 million in the first nine months of 2019, from P36.3 million in the same period last year, due mainly to higher average selling price and 3.1% increase in the volume of electricity sold.

Mr. Balisacan also discussed the following:

- (a) Highlights of the Consolidated Statements of Financial Position as of September 30, 2019 and December 31, 2018; and
- (b) Highlights of the Consolidated Statements of Cash Flows for Nine Months Ended September 30, 2019 and 2018

The Board noted the reports.

## **7.2 Projections for the Year Ending December 31, 2019**

Mr. Balisacan presented the Projected Financial Statements of the Parent Company (SPC Power Corporation), as of and for the year ending December 31, 2019 in relation to the 2018 Audited Financial Statements (AFS). In particular, he discussed the following:

- (a) Summary of Selected Major Assumptions
- (b) Projected Statements of Comprehensive Income
- (c) Projected Statements of Financial Position
- (d) Projected Statements of Cash Flows

The Board noted the Projected Financial Statements.

Thereafter, Mr. Balisacan requested board approval for the Year-End Directors' Fees. Mr. Fenix moved to approve the amount of P600,000.00 for each Director, which was the same amount as last year. Mr. Sy seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the amount of P600,000.00 as Director's Fee for each member of the Board of Directors for CY 2019.

Mr. Balisacan then presented the Group's Projected Consolidated Financial Statements as of and for the Year Ending December 31, 2019 vis-à-vis the 2018 AFS. In particular, he discussed the following:

- (a) Summary of Selected Major Assumptions
- (b) Projected Consolidated Statements of Comprehensive Income
- (c) Projected Consolidated Statements of Financial Position
- (d) Projected Consolidated Statements of Cash Flows

The Board noted the Projected Financial Statements.

## **8. Presentation of 2020 OPEX and CAPEX Budgets**

Mr. Balisacan presented the proposed 2020 budgets for OPEX and CAPEX with grand total of P1,083 million, broken down as follows: (a) plant operating expenses of P898.3 million; (b) capital expenditures and insurance spares of P46.8 million, and (c) general and administrative expenses of P137.8 million.

The proposed 2020 budget for fuel and lubes expenses are projected to increase by 358% to P773.1 million, from 2019's projected expenses of

P168.8 million only, because of higher operating demand coming from PB104, which has started operations in Q4.

Mr. Balisacan then discussed the Parent Company's projected income statements and simplified cash flow for the year ending December 31, 2020 as compared to the 2019 projections. Revenue target is P1,005 million, or a 214% increase based on 2019 projection; gross margin will be P106.4 million; net income before income tax will be P1,615.95 million, or 5% lower versus 2019 projection; and net income after tax will be P1,576.32 million or 5% lower as compared to this year's projection.

Finally, Mr. Balisacan discussed the projected consolidated net income of the Group, excluding inter-company transactions, for the year ending December 31, 2020 as compared to 2019 projections. Total consolidated net income for 2020 is projected at P1,663.41 million or 8% lower than this year's consolidated projection. He added: (i) that the 2020 projection for KSPC was tentatively based on the last three years' actual average pending availability of updated KSPC projections; (ii) that the projected 10% decline in the equity share from MECO earnings is due mainly to lower interest income and lower engineering services rendered to big customers; and (iii) that the 40% decline in the earnings of SIPC is attributed mainly to the combined effect of lower capacity utilization of PDPP, full impact of lower ASPA price, and higher OPEX that include catch-up requirements.

Mr. Fenix moved to approve the proposed budgets. Mr. Sy seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved a budget of P1,082.85 million for operating expenses and capital expenditures for CY 2020.

## **9. New Projects**

Mr. Cesar O. Villegas, SVP for Operations, presented the new projects for 2020 for the Board's consideration:

- (1) Project 1: BDPP capacity expansion project – Project is to add capacity of 44.2MW with estimated cost of P750 million and project completion in Q3 2020.
- (2) Project 2: Project Tamaraw – Mr. James N. Villareal discussed the key terms of the 15-year Competitive Selection Process (CSP) for power procurement by Occidental Mindoro Electric Cooperative (OMECO), the schedule of activities, the proposed power plant locations, and other related information. Total project cost is P3.89 billion, 66% of which, or P2.6 billion, will be debt, and 34% will come from equity equivalent to P1.3 billion.



Mr. Henares said that the submission of bids will be on January 8, 2020, and because of the intervening holidays, he proposed that the final approval will be delegated to the EXECOM but the Board will already approve the appropriation of P1.3 billion from retained earnings.

