

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 13.29% as of December 31, 2022.
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, 2022 per SEC Form 17-A (Sustainability Report for 2022)
<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.

Compliant

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

2. Company has policies and practices on health, safety and welfare of its employees.

Compliant

Life Insurance Coverage, Medical Insurance Coverage, Provision of Safety Apparels, Retirement Plan.
(See Annex 21)

3. Company has policies and practices on training and development of its employees.

Compliant

Professional Conventions, Seminars and Trainings. Highly specialized training such as WESM, SAP, Contracting.
(See Annex 22)

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.

Compliant

See attached Uniform Code of Conduct.
(See Annex 23)

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.

Compliant

(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 www.spcpowergroup.com (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 http://www.spcpowergroup.com/corporate-governance/companys-policies/	
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 http://www.spcpowergroup.com/corporate-governance/companys-policies/ Compliance Officer: Maria Luz L. Caminero Phone: 02.8810-4450 Email: complaint@spcpower.com	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	See whistle-blowing policy See website link at http://www.spcpowergroup.com/corporate-governance/companys-policies/	

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)	
Optional: Principle 16			
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

FRANCISCO L. VIRAY
Independent Director

SERGIO R. ORTIZ-LUIS, JR.
Independent Director

DENNIS T. VILLAREAL
Chief Executive Officer

ENRIQUE L. BENEDICTO
Independent Director

MARIA LUZ L. CAMINERO
Compliance Officer

VICTOR P. LAZATIN
Corporate Secretary

MAY 25 2023

SUBSCRIBED AND SWORN to before me this _____ day of May 2023, 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	P5099307B	March 11, 2020	DFA NCR East
Dennis T. Villareal	P8767960A	September 17, 2018	DFA Manila
Francisco L. Viray	P2611186B	July 19, 2019	DFA NCR East
Enrique L. Benedicto	P9540542A	November 14, 2018	DFA Cebu
Sergio R. Ortiz-Luis, Jr.	P5889673B	December 2, 2020	DFA Manila
Maria Luz L. Caminero	N02-84-068112	August 17, 2022	Quezon City
Victor P. Lazatin	CRN-0111-9598003-1		Makati City

Doc. No. **349**
Page No. **77**
Book No. **7**
Series of 2023.

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNITED DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. 1A-115
12 MAR. 03, 2023 / MAKATI CITY
12 MAR. 03, 2023 / PASIG CITY
12 MAR. 03, 2023 / CALUPETE NUEVO, MAKATI CITY



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

awards this

CERTIFICATE OF COMPLETION

to

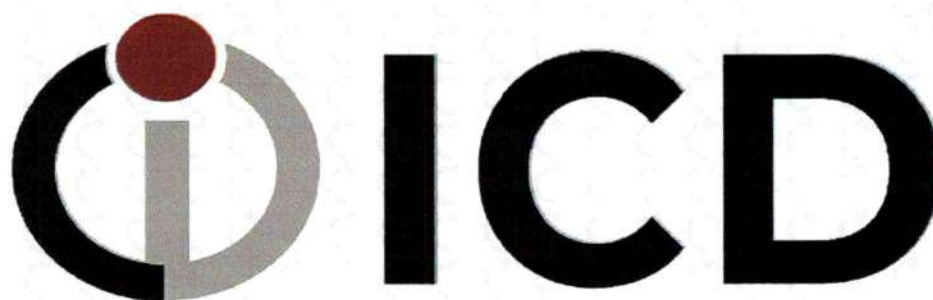
Atty. Victor P. Lazatin

for having completed the webinar on

CORPORATE GOVERNANCE

held on 21 December 2020


Benjamin I. Esplritu, Ph.D.
President



Institute of Corporate Directors

presents this

Certificate of Participation

to

Ma. Luz L. Caminero

SPC POWER CORPORATION

for participating in the webinar

**ASEAN Corporate Governance Scorecard
Workshop for Publicly Listed Companies**

held on

November 28, 2022 | 9:22:00 AM - 4:00:00 PM
through ZOOM Meetings

Carlos Jose P. Gatmaitan
Chief Executive Officer

**REGULAR MEETING OF THE BOARD OF DIRECTORS
OF
SPC POWER CORPORATION
DECEMBER 12, 2022, 2:00 P.M.
VIA ZOOM VIDEO TELECONFERENCE**

I. Call to Order and Roll Call

The Chairman, Alfredo L. Henares, called the meeting to order at 2:00 p.m. The meeting was held through remote communication using Zoom Video Teleconference. Pursuant to the Internal Procedures for Board Meeting by Teleconference¹, the Corporate Secretary, Atty. Victor P. Lazatin, requested the directors to state for the record their full name, location, and device used to access the meeting. The Assistant Corporate Secretary, Atty. Mishelle Anne R. Rubio-Aguinaldo, recorded the minutes of the meeting.

II. Quorum Certification

After the roll call, the Corporate Secretary informed the Board that notices were sent to all directors by electronic mail on November 19, 2022 and December 7, 2022, and with 10 directors present, the Corporate Secretary certified that a quorum was present to transact business.

III. Approval of the Minutes of Previous Meetings

The Chairman asked for comments or objections on the minutes included in the materials. The members did not raise any. Therefore, the motion was carried and the minutes were approved by the Board.

Resolution:

RESOLVED, that the motion to approve the minutes of the meetings held on May 31, 2022 and July 8, 2022, duly seconded, is hereby approved, subject to the corrections to be made, if any.

IV. Matters Arising from the Previous Meeting

There are no matters arising from the previous meeting.

V. Operations Report as of October 31, 2022

SVP Cesar O. Villegas presented the highlights on the operations performance of SPC and SIPC plants from January to October 2022 in relation to the plants' performance covering the same period in the previous year.

(1) Panay Diesel Power Plant-1 (15.0 MW)

Plant Availability of PDPP-1 is lower by 2.4% at 95.63% in 2022 compared to last year's 97.95%. Utilization Rate is higher by 5.43% in 2022 compared with 69.49% in 2021. He added that Utilization Rate may have been higher if not for the 40-day market suspension due to the widespread damage in transmission and distribution infrastructure caused by Typhoon Odette. Net Generation increased substantially by 106% at 11,505.57 MWh in 2022 as compared to 5,583.18 MWh in 2021, resulting in higher Operating Hours of 103% in 2022 due to the prolonged repair works on the 138 KV Cebu-Negros Submarine Cable, aggravated by 32-day shutdown of 150 MW Palm Concepcion Power Plant. The reduced Availability rate in 2022 yielded a higher Total Outage of 4.37% as compared with 2021's 2.05%.

(2) Panay Diesel Power Plant-3 (50.0 MW)

For PDPP-3, plant Availability ended high at 94.74% in 2022 which is lower by 3% compared with 97.69% in 2021. Utilization Rate is also lower by 7.3% but the Net Generation is higher by 77.4% from 3,116 MWh in 2021 to 55,275.02 kWh in 2022 due primarily to the Cebu- Negros Submarine Cable damage and prolonged shutdown of Palm Concepcion Power Plant. Consequently, this

¹ For security reasons, details pertaining to this portion are redacted and transposed to Attachment I which will be strictly for internal use.

caused the 81.4% increase in Operating Hours. Lower Availability in 2022 resulted to a higher Total Outage of 5.26% compared with 2021's 2.31%.

(3) Bohol Diesel Power Plant (16.2 MW)

BDPP's plant Availability ended high at 93.66%, but lower by 4.8% compared with 98.36% in 2021. The severe damage in the transmission and distribution infrastructures in Bohol due to Typhoon Odette caused a prolonged islanding operation in the province. This resulted in market suspension resulting in a lower Utilization Rate of 15.2% despite being fully contracted in the ASPA market. Net Generation of 19,431.53 MWh is 107% higher than 9,356.03 MWh in 2021, as a result of the 24/7 operation during islanding operations. Consequently, the plant Operating Hours increased by 142.9%. Lower Availability in 2022 resulted from a higher Total Outage of 6.34% compared with 1.64% in 2021.

(4) Power Barge 104 (29.0 MW)

PB104's plant Availability in 2022 is higher by 2.2% compared with last year's 93.25%. Like the BDPP, its Utilization Rate was also affected by the prolonged islanding operation resulting in a 7.8% decrease from last year's 91.35%. Like the BDPP, PB 104 operated 24/7 to support the province while waiting for the grid's restoration. This resulted in a 65% and 100% increase in Net Generation and Operating Hours, respectively. Higher Availability in 2022 resulted in a lower Total Outage of 4.73% compared with the 6.75% in 2021.

(5) Consolidated Plant Portfolio

The plants' over-all Availability rate is 94.84% which is 1.9% lower than 96.69% in 2021. The prolonged islanding operation caused by Typhoon Odette resulted lower combined Utilization Rate by 7.2%, though it yielded an increased Net Generation and Operating Hours of 79.8% and 96.9%, respectively because of the 24/7 operation of Bohol plants during islanding operation due to Typhoon Odette. The combined Total Outage of 5.16% in 2022 is 55.7% higher compared to 3.31% in 2021.

**VI. Presentation of Interim Financial Reports
(Actual as of Oct. 31, 2022 and Projected for the Year Ending December 31, 2022)**

SVP Jaime M. Balisacan reported on the highlights of actual financial performance during the ten months ended October 31, 2022 and projected financial performance for the year ending December 31, 2022. He divided his presentation in two parts as follows:

- Part I: Refers only to the Parent Company Financial Performance (as a legal entity), and
- Part II: Refers to the Consolidated Financial Performance of the Parent Company and its Subsidiaries

He pointed out that the 2022 financial statements are still unaudited and are still subject to adjustments based on actual transactions in November and December 2022, and may be still subject to further account reclassifications after the SGV audit.

Part I: Parent Company Financial Performance

The actual net income of P411.9 million as of October 11, 2022, is reportedly projected to grow to P1,048.1 million by the end of 2022 after accounting for the last two months' transactions, including receipt of final dividend income from investee companies in December 2022.

The 2022 projected net income of P1,048.1 million is 33% is lower than the actual net income of P1,570.9 million in 2021. The substantial decrease is attributed mainly to the following: (1) lower dividend income from investee companies; (2) Lower gross margin from PB 104 operations; (3) lower other service income; and (4) higher administrative and general expenses. The decreases in net income were partly offset by higher non-recurring unrealized foreign exchange gains.

