



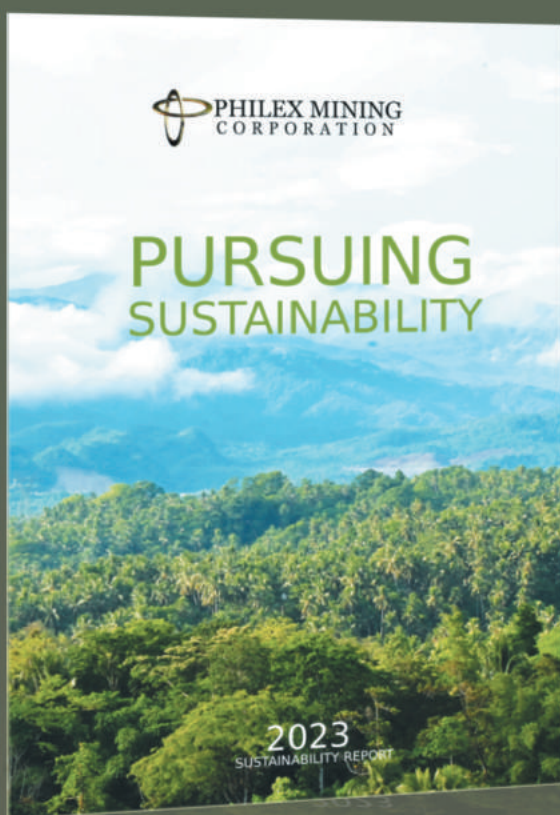
PHILEX MINING  
CORPORATION

# PURSUING SUSTAINABILITY

**2023**

**SUSTAINABILITY REPORT**

# ABOUT THE THEME



## Pursuing Sustainability

The mining industry is at a crossroads.

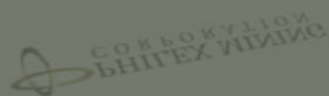
On the one hand, global demand for metals and minerals is increasing, as countries make the transition to digital technologies, electric vehicle production, and renewable energy which are dependent on copper and other green metals.

And then there is the pivotal problem to be solved: how to ramp up operational production for energy transition while simultaneously shrinking one's environmental footprint.

This comes amid a backdrop of increasing environmental, social, and governance (ESG) pressures, forcing mining companies to perform a tightrope act: enhancing production while demonstrating genuine environmental stewardship.

For almost seven decades now, Philex Mining has placed right and principled mining at the core of its sustainability strategy. In pursuit of sustainability, the Company continues to focus on the economic, social, and environmental impacts and contributions of its responsible mining operations in the Philippines, which are detailed in this report.

PURSUING  
SUSTAINABILITY



# ABOUT THE REPORT

This is the 10th year in a row that Philex Mining Corporation has come out with a Sustainability Report, this time as a stand-alone publication on its sustainability performance disclosures to provide the public with a more holistic view of the Company and its business.

## Reporting Scope and Boundary

The report contains disclosure information on the material issues over which PMC has direct or joint management control. It includes the sustainability performance of Padcal Mine, its main source of revenue for over 65 years, as well as data from the Silangan Project, PGPI Bulawan Mine, PGPI Sibutad Project, and the Head Office. The report covers the period January 1 to December 31, 2023, and features stories showcasing PMC's significant contributions to the development of its host and neighboring communities.

## Reporting Standards

The Report references the Sustainability Reporting Guidelines for Publicly Listed Companies of the Philippines' Securities and Exchange Commission (SEC). These guidelines build upon the established principles and metrics of other globally accepted sustainability reporting frameworks such as the Global Reporting Initiative (GRI) Standards, which has a comprehensive reporting framework that covers economic, environmental, and social topics.

Based on the guidelines, key information is reported in two parts: disclosures and management approaches.

Disclosures reflect the Company's most material economic, environmental, and social topics based on the results of a comprehensive materiality assessment and stakeholder engagement. Disclosures are quantifiable and measurable and provide a snapshot of its financial and sustainability achievements for the reporting period.

Management approaches explain how the Company manages its impacts on the economy, on the environment, and on society. These management approaches are in the form of company policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, as well as processes, projects, programs, and initiatives.

## Feedback

Philex welcomes feedback and appreciate suggestions to make the Report more applicable and useful to its various stakeholders.

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# JOINT MESSAGE FROM **THE CHAIRMAN AND THE PRESIDENT AND CEO**



## *All Eyes on Mining*

At Philex Mining, our pursuit of sustainability is driven by a clear purpose: to mine responsibly for a brighter future.

The value we strive to create for our stakeholders — our people, the communities that host and surround our operations, our business partners, and shareholders — informs our strategic and day-to-day decision-making. It is reflected in our vision: “To be a highly respected, world-class, natural resource company committed to adhere to international standards in mining operations and environmental conservation, and deliver excellent value to our partner communities, investors, employees, and other stakeholders.”

We seek to embed sustainability in all our business practices, with a particular focus on keeping our people and our host and neighboring communities safe and healthy, reducing our carbon footprint, and creating benefits and opportunities beyond our mines.

### **MINING FACES A UNIQUE CHALLENGE**

Delivering on our commitments has never been more critical than now, when the entire mining sector finds itself on the sustainability crossroads. In 2023, the global mining industry grappled with both rising supply costs and rapidly growing demand for green metals, as the world shifts away from coal and towards renewable energies.

Never in history has the mining industry been confronted with a unique challenge. While it must quickly increase production to supply global business with the materials it needs to shift to a carbon-free future, it must do so without harming the environment, while restricting its own operations to consume less carbon. Managing this transition and transformation will depend largely on the steadfastness of our commitment to sustainability.

### **PLAYING OUR PART**

We must carry out our responsibility as a responsible and principled miner while guiding the industry onto a more sustainable path. The pressure to meet the greater demand for metals and minerals will intensify in the coming years, but we must remain relentless in our pursuit of opportunities such as optimizing the remaining mine life of our Padcal Mine in Benguet, exploring new mine sites, and venturing into green metals mining.

In addition, we need to invest rapidly in new processes and technologies that will enable us to reduce the carbon footprint of our operations. In 2023, we were able to reduce our dependence on fresh or raw water sources by reclaiming processed water in Padcal Mine's milling process. This resulted in a total volume of 11,001,992 cubic meters of water reclaimed.

At the Silangan Project site, we initiated an environmental research using aquaponics to study the treated water from mine dewatering activities. This research aims to demonstrate to the community that the treated water is environmentally safe and to provide valuable insights into the efficient use of water and the sustainable production of fish and vegetables.

To promote sustainable and environment-friendly practices, we ventured into the production of eco-bricks using residual waste, including plastics, cellophane, and glass/bottles, from our Silangan Project. The innovative approach involves repurposing recyclable materials to create landscape materials.

