

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	93	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The proportion of spending on local suppliers has positive impact in our major areas of operations and our local suppliers.</i>	<i>The following stakeholders are affected: employees, community, suppliers and contractors, government and stockholders.</i>	<i>Priority is given to local suppliers and contractors whenever the goods and services needed in our operations are locally available.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>No risks identified because issues or concerns arising from procurement from local suppliers and contractors are manageable.</i>	<i>None</i>	<i>Accreditation of all prospective local suppliers and contractors to determine their capabilities, quality and competitiveness of their products.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Mutual growth of business which leads to better quality of life for everyone.</i>	<i>Community, suppliers and contractors and the organization itself (indirectly its employees and investors, government).</i>	<i>Priority is given to local suppliers and contractors whenever the goods and services needed in our operations are locally available.</i>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	All employees	100%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	All business partners	100%
Percentage of directors and management that have received anti-corruption training	0	0
Percentage of employees that have received anti-corruption training	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>The anti-corruption policies and procedures adopted and implemented by the organization has positive, actual and direct impact on the management and employee levels of the organization; and business partners.</i></p> <p><i>The organization has taken concrete measures or steps to ensure a high level of awareness of anti-corruption policies within the company.</i></p>	<p><i>Suppliers and contractors and employees, management, other business partners.</i></p>	<p><i>Management adopted an anti-corruption policy pursuant to its ethical values of honesty, integrity and fair dealing.</i></p> <p><i>It has disseminated this policy publicly through its disclosure in its website and included a specific provision on anti-corruption in some of its major contracts.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Compliance risks</i></p>	<p><i>Suppliers and contractors and employees, management, other business partners.</i></p>	<p><i>Financial, Operation and legal audit.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Promotes transparency, fairness and accountability in the conduct of our business.</i></p>	<p><i>Suppliers and contractors and employees, management, other business partners.</i></p>	<p><i>Periodic review of policies and procedures on anti-corruption; Financial, Operation and legal audit.</i></p>

Incidents of Corruption


Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0


What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>No incidents of corruption were noted during covered period of this report.</i></p> <p><i>The organization has taken concrete measures or steps to ensure a high level of awareness of anti-corruption policies within the company.</i></p>	<p><i>Since no incidents of corruption were noted during covered period of this report, no stakeholders were negatively affected.</i></p>	<p><i>Management adopted an anti-corruption policy pursuant to its ethical values of honesty, integrity and fair dealing.</i></p> <p><i>It has disseminated this policy publicly through its disclosure in its website and included a specific provision on anti-corruption in some of its major contracts.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>No incidents of corruption were noted during covered period of this report.</i></p>	<p><i>Since no incidents of corruption were noted during covered period of this report, no stakeholders were negatively affected.</i></p>	<p><i>If incidents of corruption occur, the anti-corruption policies and procedures adopted are implemented by the organization.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Improves positive business reputation and trustworthiness.</i></p>	<p><i>Suppliers and contractors and employees, management, shareholders and other business partners.</i></p>	<p><i>Management adopted and implemented an anti-corruption policy pursuant to its ethical values of honesty, integrity and fair dealing.</i></p> <p><i>It has disseminated this policy publicly through its disclosure in its website and included a specific provision on anti-corruption in some of its major contracts.</i></p>


Our Corporate Governance


The Group is committed to the principles and guidelines set forth in the Code of Corporate Governance for Publicly Listed Companies (PLCs) and its Manual of Corporate Governance. Beyond the compliance requirements, the Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and therefore undertakes every effort necessary to create awareness thereof within the organization.

The Group's Manual of Corporate Governance provides, among others, the following:

	Related Party Transactions Policy
	<p>The Company has adopted a policy on Material Related Party Transactions. In accordance with its policy, it shall not extend preferential treatment to its related partners; shall accord equal treatment to related and non-related parties under similar circumstances.</p> <p>The Compliance Officer works with the Board and Management identifying persons and companies that are considered as related parties. The Board of Directors and its Management requires quarterly review and update the Related Party registry to capture organizational and structural changes in the Company and its related parties.</p>

	Whistle-blowing Policy
	<p>The Company has an open policy that actively promotes honest and highest ethical behavior possible in all its business dealings and activities.</p> <p>SPC Power Corporation employees, executive officers and directors who have knowledge or reasonably believe that an applicable law, regulation, policy or ethical guideline has been, is being or about to be or may be, violated must promptly report such information to any independent director of the Board, or Compliance Officer of the Company.</p> <p>The Board, through the Corporate Governance Committee (CGC), shall establish a suitable framework for whistleblowing that allows employees, executive officers and directors to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or the Compliance Officer on whistle blowing concerns. The CGC should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.</p>

	Conflict-of-Interest Policy
	<p>Pursuant to the Code of Corporate Governance for Publicly-Listed Companies (CGC-PLCs), “the Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of the Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.”</p> <p>On the basis of the foregoing, the Company hereby establishes a Conflict-of-Interest-Policy. The Board of Directors, officers, and all employees shall at all times avoid any conflict-of-interest. The Company’s business interest shall in all cases be given preeminence over personal interests of all employees.</p> <p>The Board, thru the Corporate Governance Committee shall ensure the implementation of this policy by formally establishing an appropriate internal control system, including setting up a mechanism for monitoring and managing potential conflicts of interest of the Management, board members, employees and shareholders.</p>

