

MINUTES OF THE 2022 ANNUAL STOCKHOLDERS' MEETING
SPC POWER CORPORATION
May 31, 2022, 9:00 A.M.
via ZOOM Video Teleconference

I. REGISTRATION

	<i>Outstanding Shares</i>	<i>Percentage</i>
Shareholders Present:	1,486,858,873	99.34%

Directors Present:

Alfredo L. Henares

Chairman of the Board
Chairman, Executive Committee
Member, Audit Committee

Dennis T. Villareal

President and CEO
Member, Executive Committee
Member, Corporate Governance Committee

Alberto P. Fenix, Jr.

Executive Director
Member, Executive Committee

James Roy N. Villareal

Member of the Board

Enrique L. Benedicto

Independent Director
Member, Corporate Governance Committee

Sergio R. Ortiz-Luis, Jr.

Independent Director
Chairman, Corporate Governance Committee
Member, Audit Committee

Francisco L. Viray

Independent Director
Chairman, Audit Committee
Member, Corporate Governance Committee

Lee, Dal Hun

Member, Executive Committee

Kim, Kilwon

Member, Executive Committee
Member, Audit Committee
Member, Corporate Governance Committee

Lee, Kyung-Eun

Member of the Board

Youn, Sang Young

Member of the Board

Jaime M. Balisacan

Treasurer
SVP, Finance and Administration

Others Present:

Victor P. Lazatin

Corporate Secretary

Maria Luz L. Caminero

SVP, Legal/Regulatory Affairs
Compliance Officer

Cesar O. Villegas

SVP, Operations and Business Development

Nino Ray D. Aguirre

VP, Finance

Mishelle Anne R. Rubio-Aguinaldo

Assistant Corporate Secretary

Guidelines on voting procedure and participation by remote communication is contained in the Information Statement.

Unless otherwise required by law, on all matters to be taken up, majority vote of the outstanding capital stock present and represented at the meeting where a quorum is existing shall be sufficient.

For the election of directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

After the nomination for directors is closed, the Corporate Secretary will ask if any stockholder prefers the election to be done by secret ballot, the procedure for which will be provided by the Corporate Secretary. If none so prefers, the stockholders will vote openly. The Corporate Secretary, in the presence of the external auditor, will then tally and report on the votes, including the votes of stockholders *in absentia*. Thereafter, the Chairman will declare the elected directors.

Voting on motions may be done by secret ballot, if any stockholder so requests, or by *viva voce* or by raising of hands. In case of a division of the house, the votes will be tallied and reported by the Corporate Secretary in the presence of the external auditor.

Stockholders who will participate via remote communication or in absentia may submit their votes on agenda items requiring stockholders' action and on the nomination and election of directors, as well as their concerns, through email info@spcpower.com on or before 9:00 A.M. of May 31, 2022, or an hour before the conduct of the Annual Stockholders' Meeting.

Stockholders who will participate via remote communication will receive the Zoom meeting invitation and other instructions in their email account, or on their mobile phone or Viber account. They will be admitted by the meeting host/administrator of the meeting and their presence will be recorded. They can participate in the meeting, and raise questions and concerns via live video, audio, and/or chat services on Zoom platform.

Separate Guidelines were emailed to the stockholders before the meeting.

II. MEETING PROPER

MINUTES OF THE 2022 ANNUAL STOCKHOLDERS' MEETING SPC POWER CORPORATION May 31, 2022, 10:00 A.M. via ZOOM Video Teleconference

1. Call to Order

The Chairman called the meeting to order at 10:00 a.m. Pursuant to the Internal Procedures for Annual Stockholders' Meeting by Teleconference, the Chairman directed the Corporate Secretary to verify and state for the record (a) the identities of the stockholders participating in the teleconference either by person or by proxy; and (b) those who have the right to vote; and to (c) certify the sending of notices and the existence of quorum.