Total dividend income in 2022 is projected to be 33% lower as compared to the actual dividends in 2021. Projected dividend to be received from KSPC is P773.9 million which is 25% lower as compared to the actual dividends received in 2021. This is attributed mainly to expired power supply contracts which were not fully offset from sales to spot market.

Dividends received from other investee companies were also lower per 2022 projections due mainly to the spill-over impact of Typhoon Odette, i.e. suspension of WESM operations. In addition, the other investee companies are saddled with temporary under-recoveries of cost of fuel that was used to generate incidental energy in rendering ancillary services, as well as temporary under recovery of cost of purchase power sold to customers.

Not included in the projection (due to late information) are dividends declared by BLCI on December 7, 2022 amounting to P11.25 million in which SPC will receive P4.5 million.

The projected 2022 gross margin from PB 104 of P73.3 million is P92.1 million or 56% lower compared to the previous year; however, the 2021 actual included 2020 fuel cost of P33.7 million which was recovered only in 2021. Without this, the 2022 projection would have been lower by around P58 million only.

Just like with the other plants operating in the Bohol Island, PB 104 was affected by the suspension of WESM operation from December 26, 2021 to February 10, 2022 due to Typhoon Odette. In addition, PB 104 was saddled with temporary under-recoveries of cost of fuel used to generate incidental energy in rendering ancillary services. As of October 31, 2022, net under-recoveries of fuel cost by the power barge amounted to P49.5 million.

The 19% projected increase in administrative and general expenses is due mainly to the higher expenses for business development, including write-off of unsuccessful projects from prior years. Also included in the projected 2022 administrative and general expenses are year-end directors' fees which are assumed to be the same as in the previous year.

The company is projected to post higher non-recurring foreign exchange gains of P122 million in 2022 versus the P7.5 million non-recurring gains in the previous year. This is due to the appreciation of the US dollar versus the local currency which benefited our U.S. dollar denominated funds.

The Parent Company's total assets are projected to increase by P775.6 million from P6,551.1 million to P7,326.7 million at the end of 2022. The increase is mostly coming from the balance of cash and cash equivalents. Total liabilities likewise increased, but at a much lower rate of P26.8 million only. Stockholders' equity increased by 12% from P6,374.3 million to P7,123.0 million. The increase is accounted by the projected net income in 2022 of P1,048.1 million less cash dividends declared amounting to P299.3 million. Financial ratios remain very favorable.

The Parent Company's cash flows show that there are at least 3 major sources and applications of funds projected for 2022. There is projected net cash outflow from operating activities of P119.5 million in 2022, lower than last year's P125.8 million due to lower cash profit as well as increase in receivables and inventories at end of 2022. As mentioned earlier, cash dividends received are also lower in 2022. Total cash dividends paid in 2021 was high due to improperly accumulated earnings. The year-end cash balance of the parent company is projected at P3.4 billion. The company is conserving funds in view of Project Kermit in which the company may exercise its right of first refusal which will be discussed in Agendum IX.

Part II: Consolidated Financial Performance (Parent Company and its Subsidiaries)

As of October 31, 2022, the total actual consolidated net income amounted to P1,128.6 million. However, this is projected to decline to P1,074.4 million at the end of the year due to the following: (1) there is decline in the earnings of KSPC in November and December 2022 because of the scheduled major maintenance of generating units (2) year-end payments of directors fees; (3) balance of 13th month pay, bonuses, and other employee benefits, which are initially assumed in the projections to be the same as last year; and (4) write-off of prior years project development cost.

Likewise, the projected consolidated net income for 2022 of P1,074.4 million is 10% lower than the 2021 actual of P1,197.3 million due mainly to the following: (1) expired power supply contracts of KSPC not fully offset by increase in sales to WESM; (2) WESM Suspension in the Bohol Island from December 16, 2021 to February 10, 2022; (3) temporary under-recovery of fuel cost used to generate incidental energy in the provision of ancillary services; and (4) temporary under-recovery of cost of purchase power that were sold to customers of the distribution utilities. Assuming no timing differences in the recognition of recovered fuel cost and recovered purchase power costs, the adjusted and projected net income in 2022 would have been higher by P159.3 million, slightly better than 2021. As further agreed with NGCP, recovery of fuel cost incurred for rendering ancillary services will be taken up as revenue only after reconciliation/actual collection and shall be included in NGCP's duly approved Statement of Provided Ancillary Services (SPAS). Mr. Balisacan added that similar policy is adopted for the delayed recovery of purchased power by BLCI.

Dir. Lee Dal Hun asked about the financial position of Bohol Light Company, Inc. (BLCI) which affected the projected cash flow of SPC. SVP Balisacan explained that in view of the rising price of purchased power, the rate by which the recovery of cost of purchased power is also increasing such that as of October 2022, the unrecovered purchased power cost amounts to P36.7 million. In any event, he clarified that under-recovery of purchased cost of power is not yet included in the net income pending actual payment from the customers. BLCI's situation is perceived to be temporary and is expected to shift once the cost of purchased power stabilizes.

Dir. Lee Dal Hun further inquired if the situation was caused by the drastic increase in the cost of purchased power while the retail price has been at the steady level thereby causing the loss on the part of BLCI. SVP Balisacan clarified that the problem is that the pass-through costs cannot be fully recovered in times of increasing cost of purchased power. At any rate, he remained positive that BLCI is expected to recover once the cost of purchased power has become more stable.

Dir. Alfredo P. Fenix, Jr., who is also a director of BLCI, shared that like other distribution utilities, BLCI suffered severe losses due to the lockdowns. Commercial establishments which tend to generate the highest energy sales were forced to close down or to downsize. During these past 2

years of Covid-19, the demand or kwh sold by BLCI plummeted and has barely recovered. In addition, there were a lot of challenges caused by Typhoon Odette in 2021 and Typhoon Agaton in 2022. He assured the Board that based on BLCI's projections, demand will revert to pre-covid levels this coming 2023. With respect to the under recovery, during the period due to Covid-19, difficulties in supply, and extraordinary increase in fuel prices largely contributed to the under recovery of P36.7 million. Finally, per SVP Balisacan, had BLCI recovered the P36.7 million, it would have resulted in BLCI having a net income of P18 million.

VII. Resolution for Year-End Directors' Fees

Based on the financial condition of the company, the management recommended a Director's Fee of Php600,000.00 for a full year of service, or pro rata thereof, and an additional Php200,000.00 for the Chairman, same as the previous year. A motion to approve the recommendation, was raised and duly seconded. The Chairman asked for comments or objections but the members did not raise any. Therefore, the motion was carried and was unanimously approved by the Board.

Resolution:

RESOLVED, that the motion to approve the payment of Year-End Director's Fee of Six Hundred Thousand Pesos (Php600,000.00) for a full year service or pro rata thereof to each member of the Board of Directors, and an additional Two Hundred Thousand Pesos (Php200,000.00) for the Chairman, duly seconded, is hereby approved.

VIII. Approval of Proposed 2023 OPEX and CAPEX Budget

VP Nino Ray D. Aguirre discussed that the proposed 2023 budget was prepared based on the assumption that the existing ASPA contract will continue in 2023. Revenue projections are based on the assumption that PB104 capacity will continue at 29.0 MW, availability will be the same as last year, while utilization will be at 93%. Dispatch is projected at 18%. The proposed plant operating expenses increased from P650.4 million in 2022 to P658.5 million in 2023 due to fuel and lubes; while the decrease in spares, materials, and supplies is due mainly to the utilization of spares generated from PB102 and 103. Depreciation expenses amounted to P36.2 million in 2023, personnel expenses which includes the average 5% annual increase projected at P22.7 million in 2023, and rental expenses including PPA charges, transmission charges, repairs and maintenance, and ER-194, excluding fuel as a pass-through cost and lube as recharge cost with cap, the plant operating expense amounts to P85 million. General and Administrative expenses are projected to decrease by 16% or P27.3 million pesos from 2022 to 2023, excluding the cost of writing off accumulated project development cost of OMECO and 1BP in 2022.

The projected operating capital expenditure in 2023 pertains largely to underwater hull and anode cleaning and survey. The low budget projection in strategic insurance repairs is due mainly to the utilization of spares and equipment parts from PB102 and 103. The proposed renovation of Makati office for P16.5 million is a carry-over of the previous year's budget. Included in the proposed budget are aircon replacement and repair of related ducting and piping in Makati office, repair of fire detection and alarm system, installation of CCTV, PABX system upgrading and loose furniture for office consolidation, etc. These are operating capital expenditures in the Company's day to day course of operations. Any other capital expenditures will be requested for approval of the board separately.

The total proposed 2023 operating and CAPEX budget amounts to P838.92 million. Other assumption include dividend income projected at P739 million, a decline of P276 million or 27% in 2022 due to the projected decline in dividends from KSPC in 2023, net of the other dividend contributors. The assumed KSPC dividends to be received in 2023 is a highly tentative figure subject to confirmation or adjustment upon receipt of KSPC's own forecast for 2023. The 2023 proposed budget shows a gross margin of P167 million, higher by P93.8 million compared to 2022, and a projected net income of P738.8 million lower by 30% in 2022 and a projected net cash inflow of P741.7 million. In order to support and deliver the Company's operations, the management requests the Board to approve the 2023 proposed budget.

Dir. Lee Kyung-Eun inquired on the basis of the assumed 93% utilization and 18% dispatch for PB104, and requested for the comparative presentation of the 2022 budget as opposed to the proposed 2023 budget. VP Aguirre explained that the 93% utilization in 2023 was arrived at in consideration of the actual 80% utilization rate of PB104 in 2022, 21.0 MW of which is a firm contract while 8.0 MW is a non-firm contract. He also briefly discussed the 2022 approved budget of P579.65 million.

A motion to approve the proposed 2023 OPEX and CAPEX budgets was raised and was duly seconded. The Chairman asked for comments or objections but the members did not raise any. Therefore, the motion was carried and was unanimously approved by the Board.

Resolution:

RESOLVED, that the motion to approve the proposed 2023 OPEX and CAPEX budgets, duly seconded, is hereby unanimously approved.