	Insider Trading Policy
	<p>The Company adheres to fair and transparent principles of trading its securities. Thus, the Company, its directors, officers and employees are bound to strictly observe the provisions of the Corporation Code, the Securities Regulations Code and its Implementing Rules and Regulations on prohibitions on fraud, manipulation and Insider Trading.</p>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (heavy fuel oil - Operation)	34,075,274	Li
Energy consumption (light fuel oil - Operation)	2,823,991	Li
Energy consumption (lubricant - Operation)	383,976	Li
Energy consumption (electricity - Plant Consumption)	23,283,793	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (heavy fuel oil - Operation)	14,392,310	Li
Energy consumption (light fuel oil - Operation)	687,149	Li
Energy consumption (lubricant - Operation)	162,473	Li
Energy consumption (electricity - Plant Consumption)	-15,084,941	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>The increase in the energy consumption is an unintended impact or consequence resulting from increase in the demand of the organization's product (sale of electricity) and not from wastage or unwarranted consumption.</i></p> <p><i>The organization's involvement in the impact is due to higher level of operations brought about by increase in demand of its product.</i></p>	<p><i>Suppliers and contractors and employees, management, shareholders and other business partners.</i></p>	<p><i>Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.</i></p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Increase in energy consumption would proportionately increase demand for extraction of natural resources identified as components of materials critical for the operations of the organization.</i>	<i>Suppliers and contractors and employees, management, shareholders and other business partners</i>	<i>Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Fast track the development of alternative energy resources or technologies that will help conserve natural resources being exploited for power generation.</i>	<i>Suppliers and contractors and employees, management, shareholders and other business partners</i>	<i>Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.</i>

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal (Plant Consumption)	20,187	Cubic meters
Water consumption (Plant Consumption)	26,462	Cubic meters
Water recycled and reused (Plant Consumption)	(Not Quantified)	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>The increase in the water consumption is an unintended impact or consequence resulting from increase in the demand of the organization's product (sale of electricity) and not from wastage or unwarranted consumption.</i></p> <p><i>The organization's involvement in the impact is due to higher level of operations brought about by increase in demand of its product.</i></p>	<p><i>Suppliers and contractors and employees, management, shareholders and other business partners</i></p>	<p><i>Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Increase in water consumption would proportionately increase demand for extraction of natural resources identified as components of materials critical for the operations of the organization.</i></p>	<p><i>Suppliers and contractors and employees, management, shareholders and other business partners</i></p>	<p><i>Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Fast track the development of alternative water resources or technologies that will help conserve natural resources being exploited for power generation.</i></p>	<p><i>Suppliers and contractors and employees, management, shareholders and other business partners</i></p>	<p><i>Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.</i></p>

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	Information not available	kg/liters
• non-renewable (HFO)	22,635,408	liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Information not available	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Due to unavailability of information of materials used by the organization that are either renewable or non-renewable, we have no basis in answering this question.</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Due to unavailability of information of materials used by the organization that are either renewable or non-renewable, we have no basis in answering this question.</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Due to unavailability of information of materials used by the organization that are either renewable or non-renewable, we have no basis in answering this question.</i>		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	2	ha
IUCN ² Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There being no operational sites that the organization owns, leases, manages in, or are adjacent to, protected areas and areas of high biodiversity value outside protected areas, we have no basis to respond to this question.</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>There being no operational sites that the organization owns, leases, manages in, or are adjacent to, protected areas and areas of high biodiversity value outside protected areas, we have no basis to respond to this question.</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>There being no operational sites that the organization owns, leases, manages in, or are adjacent to, protected areas and areas of high biodiversity value outside protected areas, we have no basis to respond to this question.</i>		

² International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No data available	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	No data available	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	No data available	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There being no available data, we have no basis to respond to this question.</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>There being no available data, we have no basis to respond to this question.</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>There being no available data, we have no basis to respond to this question.</i>		

Air pollutants

Disclosure	Quantity	Units
NO _x	388,981	kg
SO _x	553,085	kg
Persistent organic pollutants (POPs)	1,400	kg
Volatile organic compounds (VOCs)	Information not available	kg
Hazardous air pollutants (HAPs)	Information not available	kg
Particulate matter (PM)	136,724	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There had been no complaints from host communities and government regulators</i>	<i>Employees, community, suppliers and vulnerable groups</i>	<i>The Management quarterly monitors the air emissions through expert consultant and perform remedial measures as recommended, if any. To date, the Group has not exceeded the limits prescribed by the DENR.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Health hazards</i>	<i>Employees, community, suppliers, government regulators and vulnerable groups</i>	<i>The Management quarterly monitors the air emissions through expert consultant and perform remedial measures as recommended, if any. To date, the Group has not exceeded the limits prescribed by the DENR.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Fosters harmonious relationship with host communities</i>	<i>Employees, community, suppliers and vulnerable groups</i>	<i>The Management quarterly monitors the air emissions through expert consultant and perform remedial measures as recommended, if any. To date, the Group has not exceeded the limits prescribed by the DENR.</i>