2. Certification of Due Notice and Presence of a Quorum

The Corporate Secretary certified that: (1) there are 1,486,858,873 shares represented in person or by proxy, with right to vote; (2) notice was published in Malaya Business Insight and Manila Standard on May 8 and 9, 2022 and the said notice was sent to all stockholders of record as of May 10, 2022 as required by the ByLaws, SEC Memorandum Circular No. 6, series of 2020, and SEC Notice dated April 20, 2020; and that (3) stockholders present representing 1,486,858,873

shares or 99.34%, which constitute more than a majority of the total issued and outstanding shares, are present in the meeting; a quorum is therefore present to transact the business at hand.

3. Approval of Minutes of the Previous Annual Stockholders' Meeting of 28 May 2021

The Chairman proceeded to the reading and approval of the Minutes of the Annual Stockholders' Meeting held on May 28, 2021. A copy of the Minutes is available in the Company's website and was emailed to the stockholders before the meeting.

A motion that the reading of the minutes be dispensed with, and that the minutes be approved, was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Resolution:

Upon motion duly seconded, the stockholders present and represented by proxy, resolved that the reading of the Minutes of the Annual Stockholders Meeting held on May 28, 2021 be dispensed with, and that the same be approved.

Tabulation of votes:

Total Votes	Objections	Abstain
1,473,739,523	0	0

4. Report of the Chairman and Presentation of the Audited Financial Statements as of and for the Year Ended December 31, 2021

The Chairman reported that year 2021 was indeed marred by challenges largely drawn from the covid-19 pandemic, competitive environment, and Typhoon Odette, which caused severe damage to power facilities, especially to distribution utilities, and left the entire island of Bohol without power. Yet, he reported that the group acted swiftly to ensure that power generation and power distribution facilities were restored as early as possible while providing financial support to customers, employees and communities affected. He further reported on the performance of the plants and distribution facilities:

- **Panay Diesel Power Plant 1** reportedly sustained its 15MW dependable capacity with a very high availability of 98.2%. The increase in utilization rate, net generation and operating hours was largely due to the damage on Cebu-Negros Submarine cable, the PMS of PCPC, and continued recovery from pandemic slowdown.
- Panay Diesel Power Plant 3's 50MW dependable capacity was also sustained at 97.8% plant availability with a substantial increase in utilization rate, net generation and operating hours
- **Bohol Diesel Power Plant** experienced a 2.9% decline in utilization due to the massive damage in transmission and distribution facility. In 2021 however, net generation and operating hours jumped to 399% and 363%, respectively
- **Power Barge 104** plant availability decreased by 5.9% due to retrofitting of turbo charges in one of the engines and other maintenance works; utilization rate by 10%; while increasing net generation by 151% and operating hours by 149%
- **KEPCO-SPC Power Corporation** sustained its 2x100MW each at reduced availability of 5.1% and a 48% increase in planned outage and 423% forced outage due to boiler tube leaks. KSPC's net generation decreased by 5.3% while keeping the net heat rate stable
- **Bohol Light Company, Inc.** managed to lower its system loss by 13.8% despite the decline in peak demand as a result of quarantine protocols and Typhoon Odette
- **Mactan Electric Company Inc.** also managed to lower its system loss by 10% while improving its commercial operations which was also greatly affected by the pandemic

The Chairman continued on to financial performance and reported that the consolidated net income declined by 26.8%, as such, earnings per share decreased from P1.07 in 2020 to P0.80 in 2021. Other factors that affect financial performance include: extreme competition, expired power supply contracts of investee company, suspension of WESM operations in Bohol, among others. On a positive note, the Chairman reported that the group was able to maintain a solid financial position and that there is material headroom from which to pay dividends, to maintain the performance of the assets, and to take advantage of investment opportunities for growth. Reportedly, total assets fell by 9% at P10,352.2 million. He further reported that up to P2,319.7 million was paid in cash dividends, the highest annual payment representing 142% of the earnings.

The objective, according to the Chairman, is to have a resilient financial foundation and a strong platform for growth to fund future expansion, some of which include development of solar power projects in Luzon and Visayas, development of battery energy storage system (BESS), and energy and ancillary service contracts.

The Chairman ended his report by expressing his deepest appreciation and gratitude.

After the Chairman's report, SVP for Finance and Administration, Mr. Jaime M. Balisacan presented the highlights of the Audited Financial Statements as of and for the Year Ended 2021.