IX. Investment in Project Kermit

Dir. James N. Villareal addressed the Board and discussed the confidentiality clause which binds the Corporation. After the presentation, the members were informed that at present, no further action is required from the Board.

X. Other Matters

The management recommended that the next regular meeting be held on March 30, 2023. The Chairman asked for comments or objections, the members did not raise any. Therefore, the motion was carried and was unanimously approved by the Board. The schedule of the Annual Stockholders Meeting and the Organizational Meeting will be finalized at the next regular meeting on March 30, 2023.

XI. Adjournment

There being no other matter left to be discussed, a motion to adjourn, duly seconded, and without any objection, was thereby approved. The meeting adjourned at 3:30 p.m.

Prepared by:

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

Noted by:

VICTOR P. LAZATIN
Corporate Secretary

Approved,

ALFREDO L. HENARES
Chairman

DENNIS T. VILLAREAL
Director

ALBERTO P. FENIX, JR.
Director

LEE, DALHUN
Director

JAMES ROY N. VILLAREAL
Director

KIM, KILWON
Director

SERGIO R. ORTIZ-LUIS, JR.
Director

YOUN, SANG YOUNG
Director

ENRIQUE L. BENEDICTO
Director

LEE, KYUNG-EUN
Director

FRANCISCO L. VIRAY
Director

For security reasons, this portion is for internal use only –

ATTACHMENT I

Name	Location	Device
ALFREDO L. HENARES	Makati City	Ipad
DENNIS T. VILLAREAL	Makati City	Ipad
ALBERTO P. FENIX, JR.	Calamba, Laguna	Ipad
LEE, KYUNG-EUN	Makati City	Laptop
YOUN, SANG YOUNG	Seoul, Korea	Laptop
ENRIQUE L. BENEDICTO	Cebu City	Iphone
SERGIO R. ORTIZ-LUIS, JR.	Ortigas, Pasig City	Laptop
JAMES ROY N. VILLAREAL	Makati City	Laptop
LEE, DAL HUN	Makati City	
KIM, KILWON	Makati City	
JAIME M. BALISACAN	Cebu City	Laptop
MA. LUZ L. CAMINERO	Quezon City	Desktop
CESAR O. VILLEGAS	Las Pinas City	Laptop
NINO RAY D. AGUIRRE	Laguna	Laptop
CORAZON L. GAMEZ	Pasig City	Laptop
VICTOR P. LAZATIN	Muntinlupa City	Ipad
MISHELLE ANNE R. RUBIO-AGUINALDO	Muntinlupa City	Laptop

**MINUTES OF THE 2022 ORGANIZATIONAL MEETING
OF
SPC POWER CORPORATION
May 31, 2022, 11:00 A.M.
Via Zoom Video Teleconference**

I. Call to Order and Roll Call

The Chairman called the meeting to order at 11:05 A.M. Pursuant to the Internal Procedures for Board Meeting by Teleconference, the Corporate Secretary requested the directors to state for the record their full name, location, and device used to access the meeting. (See attachment 1)

II. Quorum Certification

The Corporate Secretary certified that notices were sent to all directors by electronic mail on May 18 and May 26, 2022, and that with all directors present, there is quorum to transact the business at hand.

III. Approval of the Minutes of Previous Meetings

The Chairman asked the Board for comments on the minutes of meetings held on April 6, 2022, April 27, 2022, May 2, 2022, and May 10, 2022. Copies of the minutes were included in the agenda folder. There was no comment from the Board.

A motion was made to approve the minutes. The motion was immediately seconded. The Chairman asked the Board for objections but none was made. The Corporate Secretary was directed to cast all votes in favor of the motion. Thus, upon motion duly seconded, without objections, the minutes of meetings held on April 6, 2022, April 27, 2022, May 2, 2022, and May 10, 2022 are hereby unanimously approved.

Resolution:

RESOLVED, that the motion to approve the minutes of the meetings held on April 6, April 27, May 2, and May 10, 2022, duly seconded, is approved.

IV. Matters Arising from the Previous Meeting

The Chairman asked if there were any matters arising from the previous meeting. The Corporate Secretary confirmed that there are none.

V. Election of Officers for 2022-2023

Director Dennis Villareal nominated the following as officers of the Corporation for the term 2022-2023:

Chairman of the Board	-	Alfredo L. Henares
President and CEO	-	Dennis T. Villareal
Executive Director	-	Alberto P. Fenix, Jr.
Corporate Secretary	-	Atty. Victor P. Lazatin

Senior Vice President for Finance and Administration and Treasurer	-	Jaime M. Balisacan
Senior Vice President for Legal and Regulatory Affairs/ Compliance Officer	-	Atty. Maria Luz L. Caminero
Senior Vice President for Business Development and Commercial Operations	-	Cesar O. Villegas
Vice President	-	James Roy N. Villareal
Vice-President for Finance	-	Nino Ray D. Aguirre
Assistant Corporate Secretary	-	Atty. Mishelle Anne R. Rubio-Aguinaldo

The nomination was seconded by Director Fenix, Jr. The Chairman asked for objections but the Board did not have any. Upon motion duly seconded, the nominations were unanimously approved and the Corporate Secretary was directed to cast the votes in favor of the nominees. Upon motion duly seconded, without objections, the Board unanimously approved the nomination and elected the nominees.

Resolution:

RESOLVED, that the duly elected officers of the Corporation for the term 2022-2023 are as follows:

<i>Chairman of the Board</i>	-	<i>Alfredo L. Henares</i>
<i>President and CEO</i>	-	<i>Dennis T. Villareal</i>
<i>Executive Director</i>	-	<i>Alberto P. Fenix, Jr.</i>
<i>Corporate Secretary</i>	-	<i>Atty. Victor P. Lazatin</i>
<i>Senior Vice President for Finance and Administration and Treasurer</i>	-	<i>Jaime M. Balisacan</i>
<i>Senior Vice President for Legal and Regulatory Affairs/ Compliance Officer</i>	-	<i>Atty. Maria Luz L. Caminero</i>
<i>Senior Vice President for Business Development and Commercial Operations</i>	-	<i>Cesar O. Villegas</i>
<i>Vice President</i>	-	<i>James Roy N. Villareal</i>
<i>Vice-President for Finance</i>	-	<i>Nino Ray D. Aguirre</i>
<i>Assistant Corporate Secretary</i>	-	<i>Atty. Mishelle Anne R. Rubio-Aguinaldo</i>

The Chairman congratulated the newly-elected Officers of the Corporation.

VI. Election of Board Committee Members for 2021-2022

The Board proceeded to the next item on the agenda which is the election of board committee members for the period 2022-2023. Director Dennis Villareal nominated the following as members of the committees:

Executive Committee

Chairman	:	Alfredo L. Henares
Members	:	Dennis T. Villareal
	:	Alberto P. Fenix, Jr.
	:	Lee, Dal Hun
	:	Kim, Kilwon

Audit Committee

Chairman	:	Francisco L. Viray
Members	:	Alfredo L. Henares
		Sergio Ortiz-Luis, Jr.
		Enrique L. Benedicto
		Kim, Kilwon

Corporate Governance Committee

Chairman	:	Sergio Ortiz-Luis, Jr.
Members	:	Dennis T. Villareal
		Enrique L. Benedicto
		Francisco L. Viray
		Kim, Kilwon

The nominations were seconded when asked if there were objections, none were interposed. The Corporate Secretary was ordered to cast the votes in favor of the nominees, the nominations are hereby approved and the Corporate Secretary is directed to cast all votes in favor of the nominees. Upon motion duly seconded, without objections, the Board unanimously approved the nomination and elected the nominees as members of the respective committees.

Resolution:

RESOLVED, that the duly elected members of the respective board committees for the term 2022-2023 are as follows:

Executive Committee

Chairman	:	Alfredo L. Henares
Members	:	Dennis T. Villareal
		Alberto P. Fenix, Jr.
		Lee, Dal Hun
		Kim, Kilwon

Audit Committee

Chairman	:	Francisco L. Viray
Members	:	Alfredo L. Henares
		Sergio Ortiz-Luis, Jr.
		Enrique L. Benedicto
		Kim, Kilwon

Corporate Governance Committee

Chairman	:	Sergio Ortiz-Luis, Jr.
Members	:	Dennis T. Villareal
		Enrique L. Benedicto
		Francisco L. Viray
		Kim, Kilwon

The Chairman congratulated the newly-elected Officers of the Corporation.

VII. Operations Report

Mr. Cesar O. Villegas presented the operational performance of SPC and SIPC power plants during the first four months in 2021 in comparison with the same period of the preceding year.

(1) Panay Diesel Power Plant 1 (PDPP 1)

On PDPP 1 (15MW), Mr. Villegas reported that the plant availability ended at 93.39% which is lower as compared to 98.71% availability during the same period in 2021. Reportedly, the utilization rate has improved by 4.4% at 65.09% this year compared to 62.34% last year. The on-going repair of the Cebu-Negros submarine cable and the prolonged outage of Palm Concepcion plant in Negros contributed to the 256.1% increase in net generation or 3,279.38 MWh from 920.82 MWh in 2021 and 231% increase in operating hours from 2.69% to 8.90%. The plant's total outage was reported to have increased to 412.1% from 1.29% to 6.61%.

(2) Panay Diesel Power Plant 3 (PDPP 3)

On PDPP 3 (50MW), Mr. Villegas reported that plant availability also remained high at 95.86% but decreased by 3.8% as compared to the previous year's 99.63%. Utilization rate also showed a minimal decrease of 0.8% from 58.01% in 2021 to 57.55% in 2022. Similar to PDPP 1, PDPP 3's net generation increased by 255.9% from 5,277.76 MWh, during the same period in 2021 to 18,783.42 MWh this year. Operating hours also increased by 281.5% from 4.92% in 2021 to 18.77%, for the same period. The plant's total outage rose by 1,018.7% at 4.14% from last year's 0.37%. The similar trend in net generation between PDPP 1 and PDPP 3 may be attributed to the fact that the plants serve the same dispatchable reserve market.