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	25,125	kg
Reusable	1,830	kg
Recyclable	6,395	kg
Composted	11,515	kg
Incinerated	0	kg
Residuals/Landfilled	5,385	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There is no environmental degradation due to proper disposal of solid wastes</i>	<i>Employees, community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Hazardous to the environment</i>	<i>Employees, community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Recycling/composting contributes to the improvement of the quality of soil used for planting; cuts down on the amount of trash and reduces the cost and carbon emissions it takes to haul and process these garbage materials; reduces soil pollution.</i>	<i>Employees, community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	1,258,508	kg
Total weight of hazardous waste transported	721,460	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There is no environmental degradation due to proper disposal of hazardous wastes</i>	<i>Employees, community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Hazardous to the environment</i>	<i>Employees, community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Generates business opportunities to EMB accredited entities involved in hazardous waste management.</i>	<i>Employees, community, suppliers</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.</i>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	16,133	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Water discharges are treated in accordance with the Environmental Management Bureau's (EMB) standards. Consequently, protection and conservation of marine resources</i>	<i>Employee and community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB requirement on water effluents. A quarterly testing by an EMB accredited facility is performed prior to discharge.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Accidental discharge of effluents due to acts of God such as strong typhoon and tsunami</i>	<i>Employee and community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group has a Risk Disaster Plan for each Plant and conducts periodic drills to prepare for any contingency.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Preservation of natural breeding ground habitat or abode of fishes and other marine organism</i>	<i>Employee and community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB requirement on water effluents. A quarterly testing by an EMB accredited facility is performed prior to discharge.</i>

Environmental compliance

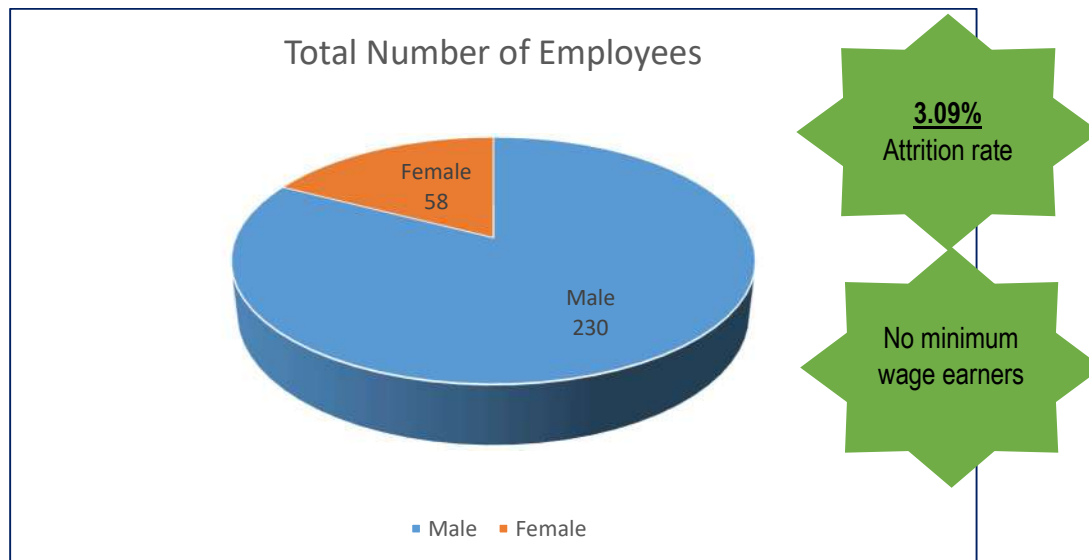
Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	1	#
No. of cases resolved through dispute resolution mechanism	1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Continuous unhampered operations on the primary business through implementation and strict observance of the environmental regulations</i>	<i>Employees and community</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Closure of business, related damage to environment and costly litigation for damages</i>	<i>Employees and community</i>	<i>Management has identified this as one of the Groups' core Values i.e. Caring for and protecting our environment is a prerequisite for the success of our business; Institutionalized policies and procedures safeguarding the environment; Compliance with environmental laws.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Continuous unhampered operations</i>	<i>Employees and community</i>	<i>Management has identified this as one of the Groups' core Values i.e. Caring for and protecting our environment is a prerequisite for the success of our business; Institutionalized policies and procedures safeguarding the environment; Compliance with environmental laws.</i>

SOCIAL

Our current workforce:



Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ³	288	#
a. Number of female employees	58	#
b. Number of male employees	230	#
Attrition rate ⁴	3.09%	rate
Ratio of lowest paid employee against minimum wage	0	ratio

³ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁴ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	42%	58%
PhilHealth	Y	31%	36%
Pag-ibig	Y	25%	17%
Parental leaves	Y	28%	48%
Vacation leaves	Y	67%	72%
Sick leaves	Y	42%	71%
Medical benefits (aside from PhilHealth))	Y	38%	46%
Housing assistance (aside from Pag-ibig)	Y	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	0%	0%
Company stock options	Y	0%	0%
Telecommuting	Y	0%	0%
Flexible-working Hours	Y	57%	64%
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>The Company's workforce is motivated to perform well at work and get involved socially in family and community activities</i></p> <p><i>Ensuring employee equal opportunity and satisfactory benefits package which is annually reviewed by management</i></p>	<p><i>Management provides annual merit increase as a result of employees' performance evaluation; The Management provides Productivity incentive bonus depending on the performance of the Company.</i></p> <p><i>Management provides annual merit increase as a result of employees' performance evaluation with consideration on inflationary factors</i></p>
What are the Risk/s Identified?	Management Approach
<i>High employee turnover</i>	<p><i>Establishment of grievance procedures;</i></p> <p><i>Management provides annual merit increase as a result of employees' performance evaluation; The Management provides Productivity incentive bonus depending on the performance of the Company.</i></p>