In addition to these processes and innovations, we also sustained our commitment to reforestation and rehabilitation. As of end-2023, we have already planted more than 12 million trees on a total of 4,700 hectares (of which 64 hectares were added in 2023 alone) in our project sites. We continued to expand our nursery facilities to support our large-scale reforestation activity and meet seedling donation requirements. In 2023, we have produced 103,138 seedlings of mixed forest and fruit tree species, along with 32,331 bamboo culms. Not only do these measures enable us to meet regulatory requirements, but they also demonstrate our commitment to sustainable practices and environmental responsibility.

In 2023, the Company spent 5.28% of its direct mining and milling costs on Php226 million worth of projects under its Environmental Protection and Enhancement Program in Padcal Mine. It also invested heavily in ongoing environmental management programs in the Silangan, Bulawan, and Sibutad project sites. In our Silangan Project alone, we spent Php86.55 million for its environmental management program.

For over 65 years since we started operating Padcal Mine in 1958, we have remained a significant employer in the communities we touch. In 2023, the Company invested Php115 million for its mandated Social Development and Management Program (SDMP) in Padcal Mine, and Php5 million in its advance SDMP for the Silangan Project. This included scholarships, financial assistance, and subsidies to a total of 2,705 students from primary to college

levels, educational support to 27 other primary schools, 8 high schools, and 18 child development centers. The Company also provided medical assistance to more than 3,000 beneficiaries and supported infrastructure enhancement, including the construction of concrete roads, flood control facilities, electrification projects for 152 households, and improvement of 15 water systems. We also assisted seven livelihood associations and two cooperatives in their livelihood programs, constructed eight community development buildings, and supported various socio-cultural preservation activities.

Operating with integrity is a company value that we hold dear and an expectation of all our stakeholders. This is why we take great pride in being honored "2023 Best Mining Forest - Exploration Category" at the 69th Annual National Mine Safety and Environment Conference given by the Philippine Mine Safety and Environment Association and the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR). This recognition further ignites our commitment to being a principled and responsible miner.

## THE WORLD WE FACE

As we look ahead, we could not help but brace ourselves for the headwinds on our horizon: the continuing upsurges in geopolitical risk, disruptions in supply chains, rising costs of energy and other commodities, and the emergence of regulatory issues as the global effort to fight climate change intensifies.

Even under these challenging circumstances, we believe there are numerous and varied ways in which Philex Mining can play a positive role and contribute to the world at large. One is through our Silangan Project, which holds bright prospects for the Philippines to be a significant player in the supply of gold and copper to the world. Venturing into nickel mining also holds a great promise, as demand for green metals is projected to increase in the years ahead in numerous fields being promoted to combat climate change, including renewable energy-related infrastructure and electric vehicles.

In unlocking all these opportunities, responsible business practices are vital. It is only by listening to our stakeholders, minimizing our impacts, and delivering on our promises that we can continue to be a responsible and principled miner.

**MANUEL V. PANGILINAN**  
Chairman

**EULALIO B. AUSTIN JR.**  
President and CEO

# ABOUT PHILEX

Philex is engaged in the large-scale exploration, development, and utilization of mineral resources in the Philippines. For more than six decades, it has been operating the Padcal Mine in Padcal, Tuba, Benguet Province – the first underground block cave mining operation in the Far East. The company was incorporated on July 19, 1955, listed in the Philippine Stock Exchange on November 23, 1956 and started operating the Padcal Mine in 1958.

## VISION

Our vision is to be highly respected, world-class, natural resource company committed to adhere to international standards in mining operations and environmental conservation and deliver excellent value to our partner communities, investors, employees and other stakeholders.

## MISSION

We are a responsible mining corporation that discovers and processes minerals and energy resources for the use of society.

## CORE VALUES

### Corporate Responsibility

- Advocates Philex as a conscientious mining company
- Manifests core values in both professional and personal circumstances
- Upholds the Philex Mining Code of Business Conduct and Ethics

### Teamwork

- Listens to and considers the ideas or points of view of others
- Extends help while respecting the roles of others in doing the job
- Acknowledges team effort in success and collective responsibility over failure

### Respect for Individuals

- Practices gender and cultural sensitivity
- Shows authentic concern for the promotion of individual welfare
- Examines own biases and behavior to avoid judgmental reactions

### Integrity

- Practices honesty and sincerity in word and in deed
- Honors valid commitments
- Speaks up when situations warrant commendation or correction

### Social and Environmental Responsibility

- Shows genuine concern toward its host and neighboring communities to improve quality of life
- Supports and practices the environment, safety, and health guidelines of Philex
- Actively participates in the Company's community development and environmental programs

### Work Excellence

- Produces work results in a timely, accurate, and safe manner
- Constantly learns, innovates, amends, and improves services and processes
- Consistently delivers superior quality of work

# BUSINESS STRUCTURE

COMPANY	LOCATION	DESCRIPTION OF OPERATIONS
 <p><b>PHILEX MINING CORPORATION</b></p> <p><b>Philex Mining Corporation</b> (Parent company)</p>	<p>Padcal Mine in Tuba and Itogon, Benguet Province</p>	<p>Since 1958, Philex has been operating the Padcal Mine in Benguet Province in Luzon, employing the underground block cave mining method, and producing copper concentrates containing gold, copper, and silver. This has been the primary source of revenue of the Company for over 65 years.</p> <p>Padcal Mine's life has been extended seven times. The latest was on December 7, 2022 when it was extended for another three years to December 31, 2027. The previous extension was in June 2021 for two years up to December 31, 2024 due to additional reserves from mineral resources delineated around the identified mining level.</p> <p>The latest extension up to 2027 was finalized after the completion of confirmatory drillings on the ore body, technical studies on the mining methodology and Tailings Storage Facility (TSF) No. 3, leading to the successful identification of additional mineable reserves feasible for mining up to December 31, 2027.</p> <p>The updated remaining mineable reserves as of cut-off date of October 31, 2022 were estimated at 42 million tonnes, with an average gold and copper grades of 0.22 grams per tonne (g/t) and 0.17%, respectively. The total recoverable gold was estimated at 233,000 ounces while the total recoverable copper was estimated at 127.4 million pounds. The new estimate then included remaining reserves from the previously declared mineable reserves as of December 31, 2021 aggregating to 24.9 million tonnes with an average gold and copper grades of 0.23 g/t and 0.18%, respectively.</p>
<p><b>Silangan Mindanao Exploration Co., Inc. (SMECI)</b> Wholly owned mining business</p>  <p><b>Silangan Mindanao Mining Co., Inc. (SMMCI)</b> Wholly owned mining business</p>	<p>Silangan Copper and Gold Project (Silangan Project) in Surigao del Norte, Northeastern Mindanao</p>	<p>In 2010, Silangan Mindanao Exploration Co., Inc. (SMECI), through Silangan Mindanao Mining Co., Inc. (SMMCI), completed the acquisition of the Silangan Copper and Gold Project (Silangan Project) in Surigao del Norte, Northeastern Mindanao.</p> <p>The Project's tenements consist of two main ore deposits:</p> <ol style="list-style-type: none"> <li>1. Boyongan ore deposit: wholly owned by SMMCI, and to be developed as Phase I of the Silangan Project</li> <li>2. Bayugo ore deposit: to be developed as Phase II, consisting of Bayugo-Silangan deposit (Phase II-A, wholly owned by SMMCI), and Bayugo-Kalayaan deposit (Phase II-B, under a Farm-In Agreement with Manila Mining Corporation and its subsidiary, Kalayaan Copper Gold Resources, Inc. (Kalayaan) and Philex Mining, which currently holds a 5% interest in Kalayaan and the option to further increase its stake up to 60%)</li> </ol>
 <p><b>PHILEX GOLD PHILIPPINES, INC.</b></p> <p><b>Philex Gold Philippines, Inc.</b> Wholly owned mining business</p>	<p>Bulawan Mine in Sipalay, Negros Occidental and Sibutad Project in the Municipalities of Rizal and Sibutad, Zamboanga del Norte</p>	<p>Philex Gold Philippines, Inc. (PGPI) operated the Bulawan Mine in Negros Occidental until the second quarter of 2002. At present, the Bulawan mine has residual resource estimates of around 29.6 million tonnes containing 1.7 million ounces of gold, which also includes the Vista Alegre area with completed geological modelling and preliminary resource estimation.</p> <p>Both the Bulawan Mine and Sibutad Project are currently under the Final Mine Rehabilitation and Decommissioning Plan (FMRDP).</p>