(3) Bohol Diesel Power Plant (BDPP)

On BDPP (16.2MW), Mr. Villegas reported that the plant availability of BDPP dropped by 9.9% in 2022 from 99.41% in 2021 to 89.54% this year, of the same period. The decrease is a result of the 10.46% total outage caused by the prolonged plant shut down caused by the fire that hit the plant's low voltage switch gear due to typhoon Odette. The isolation of Bohol sub-grid caused by the severe damage sustained by the transmission facilities during the onslaught of typhoon Odette caused the ASPA suspension which resulted in the substantial decrease in utilization rate of 31.9% from 98.14% in 2021 to 66.81% this year. Similar to PDPPs, BDPP's net generation surged by 742.4% from 964.70 MWh in 2021 to 8,126.74, for the same period, as it jointly supplied all the power needs of Bohol with PB104 until fully connected to the Visayas grid. This increased the plant's operating hours by 1,050.8% which ended at 28.08% from last year's 2.44%. BDPP's total outage reportedly surged at 10.46% from the previous year's 0.59% or a total increase of 1,675.2%.

(4) Power Barge 104 (PB104)

On PB104 (28MW), Mr. Villegas reported that the barge registered an increase in availability rate of 8.2% this year which ended at 95.24% as compared to the previous year's 87.99%. For the same reasons as BDPP, utilization rate dropped at 68.93% from 86.41% during the same period. Similar to BDPP, net generation increased by 296.3% to 16,450.70 MWh from 4,151.10 MWh of the previous year. Its operating hours jumped to 35.92% from last year's 6.14%, registering an increase of 485%. The barge's total outage fell by 60.4% from 12.01% in 2021 to 4.76% during the same period in 2022.

Consolidated Plant Portfolio

According to Mr. Villegas, based on the overall plant portfolio, the availability of the four plants combined ended at 94.42% in the first four months of 2022 which was lower by 2.1% compared with the same period

of 2021 which was at 96.49%. Combined utilization rate of the plants also ended lower by 12.5% that is from 71.2% in 2021 to 62.88% due to the damaged facilities caused by the typhoon and the ASPA suspension as a result thereof. Overall net generation increased by 312.2% from 11,314.38 MWh in 2021 to 46,640.24 MWh; operating hours by 408.6% from 4.56% in 2021 to 23.19; and total outage by 58.8% from 5.51% to 5.58% in 2022. (End of the report)

The Chairman asked the Board for questions or comments about the report. The Board did not ask any questions.

VIII. Presentation of the Consolidated Interim Financial Statements as of and for the Four Months Ended April 30, 2022

Mr. Nino Ray Aguirre presented the Consolidated Interim Financial Statements as of and for the Four Months Ended April 30, 2022. He reported that the consolidated net income of 215.3 million is lower by 67.7% as compared to the same period last year. The primary cause for the decrease is mainly the substantial decrease in the equity in net earnings of associates or investee companies which is a result of expiring power supply contracts and advanced preventive maintenance service conducted on power generation units during the first quarter of 2022. SPC, SIPC, and BLCI operations were partially affected by typhoon Odette in December 2021 which damaged distribution facilities and WESM operations resumed only in February 2022.

Revenues increased by 49.4% from 640.9 million in 2021 to 957.2 million in 2022 which was caused mainly by higher pass-through cost of fuel and purchased power distributed and sold to customers. The Group shows a sound consolidated financial position as of April 30, 2022 where current ratio is 9.09:1 and debt-to-equity ratio is 0.11:1 with no bank loans no any borrowings from any financial institutions. The Group's balance of cash and cash equivalents ended at 2,985.1 million. Unlike in 2021 wherein the company declared cash dividends of 598.6 million, company has not declared interim cash dividends for 2022.

The Chairman asked the Board for questions or clarifications from the Board.

Director Fenix suggested and moved to declare interim cash dividends of at least P0.20 per share given the financial position of the company. The motion was seconded and when asked for objections, the Board did not raise any.

Resolution:

Resolved, that the motion to declare cash dividends of P0.20 per share, is hereby approved; resolved further, that the management is directed to determine the record and the payment date.

IX. Approval to amend the By-Laws

The Assistant Corporate Secretary discussed that in connection with the amendment of the Amended Articles of Incorporation, the SEC has required the company to amend the Amended By Laws to update the provisions to be consistent with the Revised Corporation Code and the SEC rules and regulations. In compliance to the mandate of the Commission, the following provisions are proposed to be amended:

Provision	Proposed Amendment
<p>Article II, Section 3, By-Laws</p> <p>Section 3. Special Meetings. – Special meetings of the stockholders may be called at the office of the Corporation by resolution of the Board of Directors, upon request of the stockholders representing one-third (1/3) or more of the fully paid-up capital stock, or by the President.</p>	<p>Article II, Section 3</p> <p><u>Subject to the conditions under SEC Memorandum Circular No. 7, series of 2021, Sec. 49 of the Revised Corporation Code, and other relevant regulations,</u> special meetings may be called by resolution of the Board of Directors, upon request of <u>any number of shareholders who hold at least ten percent (10%) or more of the outstanding capital stock,</u> or by the President.</p>
<p>Article II, Section 4</p> <p>Section 4. Notices. Notices of every regular or special meeting of shareholders shall be made or cause to be made by the Secretary by personal delivery, mail, facsimile or cable to each stockholder of record at the address stated in the books of the Corporation not less than 15 business days prior to the date of any such meeting. xxx</p>	<p>Article II, Section 4</p> <p>Section 4. Notices. Notices of every regular or special meeting of shareholders shall be made or cause to be made by the Secretary by personal delivery, mail, facsimile, cable, <u>messaging service, or electronic mail</u> to each stockholder of record at the address stated in the books of the Corporation <u>at least twenty-one (21) calendar days</u> prior to the date of such meeting. xxx</p>
<p>Article II, Section 2</p> <p>The annual meeting of the stockholders shall be held during the month of April of each year, on such date, time and place as the Board may designate. If the Board fails to designate such date on or before March 15, then the Annual Meeting shall be held on the last Monday of April at 10:00 o'clock in the morning, at the principal office of the Corporation, unless the date be a holiday, in which event the meeting shall be held at the same hour and place on the next succeeding day which is not a holiday.</p>	<p>Article II, Section 2</p> <p>The annual meeting of the stockholders shall be held during the month of <u>May</u> of each year, on such date, time and place as the Board may designate.</p>
<p>Article III, Section 7</p> <p>Section 7. Voting Requirement. – xxx</p> <p>The following corporate acts require the affirmative vote of at least one director nominated by each Stockholder Group.</p> <p>xxx</p> <p>For purposes of these By-Laws, the term "Stockholder Group" means any shareholder which, individually or together with its Affiliates, directly or indirectly through one or more</p>	<p>Article III, Section 7</p> <p>Section 7. Voting Requirement. – <u>Unless the articles of incorporation or the by-laws provides for a greater majority, a majority of the directors as stated in the articles of incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors constituting a quorum, except for the election of officers which shall require the vote of a majority of all the members of the board, shall be valid as a corporate act.</u></p>

intermediaries, owns more than 25% of the total outstanding capital stock of the Corporation. xxx"	
<p>Article II, Section 7</p> <p>Section 7. Voting Requirements. – At each meeting of the SH, every SH shall be entitled to vote, in person or by proxy, each share of stock held by him. A majority of the quorum shall decide any matters that may come before the meeting, unless a greater number is required by law and except as provided below for which the affirmative vote of SH holding at least 70% of the entire issued and outstanding capital stock shall be required.</p>	<p>Article II, Section 7</p> <p>Section 7. Voting Requirements. – At each meeting of the SH, every SH shall be entitled to vote, in person or by proxy, each share of stock held by him. A majority of the quorum shall decide any matters that may come before the meeting, unless a greater number is required by law and except as provided below, for which the affirmative vote of <u>shareholders owning or representing at least 66 2/3% of the Outstanding Common Shares</u> shall be required:</p> <p>xxx</p>

The Chairman asked the Board for questions or comments about the report. A motion duly seconded was made to approve the proposed amendments to the By-Laws, and when asked for objections, the Board did not raise any. The motion duly seconded was unanimously approved by the Board.

Resolution:

"RESOLVED, that the following provisions of the Corporation's By-Laws, particularly Sections 2, 3, 4, and 7 of Article II and Section 7 of Article III thereof are hereby amended to read as follows:

ARTICLE II

STOCKHOLDERS

xxx

SECTION 2. Regular Meetings. The annual meeting of the stockholders shall be held during the month of May of each year, on such date, time and place as the Board may designate. If the Board fails to designate such date on or before March 15, then the Annual Meeting shall be held on the last Monday of April at 10:00 o'clock in the morning, at the principal office of the Corporation, unless the date be a holiday, in which event the meeting shall be held at the same hour and place on the next succeeding day which is not a holiday.

SECTION 3. Special Meetings. Subject to the conditions under SEC Memorandum Circular No. 7, series of 2021, Sec. 49 of the Revised Corporation Code, and other relevant regulations, special meetings may be called by resolution of the Board of Directors, upon request of any number of shareholders who hold at least ten percent (10%) or more of the outstanding capital stock, or by the President.

SECTION 4. Notices. *Notices of every regular or special meeting of shareholders shall be made or cause to be made by the Secretary by personal delivery, mail, facsimile, cable, messaging service, or electronic mail to each stockholder of record at the address stated in the books of the Corporation at least twenty-one (21) calendar days prior to the date of such meeting. xxx*

xxx

SECTION 7. Voting Requirements. – *At each meeting of the SH, every SH shall be entitled to vote, in person or by proxy, each share of stock held by him. A majority of the quorum shall decide any matters that may come before the meeting, unless a greater number is required by law and except as provided below, for which the affirmative vote of shareholders owning or representing at least 66²/₃% of the Outstanding Common Shares stockholders holding at least 70% of the entire issued and outstanding capital stock shall be required:*

xxx

ARTICLE III

DIRECTORS

SECTION 7. Voting Requirement. – *Unless the articles of incorporation or the by-laws provides for a greater majority, a majority of the directors as stated in the articles of incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors constituting a quorum, except for the election of officers which shall require the vote of a majority of all the members of the board, shall be valid as a corporate act.*

RESOLVED FURTHER, that these amendments shall be submitted to the stockholders representing at least 70% of the outstanding capital stock of the Corporation for their approval by written assent; for this purpose, the management is hereby directed to determine the record date and schedule the date of approval by written assent in order to ensure compliance with the requirements of the Securities Regulation Code and other rules and regulations of the Securities and Exchange Commission.