What are the Opportunity/ies Identified?	Management Approach
<i>Productive and efficient employees</i>	<i>Management provides annual merit increase as a result of employees' performance evaluation; The Management provides Productivity incentive bonus depending on the performance of the Company.</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	248 Hours	hours
b. Male employees	2,032 Hours	hours
Average training hours provided to employees		
a. Female employees	4	For 58 employees
b. Male employees	9	For 230 employees

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Enhances the expertise of the employees; uplift employees' morale; attracts and retains good employees by providing them the opportunity for growth and advancement; motivates employees to face bigger challenges in their careers.</i>	<i>Management provides training venues to its employees; Requires employees to attend seminars for professional development; plans and implements effective employee training programs and development</i>
What are the Risk/s Identified?	Management Approach
<i>Inability to match the pace of changes in technological development in terms of continuing professional development in training employees; low employee morale/performance due to insufficient training and development.</i>	<i>Management adopts a policy on continuing professional education and development; Serves as one of the parameters for employee advancement within the organization; plans and implements effective employee training programs and development</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Employee growth in the organization; Promotes efficiency and effectivity that are mutually beneficial to the Company and the employees.</i>	<i>Management adopts a policy on continuing professional education and development; Serves as one of the parameters for employee advancement within the organization.</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	42 Employees	%
Number of consultations conducted with employees concerning employee-related policies	Around 4	# (2022 only)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Promotes industrial peace</i>	<i>Management allows employee participation s in the development of employee-related policies; Compliance with all labor laws, rules and regulations.</i>
What are the Risk/s Identified?	Management Approach
<i>Labor disputes; Strike and lockdowns; disruption of operations resulting to loss of revenue or shutdown of operations.</i>	<i>Management allows employee participation s in the development of employee-related policies; Compliance with all labor laws, rules and regulations; Formulation and implementation of grievance procedures and conciliation.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Fosters Industrial Peace; Motivated and productive employees; Less employee turn-over.</i>	<i>Management allows employee participation s in the development of employee-related policies; Compliance with all labor laws, rules and regulations; Formulation and implementation of grievance procedures and conciliation.</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	20%	%
% of male workers in the workforce	80%	%
Number of employees from indigenous communities and/or vulnerable sector*	19	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Non-discrimination of qualified female and vulnerable sector individuals; provides a wider pool of talents for the organization</i>	<i>Management promotes a policy of gender equality and inclusiveness.</i>
What are the Risk/s Identified?	Management Approach
<i>Misogynism; limits the pool of talents available for the organization</i>	<i>Management promotes a policy of gender equality and inclusiveness.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Provides equal opportunity in the workplace</i>	<i>Management promotes a policy of gender equality and inclusiveness.</i>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	192,800	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	47	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Reduced absenteeism; reduced health care expenditures; productive employees; employees become more focused and goal-oriented at work; fosters harmonious relationship among employees in the work place</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the health and safety of employees of the Group. Provision of medical insurance to all regular employees which includes coverage on consultation fees and mandatory annual physical examination. Established COVID-19 Protocols for mandatory compliance of employees to ensure good health and welfare.</i>
What are the Risk/s Identified?	Management Approach
<i>High incidence of absenteeism resulting to low productivity; high operating expenses; depletion of workforce</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the health and safety of employees of the Group. Provision of medical insurance to all regular employees which includes coverage on consultation fees and mandatory annual physical examination.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Fosters harmonious relationship within the workplace; high level of productivity; provides continuous opportunity for growth and advancement; Health is wealth.</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the health and safety of employees of the Group. Provision of medical insurance to all regular employees which includes coverage on consultation fees and mandatory annual physical examination;</i>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Employee Uniform Code of Conduct
Child labor	Y	Employee Uniform Code of Conduct
Human Rights	Y	Employee Uniform Code of Conduct

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>No cases filed against the Group on forced labor, child labor and human rights violation.</i>	<i>Management has integrated the policies against forced labor and child labor; respect for human rights, in the Employee Uniform Code of Conduct.</i>
What are the Risk/s Identified?	Management Approach
<i>Prosecution of management and its officers for violations of anti-child labor, anti-forced labor laws and human rights.</i>	<i>Management has integrated the policies against forced labor and child labor; respect for human rights, in the Employee Uniform Code of Conduct.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Enhances good reputation as a corporate citizen</i>	<i>Management has integrated the policies against forced labor and child labor; respect for human rights, in the Employee Uniform Code of Conduct.</i>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes, we have a supplier accreditation policy incorporated in the Purchasing Policy.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Embodied in the Company's supplier accreditation policy
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Suppliers became aware of the Company's sustainability requirements on accreditation.</i>	<i>The Management has incorporated the sustainability topics in the Group's supplier accreditation policy</i>
What are the Risk/s Identified?	Management Approach
<i>This may limit the number of suppliers to choose from</i>	<i>The Management has incorporated the sustainability topics in the Group's supplier accreditation policy</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The Company may contribute in the reduction of practices of certain suppliers that make use of forced/child labor, violate human rights and engage in bribery and corruption.</i>	<i>The Management has incorporated the sustainability topics in the Group's supplier accreditation policy</i>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Local employment opportunities	Bohol, Iloilo, Cebu, Makati	Elderly	N	Employment concerns	Hiring Priority/preference for local residents
Boost local economic activities	Bohol, Iloilo, Cebu, Makati	Elderly, PWDs, poor	N	Livelihood	Patronize local products and suppliers
Payment of taxes to local government units (LGU)	Bohol, Iloilo, Cebu, Makati	Indirectly	N	Efficient delivery of government services	Timely payment of correct taxes to the LGUs
Continuous generation of electricity to avoid power shortages	Visayas Grid	Children, elderly, youth, PWDs, women, poor	N	Affordable power supply	Efficient operations to reduce cost