# SUSTAINABILITY

AT PHILEX





Sustainability is at the heart of Philex Mining’s purpose-driven organization. At the core of its business strategy is right and principled mining — a commitment that evolved from the principles under Republic Act (RA) No. 7942, also known as the Philippine Mining Act of 1995 and its Revised Implementing Rules and Regulations (IRR).

Having operated the Padcal Mine for over 65 years since 1958, the Company continues to prioritize the economic, social, and environmental impacts and contributions of its responsible mining operations in the Philippines.

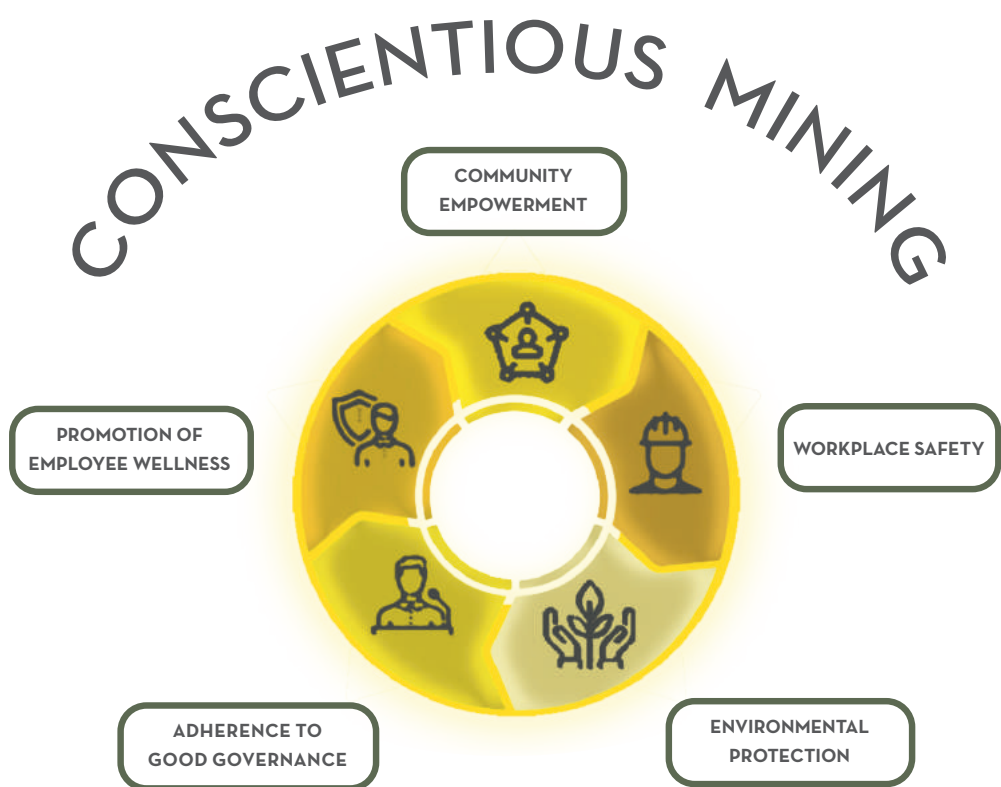
Philex believes it plays a vital role as a right and principled miner, particularly as it operates in the Philippines, considered one of the most endowed with mineral resources, but also among the world’s most vulnerable when it comes to climate change.

The Company’s unwavering commitment to right and principled mining is manifested in its continuous enhancement of its sustainability approach and practices, to create lasting and meaningful impact, as well as to minimize the adverse effects of its operations on the environment and on its host and neighboring communities.

In recognition of its firm commitment to sustainability practices, the Philippine Mine Safety and Environment Association and the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) awarded Philex the “2023 Best Mining Forest - Exploration Category” for its operation of Padcal Mine at the 69th Annual National Mine Safety and Environment Conference.

Philex is a member of the Chamber of Mines of the Philippines (COMP), advocating for the adoption of Toward Sustainable Mining (TSM) Initiatives of Canada, to promote adherence to global best practices and standards among mining companies in the Philippines. The Company is also a member of the Philippine Business for Social Progress (PBSP) and the Business for Sustainable Development (BSD).

To demonstrate its adherence to the highest principles of transparency and accountability, it continues to report on issues material to its business and operations with respect to sustainable development.



# SUSTAINABILITY FRAMEWORK

Driven by its commitment to right and principled mining, Philex has developed a sustainability framework hinged on five unified pillars:



## ADHERENCE TO GOOD GOVERNANCE

As a responsible corporate citizen, we conduct our activities in accordance with the highest ethical standards. We comply with our Code of Conduct, as well as all applicable laws, rules, and regulations for the mining industry. Beyond our own operations, we also lend our expertise to our partners in the mining industry and initiate constructive and informed conversations on issues that are relevant to the industry and society.

- Compliance with Regulatory Requirements
- Corporate Governance



## PROMOTION OF EMPLOYEE WELLNESS

Our employees drive our day-to-day operations. We aim to hone our employees to their fullest potential. Our Core Values include to respect and value our employees, and uphold the principles of human rights, health and safety, and nondiscrimination in the workplace. Part of promoting employee wellness is providing our employees fair compensation for their hard work, constructive feedback on their performance, and meaningful opportunities for further professional growth and development. We also engage our employees on issues that affect them in the workplace, in a bid to improve our overall workplace safety and operational efficiency.