X. Other Matters

No other matter was left to be discussed.

XI. Adjournment

Upon motion duly seconded, without objection, the Chairman declared the 2022 Organizational Meeting of the Board, adjourned.

Prepared by:

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

VICTOR P. LAZATIN
Corporate Secretary

Approved,

ALFREDO L. HENARES
Chairman

DENNIS T. VILLAREAL
Director

ALBERTO P. FENIX, JR.
Director

LEE, DAL HUN
Director

ENRIQUE L. BENEDICTO
Director

KIM, KILWON
Director

SERGIO R. ORTIZ-LUIS, JR.
Director

YOUN, SANG YOUNG
Director

JAMES ROY N. VILLAREAL
Director

LEE, KYUNG-EUN
Director

FRANCISCO L. VIRAY
Director

**MINUTES OF THE 2022 ORGANIZATIONAL MEETING
OF
SPC POWER CORPORATION
May 31, 2022, 11:00 A.M.
Via Zoom Video Teleconference**

I. Call to Order and Roll Call

The Chairman called the meeting to order at 11:05 A.M. Pursuant to the Internal Procedures for Board Meeting by Teleconference, the Corporate Secretary requested the directors to state for the record their full name, location, and device used to access the meeting. (See attachment 1)

II. Quorum Certification

The Corporate Secretary certified that notices were sent to all directors by electronic mail on May 18 and May 26, 2022, and that with all directors present, there is quorum to transact the business at hand.

III. Approval of the Minutes of Previous Meetings

The Chairman asked the Board for comments on the minutes of meetings held on April 6, 2022, April 27, 2022, May 2, 2022, and May 10, 2022. Copies of the minutes were included in the agenda folder. There was no comment from the Board.

A motion was made to approve the minutes. The motion was immediately seconded. The Chairman asked the Board for objections but none was made. The Corporate Secretary was directed to cast all votes in favor of the motion. Thus, upon motion duly seconded, without objections, the minutes of meetings held on April 6, 2022, April 27, 2022, May 2, 2022, and May 10, 2022 are hereby unanimously approved.

Resolution:

RESOLVED, that the motion to approve the minutes of the meetings held on April 6, April 27, May 2, and May 10, 2022, duly seconded, is approved.

IV. Matters Arising from the Previous Meeting

The Chairman asked if there were any matters arising from the previous meeting. The Corporate Secretary confirmed that there are none.

V. Election of Officers for 2022-2023

Director Dennis Villareal nominated the following as officers of the Corporation for the term 2022-2023:

Chairman of the Board	-	Alfredo L. Henares
President and CEO	-	Dennis T. Villareal
Executive Director	-	Alberto P. Fenix, Jr.
Corporate Secretary	-	Atty. Victor P. Lazatin

Senior Vice President for Finance and Administration and Treasurer	-	Jaime M. Balisacan
Senior Vice President for Legal and Regulatory Affairs/ Compliance Officer	-	Atty. Maria Luz L. Caminero
Senior Vice President for Business Development and Commercial Operations	-	Cesar O. Villegas
Vice President	-	James Roy N. Villareal
Vice-President for Finance	-	Nino Ray D. Aguirre
Assistant Corporate Secretary	-	Atty. Mishelle Anne R. Rubio-Aguinaldo

The nomination was seconded by Director Fenix, Jr. The Chairman asked for objections but the Board did not have any. Upon motion duly seconded, the nominations were unanimously approved and the Corporate Secretary was directed to cast the votes in favor of the nominees. Upon motion duly seconded, without objections, the Board unanimously approved the nomination and elected the nominees.

Resolution:

RESOLVED, that the duly elected officers of the Corporation for the term 2022-2023 are as follows:

<i>Chairman of the Board</i>	-	<i>Alfredo L. Henares</i>
<i>President and CEO</i>	-	<i>Dennis T. Villareal</i>
<i>Executive Director</i>	-	<i>Alberto P. Fenix, Jr.</i>
<i>Corporate Secretary</i>	-	<i>Atty. Victor P. Lazatin</i>
<i>Senior Vice President for Finance and Administration and Treasurer</i>	-	<i>Jaime M. Balisacan</i>
<i>Senior Vice President for Legal and Regulatory Affairs/ Compliance Officer</i>	-	<i>Atty. Maria Luz L. Caminero</i>
<i>Senior Vice President for Business Development and Commercial Operations</i>	-	<i>Cesar O. Villegas</i>
<i>Vice President</i>	-	<i>James Roy N. Villareal</i>
<i>Vice-President for Finance</i>	-	<i>Nino Ray D. Aguirre</i>
<i>Assistant Corporate Secretary</i>	-	<i>Atty. Mishelle Anne R. Rubio-Aguinaldo</i>

The Chairman congratulated the newly-elected Officers of the Corporation.

VI. Election of Board Committee Members for 2021-2022

The Board proceeded to the next item on the agenda which is the election of board committee members for the period 2022-2023. Director Dennis Villareal nominated the following as members of the committees:

Executive Committee

Chairman	:	Alfredo L. Henares
Members	:	Dennis T. Villareal
		Alberto P. Fenix, Jr.
		Lee, Dal Hun
		Kim, Kilwon

Audit Committee

Chairman	:	Francisco L. Viray
Members	:	Alfredo L. Henares
		Sergio Ortiz-Luis, Jr.
		Enrique L. Benedicto
		Kim, Kilwon

Corporate Governance Committee

Chairman	:	Sergio Ortiz-Luis, Jr.
Members	:	Dennis T. Villareal
		Enrique L. Benedicto
		Francisco L. Viray
		Kim, Kilwon

The nominations were seconded when asked if there were objections, none were interposed. The Corporate Secretary was ordered to cast the votes in favor of the nominees, the nominations are hereby approved and the Corporate Secretary is directed to cast all votes in favor of the nominees. Upon motion duly seconded, without objections, the Board unanimously approved the nomination and elected the nominees as members of the respective committees.

Resolution:

RESOLVED, that the duly elected members of the respective board committees for the term 2022-2023 are as follows:

Executive Committee

Chairman	:	Alfredo L. Henares
Members	:	Dennis T. Villareal
		Alberto P. Fenix, Jr.
		Lee, Dal Hun
		Kim, Kilwon

Audit Committee

Chairman	:	Francisco L. Viray
Members	:	Alfredo L. Henares
		Sergio Ortiz-Luis, Jr.
		Enrique L. Benedicto
		Kim, Kilwon

Corporate Governance Committee

Chairman	:	Sergio Ortiz-Luis, Jr.
Members	:	Dennis T. Villareal
		Enrique L. Benedicto
		Francisco L. Viray
		Kim, Kilwon

The Chairman congratulated the newly-elected Officers of the Corporation.

VII. Operations Report

Mr. Cesar O. Villegas presented the operational performance of SPC and SIPC power plants during the first four months in 2021 in comparison with the same period of the preceding year.

(1) Panay Diesel Power Plant 1 (PDPP 1)

On PDPP 1 (15MW), Mr. Villegas reported that the plant availability ended at 93.39% which is lower as compared to 98.71% availability during the same period in 2021. Reportedly, the utilization rate has improved by 4.4% at 65.09% this year compared to 62.34% last year. The on-going repair of the Cebu-Negros submarine cable and the prolonged outage of Palm Concepcion plant in Negros contributed to the 256.1% increase in net generation or 3,279.38 MWh from 920.82 MWh in 2021 and 231% increase in operating hours from 2.69% to 8.90%. The plant's total outage was reported to have increased to 412.1% from 1.29% to 6.61%.

(2) Panay Diesel Power Plant 3 (PDPP 3)

On PDPP 3 (50MW), Mr. Villegas reported that plant availability also remained high at 95.86% but decreased by 3.8% as compared to the previous year's 99.63%. Utilization rate also showed a minimal decrease of 0.8% from 58.01% in 2021 to 57.55% in 2022. Similar to PDPP 1, PDPP 3's net generation increased by 255.9% from 5,277.76 MWh, during the same period in 2021 to 18,783.42 MWh this year. Operating hours also increased by 281.5% from 4.92% in 2021 to 18.77%, for the same period. The plant's total outage rose by 1,018.7% at 4.14% from last year's 0.37%. The similar trend in net generation between PDPP 1 and PDPP 3 may be attributed to the fact that the plants serve the same dispatchable reserve market.

(3) Bohol Diesel Power Plant (BDPP)

On BDPP (16.2MW), Mr. Villegas reported that the plant availability of BDPP dropped by 9.9% in 2022 from 99.41% in 2021 to 89.54% this year, of the same period. The decrease is a result of the 10.46% total outage caused by the prolonged plant shut down caused by the fire that hit the plant's low voltage switch gear due to typhoon Odette. The isolation of Bohol sub-grid caused by the severe damage sustained by the transmission facilities during the onslaught of typhoon Odette caused the ASPA suspension which resulted in the substantial decrease in utilization rate of 31.9% from 98.14% in 2021 to 66.81% this year. Similar to PDPPs, BDPP's net generation surged by 742.4% from 964.70 MWh in 2021 to 8,126.74, for the same period, as it jointly supplied all the power needs of Bohol with PB104 until fully connected to the Visayas grid. This increased the plant's operating hours by 1,050.8% which ended at 28.08% from last year's 2.44%. BDPP's total outage reportedly surged at 10.46% from the previous year's 0.59% or a total increase of 1,675.2%.

(4) Power Barge 104 (PB104)

On PB104 (28MW), Mr. Villegas reported that the barge registered an increase in availability rate of 8.2% this year which ended at 95.24% as compared to the previous year's 87.99%. For the same reasons as BDPP, utilization rate dropped at 68.93% from 86.41% during the same period. Similar to BDPP, net generation increased by 296.3% to 16,450.70 MWh from 4,151.10 MWh of the previous year. Its operating hours jumped to 35.92% from last year's 6.14%, registering an increase of 485%. The barge's total outage fell by 60.4% from 12.01% in 2021 to 4.76% during the same period in 2022.