Mr. Kim, Jung In said they need to be informed of the project risks and their resolution before the EXECOM meeting.

Mr. Fenix moved to appropriate P1.3 billion for the project and the delegation of the project's final approval to the EXECOM. Mr. Kim, Jung In seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the appropriation of retained earnings amounting to P1.3 billion for the construction and operation of new generating power plant capacity to supply the 39 MW full demand requirements in the mainland of Occidental Mindoro starting May 25, 2022.

Mr. Fenix also moved to delegate the project's final approval to the EXECOM. Mr. Kim, Jung In seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the delegation of the final approval of "Project Tamaraw" to the Executive Committee.

#### **10. Appropriation of Retained Earnings/Declaration of Cash Dividends**

Mr. Balisacan presented the computation of the projected improperly accumulated retained earnings for the year ending December 31, 2019. He recommended the declaration of additional cash dividends and for the Board: (i) to confirm the retention of previously approved appropriation of retained earnings amounting to P500 million for 1Bohol Power Plant Project and (ii) to appropriate additional retained earnings amounting to Php1billion to invest in SPC Island Power Corporation for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021.

Mr. Dennis T. Villareal moved to declare dividends of P0.70 per share. Mr. Kim, Jung In seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the declaration of additional cash dividends equivalent to P0.70 per share, or for a total of P1.0476 billion, to all stockholders of record as of December 10, 2019, payable on or before December 17, 2019.

Mr. Fenix moved to retain the previously approved appropriation of P500 million from retained earnings for 1Bohol Power Project. Mr. Ocampo seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the retention of previously approved appropriation of retained earnings amounting to P500 million for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol starting December 26, 2023.

Mr. Fenix moved to have additional appropriation of retained earnings amounting to P1 billion to invest in SPC Island Power Corporation (SPC) for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021. Mr. Villareal seconded the motion. There was no objection.

The Board, upon motion duly made and seconded, approved the appropriation of retained earnings amounting to P1 billion to invest in SPC Island Power Corporation (SPC) for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021.

#### **11. Approval of the Material Related Party Transaction Policy of SPC and Other Governance Requirements**

Atty. Maria Luz L. Caminero, SVP for Legal and the Compliance Officer, discussed the company's policy on material related party transactions, which was submitted to the SEC. The policy was part of the agenda folder.

Mr. Henares requested the management to submit all material related party transactions to the Audit Committee.

Mr. Fenix pointed out the need for directors and officers to undergo corporate governance seminar. Ms. Caminero said that the SEC requires submission of certificates of compliance for such attendance. Mr. Fenix proposed to hold a seminar at the office and to require all directors and officers to attend.

The Board noted the SPC policy on material related party transactions.

#### **12. Other Matters**


There were no other matters discussed.

### 13. Adjournment

Mr. Fenix moved to adjourn. Mr. Sy seconded. There was no objection.

The Board, upon motion duly made and seconded, unanimously approved the adjournment of the meeting at 3:54 p.m.

**ATTEST:**



**ALFREDO L. HENARES**  
Chairman



**REMIGIO MICHAEL A. ANCHETA II**  
Corporate Secretary

## Board of Directors Self-Evaluation

	<b>Considerations</b>	<b>5 Very Good</b>	<b>4 Good</b>	<b>3 Ave.</b>	<b>2 Fair</b>	<b>1 Poor</b>
1	board has full and common understanding of the roles and responsibilities of a board					
2	board members understand the Company's mission- vision and put to practice its stated values					
3	structural pattern (board, officers, committees, executive and staff) is clear					
4	board has clear goals and actions resulting from relevant and realistic strategic planning					
5	board attends to policy-related decisions which effectively guide operational activities of staff					
6	board receives regular reports on finances/budgets, products/program performance and other important matters					
7	board effectively represents the Company to its customers, other stakeholders like the government, community in which its operations are located					
8	board meetings facilitate focus and progress on important organizational matters					
9	board regularly monitors and evaluates progress toward strategic goals and product/ program performance					
10	board regularly evaluates the chief executive					
11	board has approved comprehensive personnel policies which have been reviewed by a qualified professional					
12	each member of the board feels involved and interested in the board's					



	work					
13	all necessary skills, stakeholders and diversity are represented on the board					

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**Please list the three to five points on which you believe the board should focus its attention in the next year. Be as specific as possible in identifying these points.**

1.

2.

3.

4.

5.