- Employee Relations
- Freedom of Association
- Local Employment



## COMMUNITY EMPOWERMENT

We strive to address the social, cultural, environmental, and economic impacts of our operations. We constantly engage with local government units, non-government organizations, and civil society to achieve long-term and mutually beneficial resource development for our host and neighboring communities. We prioritize partnerships that help promote local enterprises and build a more inclusive local economy. As such, we also prioritize hiring local workers, particularly indigenous peoples, for our various exploration projects.

- Education
- Livelihood Development
- Health and Sanitation
- Public Infrastructure



## ENVIRONMENTAL PROTECTION

Due to the highly extractive nature of mining operations, we recognize our responsibility to preserve, conserve, and rehabilitate the environment where we operate. As a right and principled environmental steward, we promote the wise use of natural resources through proven management controls. We strive to monitor and manage the environmental impacts of our operations and implement controls to ensure compliance with relevant environmental policies and standards. We also invested in environmental management systems that can help protect our immediate environment for future generations and safeguard the sustainability of our host and neighboring communities.

- Energy Management
- Land Resource Management
- Water Resource Management
- Waste Management
- Air Quality Management
- Biodiversity Conservation Management
- Climate Change Adaptation and Mitigation



## WORKPLACE SAFETY

Recognizing the inherent risks that come with large-scale mining operations, we strive to manage operational risks to ensure the health and safety of our employees. We have established occupational health and safety management protocols for our employees and their families, host and neighboring communities, and our business partners. We expect all our employees and contractors to observe strict compliance with these protocols.

Our health and safety systems also provide for the necessary equipment, training, and resources that will promote safe work conditions. In addition, we also enforce effective security controls, standards, policies, and procedures that help protect our employees, assets, reputation, and host and neighboring communities without sacrificing their inherent human rights and dignity. We strive to uphold human rights for all individuals who may be affected by our operations.

- Measuring Safety Performance
- Facility Protection
- Health and Safety Training

Guided by these unified pillars, we will continue to strengthen our approach to sustainability and uphold our advocacy of right and principled mining.

# MATERIALITY

## ASSESSMENT

Materiality, according to the Global Reporting Initiative (GRI), refers to "topics and indicators that reflect the organization's significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders."

Since 2015, Philex has been identifying the most material topics to its business operations and to its stakeholders. It continues to assess these topics every year, along with tracking its performance. To determine the risks, opportunities, and other factors that materially impact its ability to create long-term sustainable value, it undergoes a materiality process.

1

### IDENTIFICATION

Risk assessments are performed to ensure the Company can address them expeditiously and in the most efficient way. Philex undergoes risk management processes, a review of internal performance and its impacts on the external environment and engages both internal and external stakeholders.

2

### ANALYSIS

Material matters are evaluated according to the significance of their potential effects to the Company's business and its key stakeholders.

3

### PRIORITIZATION

Material topics are built into the corporate strategy, governance frameworks, risk management systems, and operational management processes.

4

### REPORTING

The Company reports the information to its stakeholders through the annual publication of a Sustainability Report that expands on its financial reporting.

5

### ENGAGEMENT

Most material matters relating to sustainability are determined through continuous engagement with internal and external stakeholders, such as employees, contractors, affected people in host communities, and government representatives. The information obtained from these engagements is analyzed and collated into material topics most representative of the sentiments of all stakeholder groups.

# MATERIAL TOPICS

FOCUS AREAS	MATERIAL TOPICS	STAKEHOLDERS AFFECTED	RELEVANCE
<b>Financial Returns</b>	Revenue Payments Local employment Share value (stocks) Fluctuation in metal prices (world market) Mining exploration	Company Shareholders Business partners, lenders Employees Contractors, suppliers	Consistent earning power and steady financial growth help ensure the sustainability of Philex as an enterprise.
<b>Corporate Governance</b>	Leadership in corporate governance Internal process management	Company Shareholders Business partners, lenders, suppliers	Good governance in the form of obeying the Company's codes of conduct, avoiding bribes, adhering to procurement rules, among other things, help Philex realize long-term benefits, including reducing risks, attracting new investors and shareholders, and increasing equity.
<b>Legal Compliance</b>	Compliance with regulatory requirements	Regulators Lenders	Adhering to strict regulatory guidelines and policies enable the Company to protect its reputation and relationships with stakeholders.
<b>Labor Practices</b>	Strikes, lockouts Freedom of association Recruitment and employment Employee relations	Company Employees	The Company's workforce is its most valuable asset. As such, sound labor practices and relationships are key to the long-term sustainability of its enterprise.
<b>Environmental Conservation</b>	<p><b>Energy Management</b></p> <ul style="list-style-type: none"> <li>• Electricity generation and consumption</li> <li>• Energy efficiency in operations</li> <li>• Fuel consumption</li> </ul> <p><b>Water Management</b></p> <ul style="list-style-type: none"> <li>• Impact on water sources and of water pollution</li> <li>• Water quality and discharge</li> <li>• Tailings pond management</li> <li>• Efficiency in water consumption</li> <li>• Water recycling</li> </ul> <p><b>Waste/Chemicals Management</b></p> <ul style="list-style-type: none"> <li>• Oil spill management</li> <li>• Reagents management</li> <li>• Solid waste management</li> </ul> <p><b>Land Resource Management</b></p> <ul style="list-style-type: none"> <li>• Land rehabilitation and reforestation</li> <li>• Biodiversity and Ecosystem Management</li> <li>• Geologic risk assessments</li> </ul> <p><b>Air Quality Management</b></p> <ul style="list-style-type: none"> <li>• Ambient air quality monitoring</li> <li>• Dust and noise pollution</li> </ul> <p><b>Climate Change Adaptation and Mitigation</b></p>	Company Regulators Local communities Civil society	Reducing or minimizing the environmental impact of the Company's operations is paramount to the creation of its sustainable value and reputation.
<b>Community Development</b>	Diseases and illnesses Risks and conflicts with local communities and indigenous peoples Information, consultation, and participation mechanisms	Stakeholders in the communities where it operates	Philex provides Social Development and Management Programs to demonstrate its corporate social responsibility and long-term commitment to the sustainability of its host communities.
<b>Health and Safety</b>	Education and training Safety procedures in the facility Safety performance monitoring	Employees, workers Contractors	Strict enforcement of safety standards and protocols and safeguarding the health and well-being of its employees and workers are essential to the Company's sustainable practices.
<b>Facility Protection</b>	Emergency preparedness License to operate Supplier screening Security of site	Company Employees, workers Contractors	Ensuring the protection of its facility is critical to the Company's local operations and the creation of long-term value.