Consolidated Plant Portfolio

According to Mr. Villegas, based on the overall plant portfolio, the availability of the four plants combined ended at 94.42% in the first four months of 2022 which was lower by 2.1% compared with the same period

of 2021 which was at 96.49%. Combined utilization rate of the plants also ended lower by 12.5% that is from 71.2% in 2021 to 62.88% due to the damaged facilities caused by the typhoon and the ASPA suspension as a result thereof. Overall net generation increased by 312.2% from 11,314.38 MWh in 2021 to 46,640.24 MWh; operating hours by 408.6% from 4.56% in 2021 to 23.19; and total outage by 58.8% from 5.51% to 5.58% in 2022. (End of the report)

The Chairman asked the Board for questions or comments about the report. The Board did not ask any questions.

VIII. Presentation of the Consolidated Interim Financial Statements as of and for the Four Months Ended April 30, 2022

Mr. Nino Ray Aguirre presented the Consolidated Interim Financial Statements as of and for the Four Months Ended April 30, 2022. He reported that the consolidated net income of 215.3 million is lower by 67.7% as compared to the same period last year. The primary cause for the decrease is mainly the substantial decrease in the equity in net earnings of associates or investee companies which is a result of expiring power supply contracts and advanced preventive maintenance service conducted on power generation units during the first quarter of 2022. SPC, SIPC, and BLCI operations were partially affected by typhoon Odette in December 2021 which damaged distribution facilities and WESM operations resumed only in February 2022.

Revenues increased by 49.4% from 640.9 million in 2021 to 957.2 million in 2022 which was caused mainly by higher pass-through cost of fuel and purchased power distributed and sold to customers. The Group shows a sound consolidated financial position as of April 30, 2022 where current ratio is 9.09:1 and debt-to-equity ratio is 0.11:1 with no bank loans no any borrowings from any financial institutions. The Group's balance of cash and cash equivalents ended at 2,985.1 million. Unlike in 2021 wherein the company declared cash dividends of 598.6 million, company has not declared interim cash dividends for 2022.

The Chairman asked the Board for questions or clarifications from the Board.

Director Fenix suggested and moved to declare interim cash dividends of at least P0.20 per share given the financial position of the company. The motion was seconded and when asked for objections, the Board did not raise any.

Resolution:

Resolved, that the motion to declare cash dividends of P0.20 per share, is hereby approved; resolved further, that the management is directed to determine the record and the payment date.

IX. Approval to amend the By-Laws

The Assistant Corporate Secretary discussed that in connection with the amendment of the Amended Articles of Incorporation, the SEC has required the company to amend the Amended By Laws to update the provisions to be consistent with the Revised Corporation Code and the SEC rules and regulations. In compliance to the mandate of the Commission, the following provisions are proposed to be amended:

Provision	Proposed Amendment
<p>Article II, Section 3, By-Laws</p> <p>Section 3. Special Meetings. – Special meetings of the stockholders may be called at the office of the Corporation by resolution of the Board of Directors, upon request of the stockholders representing one-third (1/3) or more of the fully paid-up capital stock, or by the President.</p>	<p>Article II, Section 3</p> <p><u>Subject to the conditions under SEC Memorandum Circular No. 7, series of 2021, Sec. 49 of the Revised Corporation Code, and other relevant regulations,</u> special meetings may be called by resolution of the Board of Directors, upon request of <u>any number of shareholders who hold at least ten percent (10%) or more of the outstanding capital stock,</u> or by the President.</p>
<p>Article II, Section 4</p> <p>Section 4. Notices. Notices of every regular or special meeting of shareholders shall be made or cause to be made by the Secretary by personal delivery, mail, facsimile or cable to each stockholder of record at the address stated in the books of the Corporation not less than 15 business days prior to the date of any such meeting. xxx</p>	<p>Article II, Section 4</p> <p>Section 4. Notices. Notices of every regular or special meeting of shareholders shall be made or cause to be made by the Secretary by personal delivery, mail, facsimile, cable, <u>messaging service, or electronic mail</u> to each stockholder of record at the address stated in the books of the Corporation <u>at least twenty-one (21) calendar days</u> prior to the date of such meeting. xxx</p>
<p>Article II, Section 2</p> <p>The annual meeting of the stockholders shall be held during the month of April of each year, on such date, time and place as the Board may designate. If the Board fails to designate such date on or before March 15, then the Annual Meeting shall be held on the last Monday of April at 10:00 o'clock in the morning, at the principal office of the Corporation, unless the date be a holiday, in which event the meeting shall be held at the same hour and place on the next succeeding day which is not a holiday.</p>	<p>Article II, Section 2</p> <p>The annual meeting of the stockholders shall be held during the month of <u>May</u> of each year, on such date, time and place as the Board may designate.</p>
<p>Article III, Section 7</p> <p>Section 7. Voting Requirement. – xxx</p> <p>The following corporate acts require the affirmative vote of at least one director nominated by each Stockholder Group.</p> <p>xxx</p> <p>For purposes of these By-Laws, the term "Stockholder Group" means any shareholder which, individually or together with its Affiliates, directly or indirectly through one or more</p>	<p>Article III, Section 7</p> <p>Section 7. Voting Requirement. – <u>Unless the articles of incorporation or the by-laws provides for a greater majority, a majority of the directors as stated in the articles of incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors constituting a quorum, except for the election of officers which shall require the vote of a majority of all the members of the board, shall be valid as a corporate act.</u></p>

intermediaries, owns more than 25% of the total outstanding capital stock of the Corporation. xxx"	
<p>Article II, Section 7</p> <p>Section 7. Voting Requirements. – At each meeting of the SH, every SH shall be entitled to vote, in person or by proxy, each share of stock held by him. A majority of the quorum shall decide any matters that may come before the meeting, unless a greater number is required by law and except as provided below for which the affirmative vote of SH holding at least 70% of the entire issued and outstanding capital stock shall be required.</p>	<p>Article II, Section 7</p> <p>Section 7. Voting Requirements. – At each meeting of the SH, every SH shall be entitled to vote, in person or by proxy, each share of stock held by him. A majority of the quorum shall decide any matters that may come before the meeting, unless a greater number is required by law and except as provided below, for which the affirmative vote of <u>shareholders owning or representing at least 66²/₃% of the Outstanding Common Shares</u> shall be required:</p> <p>xxx</p>

The Chairman asked the Board for questions or comments about the report. A motion duly seconded was made to approve the proposed amendments to the By-Laws, and when asked for objections, the Board did not raise any. The motion duly seconded was unanimously approved by the Board.

Resolution:

"RESOLVED, that the following provisions of the Corporation's By-Laws, particularly Sections 2, 3, 4, and 7 of Article II and Section 7 of Article III thereof are hereby amended to read as follows:

ARTICLE II

STOCKHOLDERS

xxx

SECTION 2. Regular Meetings. The annual meeting of the stockholders shall be held during the month of May of each year, on such date, time and place as the Board may designate. If the Board fails to designate such date on or before March 15, then the Annual Meeting shall be held on the last Monday of April at 10:00 o'clock in the morning, at the principal office of the Corporation, unless the date be a holiday, in which event the meeting shall be held at the same hour and place on the next succeeding day which is not a holiday.

SECTION 3. Special Meetings. Subject to the conditions under SEC Memorandum Circular No. 7, series of 2021, Sec. 49 of the Revised Corporation Code, and other relevant regulations, special meetings may be called by resolution of the Board of Directors, upon request of any number of shareholders who hold at least ten percent (10%) or more of the outstanding capital stock, or by the President.

SECTION 4. Notices. Notices of every regular or special meeting of shareholders shall be made or cause to be made by the Secretary by personal delivery, mail, facsimile, cable, messaging service, or electronic mail to each stockholder of record at the address stated in the books of the Corporation at least twenty-one (21) calendar days prior to the date of such meeting. xxx

xxx

SECTION 7. Voting Requirements. – At each meeting of the SH, every SH shall be entitled to vote, in person or by proxy, each share of stock held by him. A majority of the quorum shall decide any matters that may come before the meeting, unless a greater number is required by law and except as provided below, for which the affirmative vote of shareholders owning or representing at least 66²/₃% of the Outstanding Common Shares stockholders holding at least 70% of the entire issued and outstanding capital stock shall be required:

xxx

ARTICLE III

DIRECTORS

SECTION 7. Voting Requirement. – Unless the articles of incorporation or the by-laws provides for a greater majority, a majority of the directors as stated in the articles of incorporation shall constitute a quorum to transact corporate business, and every decision reached by at least a majority of the directors constituting a quorum, except for the election of officers which shall require the vote of a majority of all the members of the board, shall be valid as a corporate act.

RESOLVED FURTHER, that these amendments shall be submitted to the stockholders representing at least 70% of the outstanding capital stock of the Corporation for their approval by written assent; for this purpose, the management is hereby directed to determine the record date and schedule the date of approval by written assent in order to ensure compliance with the requirements of the Securities Regulation Code and other rules and regulations of the Securities and Exchange Commission.

X. Other Matters

No other matter was left to be discussed.

XI. Adjournment

Upon motion duly seconded, without objection, the Chairman declared the 2022 Organizational Meeting of the Board, adjourned.

Prepared by:

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

VICTOR P. LAZATIN
Corporate Secretary

Approved,

ALFREDO L. HENARES
Chairman

DENNIS T. VILLAREAL
Director

ALBERTO P. FENIX, JR.
Director

LEE, DAL HUN
Director

ENRIQUE L. BENEDICTO
Director

KIM, KILWON
Director

SERGIO R. ORTIZ-LUIS, JR.
Director

YOUN, SANG YOUNG
Director

JAMES ROY N. VILLAREAL
Director

LEE, KYUNG-EUN
Director

FRANCISCO L. VIRAY
Director

**REGULAR MEETING OF THE BOARD OF DIRECTORS
OF
SPC POWER CORPORATION
DECEMBER 12, 2022, 2:00 P.M.
VIA ZOOM VIDEO TELECONFERENCE**

I. Call to Order and Roll Call

The Chairman, Alfredo L. Henares, called the meeting to order at 2:00 p.m. The meeting was held through remote communication using Zoom Video Teleconference. Pursuant to the Internal Procedures for Board Meeting by Teleconference¹, the Corporate Secretary, Atty. Victor P. Lazatin, requested the directors to state for the record their full name, location, and device used to access the meeting. The Assistant Corporate Secretary, Atty. Mishelle Anne R. Rubio-Aguinaldo, recorded the minutes of the meeting.