SVP Balisacan reported that the 26.8% decline in consolidated net income of P1,197.2 million resulted in lower equity of 11.99% from 15.80% last year. According to him 72.5% of the consolidated income comes from equity share in investee companies which fell by 28.5% due to Typhoon Odette and expired power supply contracts which were not fully compensated by the increase in WESM revenue. He further explained that 26.5% of the consolidated income is from the power generation business which registered income contribution of P317.8 million, that is 17.8% lower than the previous year. The contribution from power distribution business sharply declined by 68.9% or P11.4 million from P36.6 million of the previous year. Although revenue increased by 23.7%, the increase is caused by i) higher pass-through cost of purchased power distributed or sold to customers and (ii) higher pass-through cost of fuel used to generate incidental energy for rendering ancillary services.

Despite the decline, SVP Balisacan proudly reported a sound financial position ending 2021 with consolidated assets amounting to P10,352.2 million, 9.5% lower compared with P11,440.0 million as at end-2020, due mainly to high dividend payouts in 2021, while financial ratios remain favorable. The group remains liquid with cash generated from operating activities and cash dividends from investee companies.

Opportunity to ask questions

After the presentation, the Chairman opened the floor for questions and instructed the stockholders who wish to ask questions to use the microphone or to use the chat box.

Question 1: I have noticed that the company's earnings haven't been improving for the past few years and have declined by around 72% this quarter. With the reasons being KSPC's advanced maintenance on generating units and decline in sales of power supply contracts, what measures have the company been taking across all business segments to revert such declines and grow earnings again?

Director Villareal answered that the group is working closely with KSPC to continue to expand marketing efforts to address the shortage in power supply contracts. The Chairman added that aside from ensuring full utilization of assets, the group has been looking into different opportunities and assets for the corporation. Dir. Villareal expounded on business development efforts including the 80 million allocation for power barges in the Visayas region, in addition to over 470 MW thermal capacity and about 300 MW renewable acquisition.

Question 2: Regarding the solar power and battery related projects that was mentioned, is there a timeline for these ventures currently? Apart from these, are there any other ventures or projects under evaluation? Perhaps in other existing business segments or other renewable sources?

For the solar project, the group is currently undergoing due diligence which is expected to be completed within the year to finally start the project which usually takes 8-10 months to be completed. For the battery project, we are already finalizing the EPC discussions and hopefully start the project within the first half of the year.

Question 3: With some spillover from the impact of Typhoon Odette and rise of commodity prices around the world, how much of an impact can this be for the company in the near future in terms of margins and earnings stability. What measures have been done to hedge itself against such risks and also maintain its competitiveness in the market?

The Chairman was optimistic that the effects of the typhoon will be temporary as the only in-island supply in the Province of Bohol which suffered power interruption of two months. The group worked with both the local government and the private sector to alleviate the situation. The Chairman humbly conveyed that while it was not exactly profitable, it was an act of civic duty which the locals greatly appreciated. According to the Chairman, the reason for declining earnings in the past is the underutilization of assets caused by non-renewal of power supply contracts caused by certain policy issues, not to mention the preference with respect to short term contracts and increased competition. At any rate, the Chairman remains positive that eventually, demand will increase and there will be an opportunity for the group's assets to fill that gap.

The Chairman inquired if there were more questions, but none followed.

5. Approval of Directors' Fees/Bonus for CY 2021

The Chairman proceeded to the next item of the agenda which is the approval of the Directors' Fees for calendar year ended December 31, 2021.

A motion that (1) each director who served the Corporation during the calendar year ending December 31, 2021 be paid directors' fees in the amount of P600,000.00 for a full year of service or pro rata thereof; (2) the Chairman be paid an additional P200,000.00; and (3) each director performing executive functions be paid additionally for such services which payment in the aggregate amounts to P15,257,857.00, was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Resolution:

Upon motion duly seconded, the stockholders present or represented by proxy resolved that the said motion to pay the amount of ₱600,000.00 to each director who served the Corporation during the calendar year ended December 31, 2021 for a full year or pro rata, an extra payment of ₱200,000.00 for the Chairman, and to pay those directors performing executive functions an additional amount aggregating to P15,257,857.00 be approved.