# PHILIPPINE MINING INDUSTRY REGULATIONS

The exploration, development and utilization of the country's natural resources is governed principally by the 1987 Constitution, which provides that the State may directly explore, develop, and utilize the country's natural resources, or it may enter into co-production, joint venture or production-sharing agreements with Filipino citizens or corporations or associations, at least sixty per centum of whose capital is owned by such citizens.

The Constitution also authorizes the President of the Republic of the Philippines to enter into technical or financial assistance agreements with foreign-owned corporations for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils in accordance with the general terms and conditions of applicable laws, based on real contributions to the economic growth and general welfare of the country. Several laws have since been enacted to implement these Constitutional principles and directives.

## **Republic Act (RA) 7942 or the Mining Act of 1995**

- Approved on March 3, 1995
- Contains provisions governing mining and mining-related activities in the country
- Declares areas open for mining operations and enumerates those closed for mining applications
- Sets forth the mining cycle and the corresponding permits needed for each phase: from exploration to the declaration of mining project feasibility, to the positive determination of commercial viability of a project, to the execution of mineral agreements with the government prior to actual operations, until the required rehabilitation after operating a mine.

## **RA 8371 or the Indigenous Peoples' Rights Act of 1997 (IPRA Law)**

- Approved on October 29, 1997
- Introduced the requirement of Free and Prior Informed Consent (FPIC) which means the consensus of members of the concerned Indigenous People (IP)/Indigenous Cultural Community (ICC)
- Strictly enjoins all departments and government agencies from issuing, renewing, or granting any concession, license, or lease, or entering into a production sharing agreement, without prior certification from the National Commission on Indigenous Peoples (NCIP) which can only be issued after the FPIC with the IPs/ICCs concerned is secured and the process concluded.

## **Presidential Decree (PD) No. 1586 or the Environmental Impact Assessment System (EIA)**

- Issued on June 11, 1978
- Introduced the Environmental Impact Assessment System (EIA) which mandates that "no person, partnership, or corporation shall undertake or operate any such declared environmentally

critical project or area without first securing an Environmental Compliance Certificate issued by the President or his duly authorized representative."

- Pursuant to PD No. 1586, the Mining Act of 1995 requires mining companies to secure an Environmental Compliance Certificate (ECC) on all phases of mining activities, except during the exploration stage.

## **RA 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990**

- Approved on October 26, 1990
- Regulates the importation, manufacture, processing, distribution, use and disposal of chemical substances and mixtures

## **RA 8749 or the Philippine Clean Air Act of 1999**

- Approved on June 23, 1999
- Outlines the measures to reduce air pollution

## **RA 9003 or the Ecological Solid Waste Management Act of 2000**

- Approved on January 26, 2001
- Provides a systematic ecological solid waste management program

## **Executive Order No. 79**

- Issued on July 6, 2012
- Creates the Mining Industry Coordinating Council (MICC) and institutes changes to ensure the practice of responsible mining in the country
- Provides that no new mineral agreements shall be entered into until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect. The Department of Environment and Natural Resources (DENR) may nevertheless, continue to grant and issue Exploration Permits under existing laws, rules, and guidelines.

## **Department Administrative Order (DAO) No. 2015-07**

- Issued on April 30, 2015
- Institutionalizes an Environmental Management System (EMS) that ensures the adherence of local mining operations to international standards, particularly the ISO 14001 Certification, as a measure of responsible mining in the country
- Ensures that appropriate measures are put in place to achieve minimal negative impacts of mining on the environment
- As mandated under Executive Order No. 79, it also guarantees the compliance of mining contractors with applicable mining and environmental laws, regulations, and requirements in mining operations while gearing towards growth.

**DAO No. 2017-07**

- Issued on March 10, 2017 by the DENR
- Mandates all mining contractors to comply with the disclosure requirements of the Philippine Extractive Industries Transparency Initiative (PH-EITI), as set by the Philippine Multi-stakeholders Group where the government, the industry, and civil society are represented. Failure of a mining contractor to comply with the disclosure requirements shall cause the suspension of the pertinent ECC and non-issuance of Ore-Transport and/or Mineral Export Permit until such time that the contractor has complied.

**DAO No. 2017-10**

- Issued on April 27, 2017 by the DENR
- Prohibits the use of the open-pit mining method in the extraction of copper, gold, silver and/or complex ores, as open pits allegedly bring adverse impacts to the environment due to the generation of acidic and/or heavy metal-laden water, erosion of mine waste dumps and/or vulnerability of tailings dams to geological hazards.

**RA 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN)**

- Approved on December 19, 2017
- Increases the excise tax on gold, copper and other metallic minerals to 4% from 2% (under the National Internal Revenue Code) based on the actual Amarket value of the minerals gross output

**RA 11534 or The Corporate Recovery and Tax Incentives for Enterprises “CREATE” Act**

- Approved on March 26, 2021
- Introduces reforms to the corporate income tax and incentives systems based on industry and location tiers that aim to attract more investments and maintain fiscal prudence and stability
- Reduces corporate income tax to 25% from 30% for large corporations and to 20% for small businesses (retroactive from July 1, 2020)

**EO 130**

- Issued on April 14, 2021
- Amends Section 4 of EO No. 79, lifting the moratorium on new mineral agreements

**DAO No. 2021-25**

- Issued on August 2, 2021 by the DENR
- Provides for the Implementing Rules and Regulations (IRR) of EO No. 130 through DAO No. 2021-25 (Institutionalizing

and Implementing Reforms in the Philippine Mining Sector, Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources). The IRR provides streamlined procedures and requirements for the processing and approval of new mining applications.

**DAO No. 2021-40**

- Issued on December 23, 2021 by the DENR
- Lifts the ban on the open-pit method of mining for copper, gold, silver and complex ores in the country that had been imposed under the DAO No. 2017-10
- Seeks to revitalize the mining industry and usher in significant economic benefits to the country and to establish enhanced parameters and criteria for surface mining methods under the DMPF to address the environmental and safety issues of surface mining methods particularly with open-pit mining.

**DAO No. 2022-04**

- Issued on March 4, 2022 issued by the DENR
- Aims to provide adequate measures for responsible mining towards ensuring the biodiversity conservation and protection, including progressive and final rehabilitation of mined-out areas
- Seeks to minimize the negative impacts on biodiversity and ensure its conservation of biodiversity, promoting sustainable development and utilization of the country’s natural and mineral resources for the benefit of present and future generations

**DAO No. 2023-01**

- Issued on January 13, 2023 by the DENR
- Imposes additional guidelines for projects applying for ECC which are within or with close proximity to Protected Areas (PA) and/or Ramsar Sites. ECCs of Non-Environmentally Critical projects located within the PA and/or Ramsar sites, including their duly approved buffer zones, shall require the approval of the Office of the Secretary (OSEC).
- Environment Management Bureau (EMB) Central and Regional Offices handling the ECC applications are required to secure a Clearance from the OSEC prior to the final approval of the technical scoping checklist. The OSEC will review the scoping checklist to add, if necessary, other issues/impacts to be included in the Environmental Impact Assessment Study.