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

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: No IPs in our area of operations

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What are the Risk/s Identified?	Management Approach
No IPs in our area of operations	No IPs in our area of operations
What are the Opportunity/ies Identified?	Management Approach
No IPs in our area of operations	No IPs in our area of operations

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No survey conducted in 2021 due to COVID-19 pandemic	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>By supporting and providing affordable and reliable electricity, we empower our customers in the community to be able to:</i></p> <ul style="list-style-type: none"> <i>a. create businesses and employment opportunities</i> <i>b. building home-grown capabilities</i> <i>c. improve standard of living of the residents in our areas of operation</i> 	<p><i>Adopting the philosophy of "Customer is always right"; encourage customers to engage in open line communication with the Group; Inculcate the value of responsiveness to customer demands.</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Slow down on economic activities; regression of social development in areas of operation</i></p>	<p><i>Encourage customers to engage in open line communication with the Group; Inculcate the value of responsiveness to customer demands</i></p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Continuous business growth and sustained social development</i></p>	<p><i>Encourage customers to engage in open line communication with the Group; Inculcate the value of responsiveness to customer demands</i></p>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Continuous business growth and sustained social development</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the continuous implementation of health and safety rules and regulations.</i>
What are the Risk/s Identified?	Management Approach
<i>Destruction of the environment; health hazard</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the continuous implementation of health and safety rules and regulations.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Preservation and conservation of the environment; healthy and able-bodied citizens/residents</i>	<i>The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the continuous implementation of health and safety rules and regulations.</i>

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Continuous business growth and sustained social development</i>	<i>Management is committed to ensure that its representations on the delivery of reliable and affordable electricity can be depended upon by the customers</i>
What are the Risk/s Identified?	Management Approach
<i>Slow down on economic activities; regression of social development in areas of operation</i>	<i>Management is committed to ensure that its representations on the delivery of reliable and affordable electricity can be depended upon by the customers</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Continuous business growth and sustained social development.</i>	<i>Management is committed to ensure that its representations on the delivery of reliable and affordable electricity can be depended upon by the customers</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Reliance upon the business quality of the Group; protection of information of customers</i>	<i>Strict implementation of the Data Privacy Act of 2012</i>
What are the Risk/s Identified?	Management Approach
<i>Prosecution of management and its officers for violations of Data Privacy Act of 2012.</i>	<i>Strict implementation of the Data Privacy Act of 2012</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Enhancement of corporate credibility.</i>	<i>Strict implementation of the Data Privacy Act of 2012</i>

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Reliance upon the business quality and credibility of the Group; protection of information of customers</i>	<i>Strict implementation of the Data Privacy Act of 2012</i>
What are the Risk/s Identified?	Management Approach
<i>Prosecution of management and its officers for violations of Data Privacy Act of 2012.</i>	<i>Strict implementation of the Data Privacy Act of 2012</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Enhancement of corporate credibility.</i>	<i>Strict implementation of the Data Privacy Act of 2012</i>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Power generation and distribution	<ul style="list-style-type: none"> • Good Health and Promote Well-being • Gender Equality • Affordable and Clean Energy • Decent Work and Economic Growth • Sustainable Cities and Communities • Responsible Consumption and Production • Climate Action 	Increased reliance on renewable energy may affect the stability of grid particularly in an archipelagic country prone to natural calamities.	<p>A. Diversification of power plant portfolio.</p> <p>B. Combat the spread of COVID-19 and protect the company employees and their families by (a)providing appropriate protective equipment, (b) enforcing skeletal workforce at the workplace (c) establishing work-from-home set-up among its workforce and (d) other related preventive measures</p>

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 9 4 0 0 2 3 6 5

COMPANY NAME

S P C P O W E R C O R P O R A T I O N

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

7 t h F l o o r , B D O T o w e r s P a s e o , 8
7 4 1 , P a s e o d e R o x a s , M a k a t i C i
t y , 1 2 0 9

Form Type

A A P F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

info@spcpower.com

Company's Telephone Number

(032) 232 0377

Mobile Number

N/A

No. of Stockholders

707

Annual Meeting (Month / Day)

06/15

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Jaime M. Balisacan

Email Address

jmbalisacan@spcpower.com

Telephone Number/s

(032) 232 0377

Mobile Number

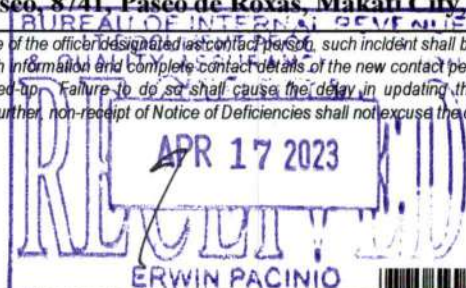
(0917) 323 1469

CONTACT PERSON'S ADDRESS

7th Floor, BDO Towers Paseo 8741, Paseo de Roxas, Makati City, 1209

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

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






SPC Power Corporation


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN


The Management of **SPC POWER CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of SPC Power Corporation complete and correct in all material respects. Management likewise affirms that:

- a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c) SPC Power Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