Tabulation of votes:

<i>Votes</i>	<i>Objections</i>	<i>Abstain</i>
1,473,739,523	0	0

6. Ratification of All Previous Actions of the Board of Directors and Officers of the Corporation Since the Last Annual/Regular Meeting

A motion that the actions taken by the Board of Directors and Officers of the Corporation since the last annual stockholders meeting on May 28, 2021 be ratified and approved, was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Resolution:

Upon motion duly seconded, the stockholders present or represented by proxy resolved that the actions taken by the Board of Directors and Officers of the Corporation since the last annual stockholders meeting on May 28, 2021 be ratified and approved.

Tabulation of votes:

<i>Votes</i>	<i>Objections</i>	<i>Abstain</i>
1,473,739,523	0	0

7. Election of Directors (2022-2023)

The Chairman announced that stockholders as of May 10, 2022 are entitled to vote as discussed in the 2022 Information Statement posted on the website.

The Chairman of the Corporate Governance Committee (also Nomination Committee), Dir. Sergio L. Ortiz-Luis, briefly discussed the nomination process and the evaluation of the qualifications of the nominees. If found to be qualified, the list of the nominees are submitted to the Board. As required by the Articles of Incorporation and ByLaws, eleven (11) directors shall be elected. For 2022-2023, he announced the nominees as follows:

1. Dennis T. Villareal
2. Alfredo L. Henares
3. Alberto P. Fenix, Jr.
4. James Roy N. Villareal
5. Lee, Dal Hun
6. Kim, Kilwon
7. Lee, Kyung-Eun
8. Youn, Sang-Young

For Independent Directors:

1. Enrique L. Bendicto
2. Sergio R. Ortiz-Luis, Jr.
3. Francisco L. Viray

Dir. Ortiz-Luis explained that Mr. Bendicto had exceeded the term limit of nine (9) years as an independent director. Pursuant to SEC Memorandum Circular No. 4, Series of 2017, Mr. Bendicto's nomination was justified as he possesses impeccable credentials and unimpeachable integrity that have invaluable contributed to the reputation and standing of the Company. He emphasized that Mr. Bendicto is held in high esteem in the field of finance, banking and government. Along with his business acumen and decisive leadership in the Board, he has helped helm the direction taken by the Company bringing it to where it is now.

A motion to approve and close the nomination was made and seconded. The Chairman asked for objection, but none was raised. Since there are 11 directors to be elected and there are only 11 nominees, the Chairman directed the Corporate Secretary to cast all votes in favor of all those nominated. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Tabulation of votes:

<i>Votes</i>	<i>Objections</i>	<i>Abstentions</i>
1,473,739,523	0	0

Resolution:

Upon motion duly made and seconded, the stockholders present or represented by proxy unanimously elected the following persons to serve as Directors for CY 2022-2023 and to act as such until their successors shall have been elected:

1. *Dennis T. Villareal*
2. *Alfredo L. Henares*
3. *Alberto P. Fenix, Jr.*
4. *James Roy N. Villareal*
5. *Lee, Dal Hun*
6. *Kim, Kilwon*
7. *Lee, Kyung-Eun*
8. *Youn, Sang-Young*

For Independent Directors:

1. *Enrique L. Bendicto*
2. *Sergio R. Ortiz-Luis, Jr.*
3. *Francisco L. Viray*

The Chairman congratulated the newly-elected members of the Board of Directors.

8. Appointment/Reappointment of External Auditors

A motion to reappoint the auditing firm of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the calendar year 2022 was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Tabulation of votes:

<i>Votes</i>	<i>Objections</i>	<i>Abstentions</i>
1,473,739,523	0	0

Resolution:

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy reappointed the auditing firm of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the calendar year 2022.

9. Other Matters

The Chairman inquired if there are other matters left to be taken up, but none was raised.

10. Adjournment

A motion to adjourn was made and seconded. The Chairman asked for objections but none was raised.

The meeting was adjourned at 11:05 A.M.

Prepared and Attested By:

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

Noted By:

VICTOR P. LAZATIN
Corporate Secretary

ALFREDO L. HENARES
Chairman

DRAFT