# STAKEHOLDER ENGAGEMENT

Stakeholder engagement is important to the sustainability of Philex as an enterprise. It helps build trust and reputation, particularly in the host and neighboring communities touched by its presence.

Engaging with the right groups of stakeholders is critical, given the highly regulated industry and the dynamic social, economic, and environmental landscape in which the Company operates. As such, it develops policies and guidelines so it can develop a comprehensive business approach and fulfill its obligations to shareholders and investors.

Stakeholders are engaged by sharing timely and relevant information, gathering feedback, and working together on important initiatives that guide the Company’s sustainability approach. Regular stockholders’ meetings are held to keep stockholders informed of the current condition of the Company, as well as of its future plans and outlook. These practices are aligned with Philex’s adherence to principles of transparency and accountability in all its stakeholder engagements.

Given the significant scale of its operations, Philex also works closely with its host and neighboring communities, including indigenous peoples’ (IPs) communities. It provides various forms of assistance and support through its Social Development and Management

Program (SDMP), ensuring it maintains strong and productive relationships with its host and neighboring communities. It also has a duty to the local government units (LGUs) in the areas where it operates, particularly in terms of managing its environmental impact and addressing social development concerns.

The Company complies with its own Code of Conduct, as well as with all applicable laws, rules, and regulations for the mining industry. It lends its expertise to its partners in the mining industry and initiates constructive and informed conversations on issues relevant to the industry and society.

Philex employees are at the forefront of its operations. To maintain high standards of performance and productivity, the Company’s Human Resources Division (HRD) implements programs to help address employee concerns through regular consultations and labor-management meetings.

The Company accredits suppliers and contractors that meet its standards of safety and efficiency. This also helps ensure that it maintains close communication and coordination with its suppliers and contractors, which is necessary to meet requirements and guarantee timely and smooth operations.

## STAKEHOLDERS MATTER

SHAREHOLDERS AND INVESTORS	LOCAL GOVERNMENT UNITS
<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Production</li> <li>• Financial returns</li> <li>• Minimum risks related to business and expansion</li> </ul> <p><b>Company Response</b></p> <ul style="list-style-type: none"> <li>• Continuous process improvements</li> <li>• Financial disclosures</li> <li>• Dividends</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Annual Stockholders’ Meeting</li> <li>• Direct communications through its Investor</li> <li>• Relations Group</li> <li>• One-on-one investor meet</li> </ul>	<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Environmental management</li> <li>• Socioeconomic development</li> </ul> <p><b>Company Response</b></p> <ul style="list-style-type: none"> <li>• Rehabilitation of disturbed areas and implementation of reforestation projects</li> <li>• Briefings and meetings</li> <li>• Partnerships</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Social Development and Management Program (SDMP)</li> <li>• Community Development Program (CDP)</li> <li>• Community meetings and consultations</li> <li>• Focus group discussions</li> <li>• One-on-one visits</li> <li>• Annual, quarterly, and monthly monitoring reports</li> </ul>

# STAKEHOLDERS MATTER

REGULATORS	SUPPLIERS AND CONTRACTORS
<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Adoption of best practices</li> <li>• Accurate disclosures</li> <li>• Legal and regulatory compliance</li> </ul> <p><b>Company Response</b></p> <ul style="list-style-type: none"> <li>• Development of corporate social responsibility manuals</li> <li>• Adoption of ISO standards</li> <li>• Implementation audits</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Annual, quarterly, and monthly reports</li> <li>• Audits</li> <li>• Taxes and certification processes</li> </ul>	<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Labor Code practice by contractors</li> <li>• Availability of supplies</li> <li>• Supplier accreditation</li> <li>• On-time payments</li> <li>• Product specification</li> <li>• Integrity of bids</li> </ul> <p><b>Company Response</b></p> <ul style="list-style-type: none"> <li>• Proper sourcing of suppliers</li> <li>• Proper communication and coordination with suppliers</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Accreditation process</li> <li>• Contractual agreements</li> </ul>
EMPLOYEES	CUSTOMERS
<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Attendance</li> <li>• Productivity and work performance</li> <li>• Proper interpretation of Collective Bargaining Agreement and Code of Conduct</li> <li>• Workplace safety</li> <li>• Work-life balance</li> </ul> <p><b>Company Response</b></p> <ul style="list-style-type: none"> <li>• Manpower attendance audit</li> <li>• Changes in attendance monitoring procedures</li> <li>• Values formation seminars</li> <li>• Rationalization of sections, departments, and divisions to enable efficiency</li> <li>• Proper communication with employees and promotion of teamwork</li> <li>• Career advancement</li> <li>• Labor-management meetings</li> <li>• Employee advisories</li> <li>• Improvement and enhancement of standard operating procedures and safe job procedures</li> <li>• Strict implementation of SOP and SJP training</li> <li>• Representation of employees to the Human Resources Department (HRD)</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Consultations</li> <li>• Issuance of employee advisories</li> <li>• Employee engagement program</li> </ul>	<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Quality products</li> <li>• Accessibility and convenience</li> <li>• Account security</li> <li>• Improved benefits</li> <li>• Financial advice</li> <li>• Timely service</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Website</li> <li>• Relationship teams</li> </ul>
HOST AND NEIGHBORING COMMUNITIES (INCLUDING INDIGENOUS PEOPLES)	INDUSTRY ASSOCIATIONS
<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Sustainable livelihood and income</li> <li>• Education for youth</li> <li>• Land claims</li> <li>• Environmental rehabilitation during post-exploration activity</li> </ul> <p><b>Company Response</b></p> <ul style="list-style-type: none"> <li>• Technical assistance, infrastructure support, and financial assistance to qualified community organizations</li> <li>• Improvements and enhancements to education programs</li> <li>• Continuous negotiation and coordination</li> <li>• Community immersion</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Social Development and Management Program</li> <li>• Community meetings and consultations</li> </ul>	<p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Sharing of industry standards and best practices</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Industry meetings and fora</li> </ul> <p style="text-align: center;"><b>PARTNERS</b></p> <p><b>Issues &amp; Concerns</b></p> <ul style="list-style-type: none"> <li>• Transparency in disclosures</li> <li>• Alignment of advocacies</li> </ul> <p><b>Modes of Engagement</b></p> <ul style="list-style-type: none"> <li>• Corporate events and fora</li> </ul>





3 Golden Arrow recognition at the ASEAN Corporate Governance Scorecard Awards

As a publicly listed Philippine company, Philex conforms to the corporate governance rules, requirements, and regulations of the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). The Company is committed to the highest standards of corporate governance and continues to benchmark its procedures against internationally recognized best practices.