II. Quorum Certification

After the roll call, the Corporate Secretary informed the Board that notices were sent to all directors by electronic mail on November 19, 2022 and December 7, 2022, and with 10 directors present, the Corporate Secretary certified that a quorum was present to transact business.

III. Approval of the Minutes of Previous Meetings

The Chairman asked for comments or objections on the minutes included in the materials. The members did not raise any. Therefore, the motion was carried and the minutes were approved by the Board.

Resolution:

RESOLVED, that the motion to approve the minutes of the meetings held on May 31, 2022 and July 8, 2022, duly seconded, is hereby approved, subject to the corrections to be made, if any.

IV. Matters Arising from the Previous Meeting

There are no matters arising from the previous meeting.

V. Operations Report as of October 31, 2022

SVP Cesar O. Villegas presented the highlights on the operations performance of SPC and SIPC plants from January to October 2022 in relation to the plants' performance covering the same period in the previous year.

(1) Panay Diesel Power Plant-1 (15.0 MW)

Plant Availability of PDPP-1 is lower by 2.4% at 95.63% in 2022 compared to last year's 97.95%. Utilization Rate is higher by 5.43% in 2022 compared with 69.49% in 2021. He added that Utilization Rate may have been higher if not for the 40-day market suspension due to the widespread damage in transmission and distribution infrastructure caused by Typhoon Odette. Net Generation increased substantially by 106% at 11,505.57 MWh in 2022 as compared to 5,583.18 MWh in 2021, resulting in higher Operating Hours of 103% in 2022 due to the prolonged repair works on the 138 KV Cebu-Negros Submarine Cable, aggravated by 32-day shutdown of 150 MW Palm Concepcion Power Plant. The reduced Availability rate in 2022 yielded a higher Total Outage of 4.37% as compared with 2021's 2.05%.

(2) Panay Diesel Power Plant-3 (50.0 MW)

For PDPP-3, plant Availability ended high at 94.74% in 2022 which is lower by 3% compared with 97.69% in 2021. Utilization Rate is also lower by 7.3% but the Net Generation is higher by 77.4% from 3,116 MWh in 2021 to 55,275.02 kWh in 2022 due primarily to the Cebu- Negros Submarine Cable damage and prolonged shutdown of Palm Concepcion Power Plant. Consequently, this

¹ For security reasons, details pertaining to this portion are redacted and transposed to Attachment I which will be strictly for internal use.

caused the 81.4% increase in Operating Hours. Lower Availability in 2022 resulted to a higher Total Outage of 5.26% compared with 2021's 2.31%.

(3) Bohol Diesel Power Plant (16.2 MW)

BDPP's plant Availability ended high at 93.66%, but lower by 4.8% compared with 98.36% in 2021. The severe damage in the transmission and distribution infrastructures in Bohol due to Typhoon Odette caused a prolonged islanding operation in the province. This resulted in market suspension resulting in a lower Utilization Rate of 15.2% despite being fully contracted in the ASPA market. Net Generation of 19,431.53 MWh is 107% higher than 9,356.03 MWh in 2021, as a result of the 24/7 operation during islanding operations. Consequently, the plant Operating Hours increased by 142.9%. Lower Availability in 2022 resulted from a higher Total Outage of 6.34% compared with 1.64% in 2021.

(4) Power Barge 104 (29.0 MW)

PB104's plant Availability in 2022 is higher by 2.2% compared with last year's 93.25%. Like the BDPP, its Utilization Rate was also affected by the prolonged islanding operation resulting in a 7.8% decrease from last year's 91.35%. Like the BDPP, PB 104 operated 24/7 to support the province while waiting for the grid's restoration. This resulted in a 65% and 100% increase in Net Generation and Operating Hours, respectively. Higher Availability in 2022 resulted in a lower Total Outage of 4.73% compared with the 6.75% in 2021.

(5) Consolidated Plant Portfolio

The plants' over-all Availability rate is 94.84% which is 1.9% lower than 96.69% in 2021. The prolonged islanding operation caused by Typhoon Odette resulted lower combined Utilization Rate by 7.2%, though it yielded an increased Net Generation and Operating Hours of 79.8% and 96.9%, respectively because of the 24/7 operation of Bohol plants during islanding operation due to Typhoon Odette. The combined Total Outage of 5.16% in 2022 is 55.7% higher compared to 3.31% in 2021.

VI. Presentation of Interim Financial Reports (Actual as of Oct. 31, 2022 and Projected for the Year Ending December 31, 2022)

SVP Jaime M. Balisacan reported on the highlights of actual financial performance during the ten months ended October 31, 2022 and projected financial performance for the year ending December 31, 2022. He divided his presentation in two parts as follows:

- Part I: Refers only to the Parent Company Financial Performance (as a legal entity), and
- Part II: Refers to the Consolidated Financial Performance of the Parent Company and its Subsidiaries

He pointed out that the 2022 financial statements are still unaudited and are still subject to adjustments based on actual transactions in November and December 2022, and may be still subject to further account reclassifications after the SGV audit.

Part I: Parent Company Financial Performance

The actual net income of P411.9 million as of October 11, 2022, is reportedly projected to grow to P1,048.1 million by the end of 2022 after accounting for the last two months' transactions, including receipt of final dividend income from investee companies in December 2022.

The 2022 projected net income of P1,048.1 million is 33% is lower than the actual net income of P1,570.9 million in 2021. The substantial decrease is attributed mainly to the following: (1) lower dividend income from investee companies; (2) Lower gross margin from PB 104 operations; (3) lower other service income; and (4) higher administrative and general expenses. The decreases in net income were partly offset by higher non-recurring unrealized foreign exchange gains.

Total dividend income in 2022 is projected to be 33% lower as compared to the actual dividends in 2021. Projected dividend to be received from KSPC is P773.9 million which is 25% lower as compared to the actual dividends received in 2021. This is attributed mainly to expired power supply contracts which were not fully offset from sales to spot market.

Dividends received from other investee companies were also lower per 2022 projections due mainly to the spill-over impact of Typhoon Odette, i.e. suspension of WESM operations. In addition, the other investee companies are saddled with temporary under-recoveries of cost of fuel that was used to generate incidental energy in rendering ancillary services, as well as temporary under recovery of cost of purchase power sold to customers.

Not included in the projection (due to late information) are dividends declared by BLCI on December 7, 2022 amounting to P11.25 million in which SPC will receive P4.5 million.

The projected 2022 gross margin from PB 104 of P73.3 million is P92.1 million or 56% lower compared to the previous year; however, the 2021 actual included 2020 fuel cost of P33.7 million which was recovered only in 2021. Without this, the 2022 projection would have been lower by around P58 million only.

Just like with the other plants operating in the Bohol Island, PB 104 was affected by the suspension of WESM operation from December 26, 2021 to February 10, 2022 due to Typhoon Odette. In addition, PB 104 was saddled with temporary under-recoveries of cost of fuel used to generate incidental energy in rendering ancillary services. As of October 31, 2022, net under-recoveries of fuel cost by the power barge amounted to P49.5 million.

The 19% projected increase in administrative and general expenses is due mainly to the higher expenses for business development, including write-off of unsuccessful projects from prior years. Also included in the projected 2022 administrative and general expenses are year-end directors' fees which are assumed to be the same as in the previous year.

The company is projected to post higher non-recurring foreign exchange gains of P122 million in 2022 versus the P7.5 million non-recurring gains in the previous year. This is due to the appreciation of the US dollar versus the local currency which benefited our U.S. dollar denominated funds.

The Parent Company's total assets are projected to increase by P775.6 million from P6,551.1 million to P7,326.7 million at the end of 2022. The increase is mostly coming from the balance of cash and cash equivalents. Total liabilities likewise increased, but at a much lower rate of P26.8 million only. Stockholders' equity increased by 12% from P6,374.3 million to P7,123.0 million. The increase is accounted by the projected net income in 2022 of P1,048.1 million less cash dividends declared amounting to P299.3 million. Financial ratios remain very favorable.

The Parent Company's cash flows show that there are at least 3 major sources and applications of funds projected for 2022. There is projected net cash outflow from operating activities of P119.5 million in 2022, lower than last year's P125.8 million due to lower cash profit as well as increase in receivables and inventories at end of 2022. As mentioned earlier, cash dividends received are also lower in 2022. Total cash dividends paid in 2021 was high due to improperly accumulated earnings. The year-end cash balance of the parent company is projected at P3.4 billion. The company is conserving funds in view of Project Kermit in which the company may exercise its right of first refusal which will be discussed in Agendum IX.

Part II: Consolidated Financial Performance (Parent Company and its Subsidiaries)

As of October 31, 2022, the total actual consolidated net income amounted to P1,128.6 million. However, this is projected to decline to P1,074.4 million at the end of the year due to the following: (1) there is decline in the earnings of KSPC in November and December 2022 because of the scheduled major maintenance of generating units (2) year-end payments of directors fees; (3) balance of 13th month pay, bonuses, and other employee benefits, which are initially assumed in the projections to be the same as last year; and (4) write-off of prior years project development cost.

Likewise, the projected consolidated net income for 2022 of P1,074.4 million is 10% lower than the 2021 actual of P1,197.3 million due mainly to the following: (1) expired power supply contracts of KSPC not fully offset by increase in sales to WESM; (2) WESM Suspension in the Bohol Island from December 16, 2021 to February 10, 2022; (3) temporary under-recovery of fuel cost used to generate incidental energy in the provision of ancillary services; and (4) temporary under-recovery of cost of purchase power that were sold to customers of the distribution utilities. Assuming no timing differences in the recognition of recovered fuel cost and recovered purchase power costs, the adjusted and projected net income in 2022 would have been higher by P159.3 million, slightly better than 2021. As further agreed with NGCP, recovery of fuel cost incurred for rendering ancillary services will be taken up as revenue only after reconciliation/actual collection and shall be included in NGCP's duly approved Statement of Provided Ancillary Services (SPAS). Mr. Balisacan added that similar policy is adopted for the delayed recovery of purchased power by BLCI.