ALFREDO L. HENARES
Chairman of the Board


DENNIS T. VILLAREAL
Chief Executive Officer/President


JAIME M. BALISACAN
Treasurer/Senior Vice President – Finance and Administration





SPC Power Corporation

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The Management of **SPC POWER CORPORATION** (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

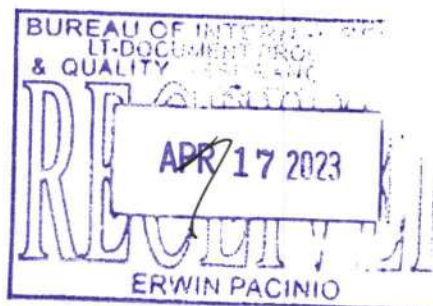
SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion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


ALFREDO L. HENARES
Chairman of the Board


DENNIS T. VILLAREAL
Chief Executive Officer/President


JAIME M. BALISACAN
Treasurer/Senior Vice President – Finance and Administration

Signed this 30th day of March 2023.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SPC Power Corporation
7th Floor, BDO Towers Paseo
Paseo de Roxas
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SPC Power Corporation (Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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



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

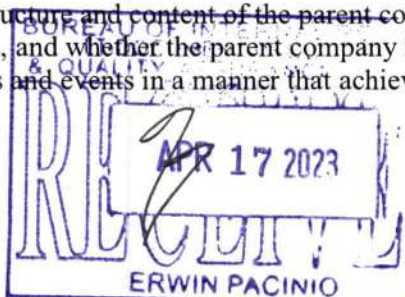
Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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



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


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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of SPC Power Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

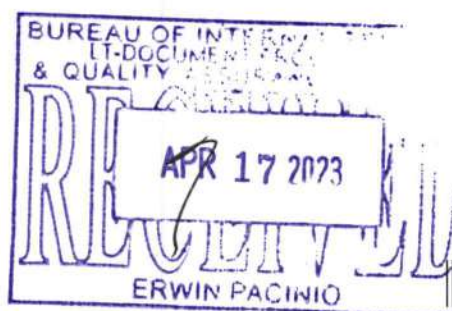
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 94303-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-070-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564678, January 3, 2023, Makati City

March 30, 2023

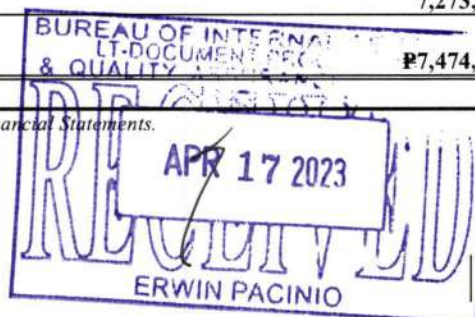


SPC POWER CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P3,587,754,678	P2,624,510,564
Trade and other receivables (Note 7)	125,455,760	199,048,237
Inventories (Note 8)	131,180,641	80,187,197
Prepayments and other current assets (Note 9)	27,334,209	19,919,705
Total Current Assets	3,871,725,288	2,923,665,703
Noncurrent Assets		
Investments in associates (Note 10)	2,852,465,368	2,852,465,368
Investments in subsidiaries (Note 11)	341,177,829	341,177,829
Property, plant and equipment (Note 12)	373,891,495	399,897,935
Other noncurrent assets (Notes 13 and 25)	35,519,149	33,934,498
Total Noncurrent Assets	3,603,053,841	3,627,475,630
TOTAL ASSETS	P7,474,779,129	P6,551,141,333
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	P156,070,448	P158,822,953
Income tax payable	3,718,858	6,878,630
Current portion of lease liabilities (Note 23)	1,828,196	2,662,317
Total Current Liabilities	161,617,502	168,363,900
Noncurrent Liability		
Pension liability (Note 21)	13,640,838	8,490,874
Deferred income tax liability (Note 20)	16,923,976	-
Lease liabilities - net of current portion (Note 23)	9,559,496	-
Total Noncurrent Liabilities	40,124,310	8,490,874
Total Liabilities	201,741,812	176,854,774
Equity		
Capital stock - P1 par value (Note 15)		
Authorized - 2,000,000,000 shares		
Issued - 1,569,491,900 shares	1,569,491,900	1,569,491,900
Additional paid-in capital	86,810,752	86,810,752
Retained earnings (Note 15):		
Appropriated for future expansion projects	1,800,000,000	1,800,000,000
Unappropriated	3,941,964,875	3,044,861,443
Other comprehensive income:		
Remeasurement of retirement benefits obligations (Note 21)	(5,572,036)	(2,219,362)
Net unrealized valuation gains on financial asset at fair value through other comprehensive income (FVOCI) (Note 13)	11,350,000	6,350,000
Treasury stock at cost - 72,940,097 shares (Note 15)	(131,008,174)	(131,008,174)
Total Equity	7,273,037,317	6,374,286,559
TOTAL LIABILITIES AND EQUITY	P7,474,779,129	P6,551,141,333

See accompanying Notes to Parent Company Financial Statements.