To ensure constant improvement, Philex monitors developments in corporate governance, including climate-related risks, to uphold the Company's corporate governance framework, processes, and practices in accordance to global standards.

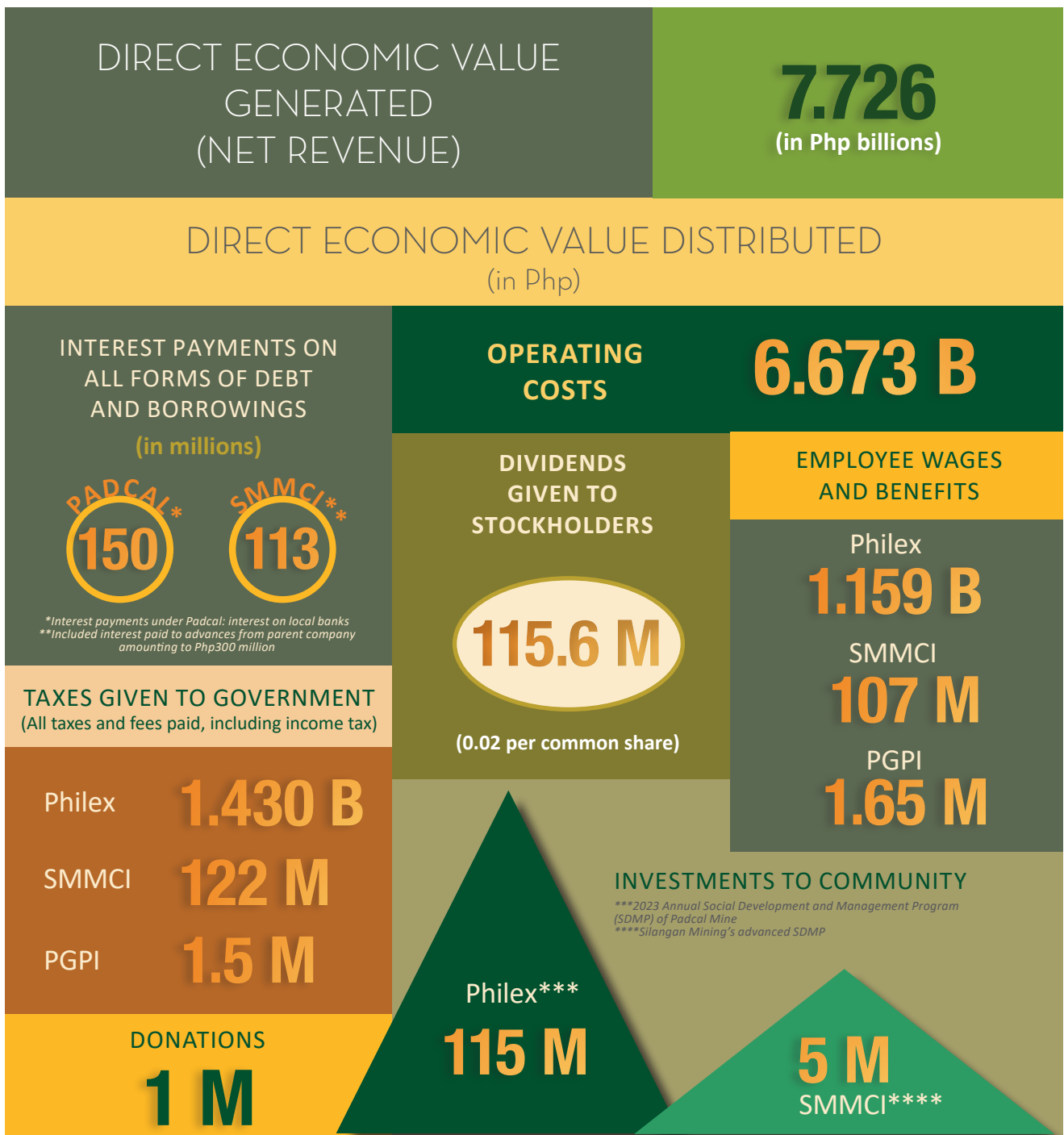
For a full discussion on the Company's corporate governance, risks, and procurement practices, please refer to the 2023 Annual Report which can be downloaded from its corporate website, [www.philexmining.com.ph](http://www.philexmining.com.ph).



# ECONOMIC CONTRIBUTIONS

Philex has been operating the first underground block cave operation in the Far East since 1958. Its mineral properties or tenements are covered by several Mineral Production Sharing Agreements (MPSAs) and applications. Under these MPSAs, a mining contractor provides the necessary financing, technology, management, and personnel needed in the project. In return for granting the mining company the right to mine, the government gets a share in the production in return.

Due to the nature of its business, the Company has been generating and distributing direct and indirect economic value in the form of the following:





# RESULTS OF OPERATIONS

*Loading of copper concentrates for shipment at Poro Point*

Philex milled a total of 6,852,879 tonnes in 2023. This was 8% lower than the 7,431,651 tonnes in 2022.

**Gross Revenues:** In 2023, this amounted to Php8.566 billion, 15% lower than the Php10.088 billion in 2022. The yearly decline in revenues since 2020 was brought about by the decreasing metal output for gold and copper, as well as the impact of copper price that averaged lower in 2023 and 2022. Copper revenues comprised 53% of total revenues while gold revenues were at 46% level with the remaining 1% attributable to silver.

**Operating Cost and Expenses (Opex):** This included Production Costs, Excise Tax and Royalties, and Depletion, Depreciation and Amortization, and General and Administrative Expenses (GAE). In 2023, Opex stood at Php6.673 billion, 6% lower than the Php7.120 billion in 2022. The decrease in Opex in 2023 was mainly due to the decline in tonnage production by 8% that resulted into lower Depletion, Depreciation and Amortization (DDA) as tonnage is the basis for computing depletion and amortization. The mine life extension of Padcal Mine up to 2027, and lower revenue-related cost, were also factors in the lower Opex despite the increase in Production Costs from higher power rates that started in July 2022, prices of material and supplies, and maintenance costs.

**Employee Wages and Benefits:** General and Administrative Expenses (GAE) continued to decline to Php242 million in 2023 from Php250 million in 2022. Overall, changes in GAE represented mainly by lower manpower costs at the Head Office.

**Taxes Paid to Government.** Excise Taxes and Royalties decreased by 12% in 2023 at Php523 million compared with Php592 million in 2022. Income taxes paid in 2023 amounted to Php253 million from Php715 million in 2022.