Dir. Lee Dal Hun asked about the financial position of Bohol Light Company, Inc. (BLCI) which affected the projected cash flow of SPC. SVP Balisacan explained that in view of the rising price of purchased power, the rate by which the recovery of cost of purchased power is also increasing such that as of October 2022, the unrecovered purchased power cost amounts to P36.7 million. In any event, he clarified that under-recovery of purchased cost of power is not yet included in the net income pending actual payment from the customers. BLCI's situation is perceived to be temporary and is expected to shift once the cost of purchased power stabilizes.

Dir. Lee Dal Hun further inquired if the situation was caused by the drastic increase in the cost of purchased power while the retail price has been at the steady level thereby causing the loss on the part of BLCI. SVP Balisacan clarified that the problem is that the pass-through costs cannot be fully recovered in times of increasing cost of purchased power. At any rate, he remained positive that BLCI is expected to recover once the cost of purchased power has become more stable.

Dir. Alfredo P. Fenix, Jr., who is also a director of BLCI, shared that like other distribution utilities, BLCI suffered severe losses due to the lockdowns. Commercial establishments which tend to generate the highest energy sales were forced to close down or to downsize. During these past 2

years of Covid-19, the demand or kwh sold by BLCI plummeted and has barely recovered. In addition, there were a lot of challenges caused by Typhoon Odette in 2021 and Typhoon Agaton in 2022. He assured the Board that based on BLCI's projections, demand will revert to pre-covid levels this coming 2023. With respect to the under recovery, during the period due to Covid-19, difficulties in supply, and extraordinary increase in fuel prices largely contributed to the under recovery of P36.7 million. Finally, per SVP Balisacan, had BLCI recovered the P36.7 million, it would have resulted in BLCI having a net income of P18 million.

VII. Resolution for Year-End Directors' Fees

Based on the financial condition of the company, the management recommended a Director's Fee of Php600,000.00 for a full year of service, or pro rata thereof, and an additional Php200,000.00 for the Chairman, same as the previous year. A motion to approve the recommendation, was raised and duly seconded. The Chairman asked for comments or objections but the members did not raise any. Therefore, the motion was carried and was unanimously approved by the Board.

Resolution:

RESOLVED, that the motion to approve the payment of Year-End Director's Fee of Six Hundred Thousand Pesos (Php600,000.00) for a full year service or pro rata thereof to each member of the Board of Directors, and an additional Two Hundred Thousand Pesos (Php200,000.00) for the Chairman, duly seconded, is hereby approved.

VIII. Approval of Proposed 2023 OPEX and CAPEX Budget

VP Nino Ray D. Aguirre discussed that the proposed 2023 budget was prepared based on the assumption that the existing ASPA contract will continue in 2023. Revenue projections are based on the assumption that PB104 capacity will continue at 29.0 MW, availability will be the same as last year, while utilization will be at 93%. Dispatch is projected at 18%. The proposed plant operating expenses increased from P650.4 million in 2022 to P658.5 million in 2023 due to fuel and lubes; while the decrease in spares, materials, and supplies is due mainly to the utilization of spares generated from PB102 and 103. Depreciation expenses amounted to P36.2 million in 2023, personnel expenses which includes the average 5% annual increase projected at P22.7 million in 2023, and rental expenses including PPA charges, transmission charges, repairs and maintenance, and ER-194, excluding fuel as a pass-through cost and lube as recharge cost with cap, the plant operating expense amounts to P85 million. General and Administrative expenses are projected to decrease by 16% or P27.3 million pesos from 2022 to 2023, excluding the cost of writing off accumulated project development cost of OMECO and 1BP in 2022.

The projected operating capital expenditure in 2023 pertains largely to underwater hull and anode cleaning and survey. The low budget projection in strategic insurance repairs is due mainly to the utilization of spares and equipment parts from PB102 and 103. The proposed renovation of Makati office for P16.5 million is a carry-over of the previous year's budget. Included in the proposed budget are aircon replacement and repair of related ducting and piping in Makati office, repair of fire detection and alarm system, installation of CCTV, PABX system upgrading and loose furniture for office consolidation, etc. These are operating capital expenditures in the Company's day to day course of operations. Any other capital expenditures will be requested for approval of the board separately.

The total proposed 2023 operating and CAPEX budget amounts to P838.92 million. Other assumption include dividend income projected at P739 million, a decline of P276 million or 27% in 2022 due to the projected decline in dividends from KSPC in 2023, net of the other dividend contributors. The assumed KSPC dividends to be received in 2023 is a highly tentative figure subject to confirmation or adjustment upon receipt of KSPC's own forecast for 2023. The 2023 proposed budget shows a gross margin of P167 million, higher by P93.8 million compared to 2022, and a projected net income of P738.8 million lower by 30% in 2022 and a projected net cash inflow of P741.7 million. In order to support and deliver the Company's operations, the management requests the Board to approve the 2023 proposed budget.

Dir. Lee Kyung-Eun inquired on the basis of the assumed 93% utilization and 18% dispatch for PB104, and requested for the comparative presentation of the 2022 budget as opposed to the proposed 2023 budget. VP Aguirre explained that the 93% utilization in 2023 was arrived at in consideration of the actual 80% utilization rate of PB104 in 2022, 21.0 MW of which is a firm contract while 8.0 MW is a non-firm contract. He also briefly discussed the 2022 approved budget of P579.65 million.

A motion to approve the proposed 2023 OPEX and CAPEX budgets was raised and was duly seconded. The Chairman asked for comments or objections but the members did not raise any. Therefore, the motion was carried and was unanimously approved by the Board.

Resolution:

RESOLVED, that the motion to approve the proposed 2023 OPEX and CAPEX budgets, duly seconded, is hereby unanimously approved.

IX. Investment in Project Kermit

Dir. James N. Villareal addressed the Board and discussed the confidentiality clause which binds the Corporation. After the presentation, the members were informed that at present, no further action is required from the Board.

X. Other Matters

The management recommended that the next regular meeting be held on March 30, 2023. The Chairman asked for comments or objections, the members did not raise any. Therefore, the motion was carried and was unanimously approved by the Board. The schedule of the Annual Stockholders Meeting and the Organizational Meeting will be finalized at the next regular meeting on March 30, 2023.

XI. Adjournment

There being no other matter left to be discussed, a motion to adjourn, duly seconded, and without any objection, was thereby approved. The meeting adjourned at 3:30 p.m.

Prepared by:

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

Noted by:

VICTOR P. LAZATIN
Corporate Secretary

Approved,

ALFREDO L. HENARES
Chairman

DENNIS T. VILLAREAL
Director

ALBERTO P. FENIX, JR.
Director

LEE, DALHUN
Director

JAMES ROY N. VILLAREAL
Director

KIM, KILWON
Director

SERGIO R. ORTIZ-LUIS, JR.
Director

YOUN, SANG YOUNG
Director

ENRIQUE L. BENEDICTO
Director

LEE, KYUNG-EUN
Director

FRANCISCO L. VIRAY
Director

For security reasons, this portion is for internal use only –

ATTACHMENT I

Name	Location	Device
ALFREDO L. HENARES	Makati City	Ipad
DENNIS T. VILLAREAL	Makati City	Ipad
ALBERTO P. FENIX, JR.	Calamba, Laguna	Ipad
LEE, KYUNG-EUN	Makati City	Laptop
YOUN, SANG YOUNG	Seoul, Korea	Laptop
ENRIQUE L. BENEDICTO	Cebu City	Iphone
SERGIO R. ORTIZ-LUIS, JR.	Ortigas, Pasig City	Laptop
JAMES ROY N. VILLAREAL	Makati City	Laptop
LEE, DAL HUN	Makati City	
KIM, KILWON	Makati City	
JAIME M. BALISACAN	Cebu City	Laptop
MA. LUZ L. CAMINERO	Quezon City	Desktop
CESAR O. VILLEGAS	Las Pinas City	Laptop
NINO RAY D. AGUIRRE	Laguna	Laptop
CORAZON L. GAMEZ	Pasig City	Laptop
VICTOR P. LAZATIN	Muntinlupa City	Ipad
MISHELLE ANNE R. RUBIO-AGUINALDO	Muntinlupa City	Laptop

Board of Directors Self-Evaluation

	Considerations	5 Very Good	4 Good	3 Ave.	2 Fair	1 Poor
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				

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.

SELF- ASSESSMENT

BY: EXECUTIVE COMMITTEE

	Considerations	5 Very Good	4 Good	3 Ave.	2 Fair	1 Poor
1.	Reviewed major issues that the Board as a whole delegated to it and made decisions or preliminary decisions for discussion and voting at the next full board meeting					
2.	Acted with timeliness on behalf of the Board in an emergency situation or with regard to matters delegated to it by the Board					
3.	Assisted the Board Chair, President and CEO in establishing agenda for Board Meetings					
4.	Provided organizational direction on behalf of the Board and advised the Board on decisions and business matters ranging from strategy planning, policy, investment and risk					
5.	Acted within the limits of authority prescribed by Section 35 of the Corporation Code, the By-Laws and the Board and observed the requirements on quorum and voting to carry out corporate transactions					

SELF- ASSESSMENT

BY: The CHAIRMAN

	Considerations	5 Very Good	4 Good	3 Ave.	2 Fair	1 Poor
1.	Provided leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensured that all key and appropriate issues were discussed by the Board in a timely manner					
2.	Promoted effective relationships and open communication, and created an environment that allowed constructive debates and challenges, both inside and outside the boardroom, between Non-executive Directors and the management					
3.	Ensured that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategies and policies, and that Board decisions taken are in the Company's best interests and fairly reflect Board's consensus					
4.	Ensured that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management					
5.	Set, in consultation with the Chief Executive and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Company and the concerns of all Directors, and ensured that adequate time is available for thorough discussion of critical and strategic issues					
6.	Ensured that the Board is properly briefed on issues arising at Board meetings and receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable, to fulfill its duties, such as reports on the Company's performance, the issues, challenges and opportunities facing the Company, and matters reserved for it to make decision					

	Considerations	5 Very Good	4 Good	3 Ave.	2 Fair	1 Poor
7.	Arranged informal meetings of the Directors at least annually, including meetings of the Non-executive Directors at which the Chief Executive is not present, and ensured that sufficient time and consideration is given to complex, contentious or sensitive issues					
8.	Ensured that there is effective communication with shareholders, and that each Director develops and maintains an understanding of the stakeholders' views					
9.	Established good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level					