SPC POWER CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE			
Operating fees (Note 25)	₱720,908,368	₱519,107,948	₱330,169,979
COST OF SERVICES			
Plant operations (Notes 16 and 25)	(629,973,619)	(353,744,937)	(179,619,355)
GROSS PROFIT	90,934,749	165,363,011	150,550,624
GENERAL AND ADMINISTRATIVE EXPENSES (Note 17)	(195,776,658)	(147,217,973)	(135,997,743)
OTHER INCOME (CHARGES)			
Dividend income (Notes 5, 10 and 11)	1,209,880,065	1,505,777,276	1,720,729,579
Service income (Note 5)	—	40,002,385	120,007,156
Interest income (Note 6)	26,934,920	31,621,618	47,362,989
Interest expense (Notes 23 and 24)	(373,979)	(112,059)	(370,931)
Foreign exchange gain (loss)	93,624,980	7,515,308	(7,004,273)
Others - net (Note 5)	6,159,117	126,220	997,245
	1,336,225,103	1,584,930,748	1,881,721,765
INCOME BEFORE INCOME TAX	1,231,383,194	1,603,075,786	1,896,274,646
PROVISION FOR CURRENT INCOME TAX (Note 20)	34,969,401	27,681,501	48,877,047
NET INCOME	1,196,413,793	1,575,394,285	1,847,397,599
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement gain (loss) on retirement benefits obligations, net of tax effect (Note 21)	(3,352,674)	(5,142,195)	1,967,989
Unrealized valuation gain on financial asset at FVOCI (Note 13)	5,000,000	600,000	100,000
	1,647,326	(4,542,195)	2,067,989
TOTAL COMPREHENSIVE INCOME	₱1,198,061,119	₱1,570,852,090	₱1,849,465,588
EARNINGS PER SHARE (BASIC/DILUTED) (Note 15)	₱0.80	₱1.05	₱1.23

See accompanying Notes to Parent Company Financial Statements.



SPC POWER CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Other Comprehensive Income (Loss)					
	Retained Earnings (Note 15)			Net Unrealized		
	Capital Stock (Note 15)	Additional Paid-in Capital	Unappropriated	Remeasurement of Retirement Benefits Obligations (Note 21)	Valuation Gains on Financial Assets at FVOCI (Note 13)	Treasury Stock at Cost (Note 15)
At January 1, 2022	P1,569,491,900	P86,810,752	P1,800,000,000	P3,044,861,443	P6,350,000	(P131,008,174)
Total comprehensive income	-	-	-	(P2,219,362)	5,000,000	-
Cash dividends (Note 15)	-	-	-	(3,352,674)	-	-
At December 31, 2022	P1,569,491,900	P86,810,752	P1,800,000,000	P3,941,964,875	P11,350,000	(P131,008,174)
At January 1, 2021	P1,569,491,900	P86,810,752	P1,800,000,000	P3,789,122,453	P5,750,000	(P131,008,174)
Total comprehensive income	-	-	-	1,575,394,285	600,000	-
Cash dividends (Note 15)	-	-	-	(2,319,655,295)	-	-
At December 31, 2021	P1,569,491,900	P86,810,752	P1,800,000,000	P3,044,861,443	P6,350,000	(P131,008,174)
At January 1, 2020	P1,569,491,900	P86,810,752	P2,800,000,000	P2,138,966,296	P5,650,000	(P131,008,174)
Reversal of appropriation (Note 15)	-	-	(1,000,000,000)	1,000,000,000	-	-
Cash dividends (Note 15)	-	-	-	(1,197,241,442)	-	-
At December 31, 2020	P1,569,491,900	P86,810,752	P1,800,000,000	P3,789,122,453	P5,750,000	(P131,008,174)
Total						
At January 1, 2022						P6,374,286,559
At January 1, 2021						1,198,061,119
At January 1, 2020						(299,310,361)
At December 31, 2022						P7,273,037,317
At December 31, 2021						P6,374,286,559
At December 31, 2020						P7,123,089,764

See accompanying Notes to Parent Company Financial Statements.



SPC POWER CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,231,383,194	₱1,603,075,786	₱1,896,274,646
Adjustments for:			
Dividend income (Notes 5, 10 and 11)	(1,209,880,065)	(1,505,777,276)	(1,720,729,579)
Unrealized foreign exchange gain	(68,056,643)	(1,474,738)	(396,648)
Depreciation and amortization (Notes 12 and 19)	40,289,703	41,506,177	40,720,148
Interest income (Note 6)	(26,934,920)	(31,621,618)	(47,362,989)
Net changes in pension liability (Note 21)	1,797,290	2,011,879	2,228,479
Interest expense (Notes 23 and 24)	373,979	112,059	370,931
Gain on disposal of assets	—	(71,429)	(107,143)
Operating income before working capital changes	(31,027,462)	107,760,840	170,997,845
Decrease (increase) in:			
Trade and other receivables	73,592,477	(38,435,651)	(520,729)
Inventories	(50,993,444)	(9,863,220)	(12,295,365)
Prepayments and other current assets	(7,414,504)	(6,153,984)	24,794,504
Increase (decrease) in trade and other payables	(2,752,505)	73,664,894	(8,455,099)
Net cash generated from operations	(18,595,438)	126,972,879	174,521,156
Income taxes paid	(21,205,197)	(32,786,761)	(51,810,215)
Interest received	26,934,920	31,621,618	47,362,989
Interest paid (Notes 23 and 24)	(373,979)	(112,059)	(370,931)
Net cash flows from (used in) operating activities	(13,239,694)	125,695,677	169,702,999
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Notes 5, 10 and 11)	1,209,880,065	1,421,288,616	1,720,729,579
Cash inflows (outflows) arising from advances to suppliers and contractors (Notes 13 and 25)	2,807,098	(10,686,707)	5,992,020
Additions to property, plant and equipment (Note 12)	(1,422,842)	(22,140,036)	(9,284,043)
Proceeds from disposal of property and equipment (Note 12)	—	71,429	107,143
Net cash flows from investing activities	1,211,264,321	1,388,533,302	1,717,544,699

(Forward)





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	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (Note 15)	(P299,310,361)	(P2,319,655,295)	(P1,197,241,442)
Payment of principal portion of lease liabilities (Note 24)	(3,526,795)	(1,765,439)	(4,074,526)
Cash flows used in financing activities	(302,837,156)	(2,321,420,734)	(1,201,315,968)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	895,187,471	(807,191,755)	685,931,730
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	68,056,643	1,474,738	396,648
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,624,510,564	3,430,227,581	2,743,899,203
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P3,587,754,678	P2,624,510,564	P3,430,227,581

See accompanying Notes to Parent Company Financial Statements.



SPC POWER CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

SPC Power Corporation (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994.

The Parent Company was formerly a venture company owned by members of the Salcon Consortium which entered into a Rehabilitation, Operation, Maintenance and Management Agreement (ROMM Agreement) with the National Power Corporation (NPC) on March 25, 1994 for the purpose of undertaking the rehabilitation, operation, maintenance and management of the 203.8 megawatt (MW) Naga Power Plant Complex (NPPC) in Colon, Naga, Cebu under the rehabilitate-operate-maintain-and-manage scheme as defined in the ROMM Agreement.

Under the ROMM Agreement, the Parent Company, at its own cost, rehabilitated, operated, maintained and managed the NPPC over the cooperation period of 15 years (Cooperation Period: up to May 29, 2009 for the Land-Based Gas Turbines (LBGTs), and up to March 25, 2012 for the Cebu Thermal Power Plant (CTPP) 1, CTPP 2 and Cebu Diesel Power Plants 1 (CDPP 1), as amended).

In resolutions dated September 28, 2001, the Board of Directors (BOD) and Stockholders amended the primary purposes for which the Parent Company is formed. Together with its subsidiaries and associates, it is engaged in various business activities within the Philippines that include, among others, the development, construction, rehabilitation, maintenance, management and operation of power generating plants, electricity distribution and related facilities in accordance with existing laws.

On April 2, 2002, the Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) with ticker symbol: SPC (see Note 15).

On September 9, 2016, the Parent Company's BOD further amended the Parent Company's Articles of Incorporation in order to engage in the business of selling, brokering, marketing, or aggregating electricity to the end users. The amendments were subsequently approved and confirmed by written assent of the stockholders representing at least two-thirds of the outstanding capital stock of the Parent Company. On January 4, 2017, the SEC approved such amendment.

On April 15, 2016, SPC Island Power Corporation (SIPC), a wholly owned subsidiary of the Parent Company, submitted the highest offer to Power Sector Assets and Liabilities Management Corporation (PSALM) in the negotiated sale of the 32-MW Power Barge (PB) 104. On June 16, 2016, the Parent Company executed an Amendment, Accession and Assumption Agreement with PSALM and SIPC. Under the agreement, SIPC assigned all its rights and obligations as Buyer of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement (APA) between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company.

On July 29, 2021 the Parent Company's Board of Directors approved to amend the Company's Articles of Incorporation in order to engage in the business of renewable energy including the exploration, development and utilization of renewable energy resources, such as but not limited to biomass, solar, wind, hydro, geothermal, ocean energy sources or hybrid systems. The amendments were subsequently approved and confirmed by written assent of the stockholders representing at least 2/3 of the outstanding capital stock of the Parent Company. SEC approved the amendment on June 9, 2022.



On June 19, 2022, the SEC approved the change in the Parent Company's principal office address from 7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City to 7th FL BDO Towers Paseo, 8741, Paseo de Roxas, Makati City, 1209.

The financial statements of the Parent Company were authorized for issue by the BOD on March 30, 2023.

2. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies and Disclosures

Basis of Preparation

The Parent Company's financial statements have been prepared on a historical cost basis, except for financial assets at FVOCI which have been measured at fair value, and are presented in Philippine Peso, the Parent Company's functional currency. All amounts are rounded to the nearest Peso except as otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in accordance with Philippine Financial Reporting Standards (PFRSs). These may be obtained at 7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City.

Statement of Compliance

The Parent Company's financial statements are presented in accordance with the PFRSs.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and revised standards and Philippine Interpretations which were applied starting January 1, 2021. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Parent Company.

Effective January 1, 2021

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform - Phase 2

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component



The Parent Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Parent Company adopted the amendments beginning January 1, 2021 and did not have any impact on the financial statements.

Effective April 1, 2021

- Amendments to PFRS 16, COVID-19-related Rent Concessions beyond June 30, 2021

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted.

The Parent Company adopted the amendment beginning April 1, 2021 and the adoption of these amendments did not have any impact on the financial statements.

New Standards and Interpretation Issued and Effective after December 31, 2021

The Parent Company will adopt the pronouncements enumerated below when these become effective. Except as otherwise indicated, the Parent Company does not expect the future adoption of the said pronouncements to have significant impact on its financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Business Combinations*, Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.



At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The Parent Company is currently assessing the impact of the amendment in light of the subsequent events discussed in Note 25.

- Amendments to PAS 16, *Property, Plant and Equipment*: Proceeds before Intended Use

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in the statement of comprehensive income.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the financial statements of the Parent Company.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Parent Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the financial statements of the Parent Company.

- *Annual Improvements to PFRSs 2018–2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards*, Subsidiary as a First-time Adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