For more information on the Company's results of operations and financial conditions, please refer to the 2023 Annual Report and Consolidated Financial Statements which can be downloaded from its corporate website [www.philexmining.com.ph](http://www.philexmining.com.ph)

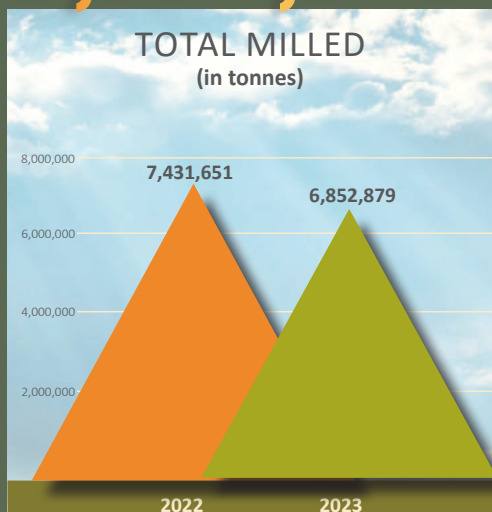
**Investments to Community.** In 2023, the Company invested Php120 million (including project expenses carried over from 2022) in its Social Development and Management Program (SDMP) and in the advanced SDMP of Silangan Mining. Pursuant to Republic Act 7942 and DAO's 2010-21, the amount allocated to the SDMP should be 1.5% of the company's total operating cost.

More information on the Company's SDMP can be found under the Social Contributions section, page 33.

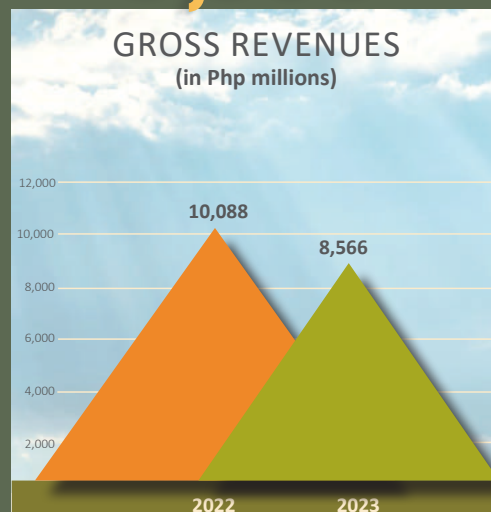
# 2023

## AT A GLANCE

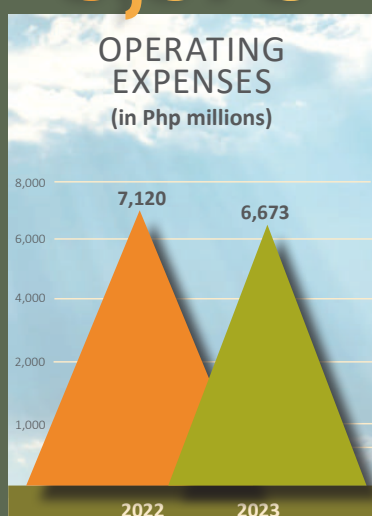
**6,852,879**



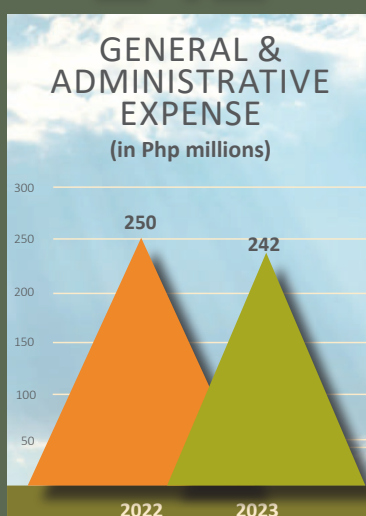
**8,566**



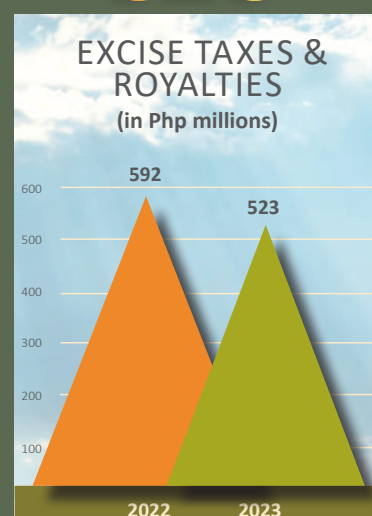
**6,673**



**242**



**523**



# CLIMATE-RELATED RISKS AND OPPORTUNITIES

## IMPACT

Philex is inherently exposed to climate-related and other environmental risks due to the nature of its business and the geographic location of its country of operations, the Philippines, among the world's most vulnerable to extreme weather disturbances brought about by climate change. Natural disasters such as earthquakes, floods, and landslides could potentially damage company facilities and surrounding infrastructure, block access to its mining assets, cause injuries to workers and result in the suspension of its operations. Rising temperatures can also lead to the scarcity of water, a critical resource to its operations. All these could materially and adversely affect the Company's business, financial condition, results of operations, and business outlook.

## STRATEGY

To address this challenge, the Company has been undertaking climate change adaptation and mitigation measures in and around its mine sites to manage climate-related risks. These also help to build the adaptive capacities of the local communities that host its mine sites. The Company also puts a great deal of effort and invests heavily in environmental protection and rehabilitation through its Environmental Protection and Enhancement Program (EPEP). This is in addition to ensuring compliance with all applicable environmental laws and regulations.

## RISK MANAGEMENT

The Company ensures that processes are in place to manage various risks, including climate-related risks.

### Board of Directors' oversight of climate-related risks and opportunities

- Through its Board Risk Oversight Committee (BROC), the Board is responsible for ensuring there is an effective and integrated risk management process in place to manage all kinds of risks including those related to climate change.
- Risk assessments, including climate-related risks, are part of the regular conduct of operations and done at least twice a year unless there is need to have special meetings to address any unusual occurrence of risk/s.
- Climate change is considered a significant factor by the Board in its strategies, decisions, and issuance of any policies. The BROC monitors compliance as climate change is one of the top five Risk Compositions of the Company.
- Risks, including climate change, are discussed in detail at the BROC meeting in the early part of the year to agree on effective mitigating measures and actions. Another assessment is done mid-year to assess the effectiveness of mitigating measures, discuss the occurrence of new risks, and assess management recommendations on how to address the identified risks.

### Management's role in assessing and managing climate-related risks and opportunities

- The appointed Chief Risk Officer leads the regular risk assessment process and presents the results to the BROC to identify its Top 10 Enterprise Risk, including climate-related risks.
- The BROC implements and revisits the effectiveness of the Company's Enterprise Risk Management (ERM) system, reviews the ERM report, and provides guidance as to the identified risks and corresponding mitigating measures.
- The BROC assesses the enterprise risk report submitted by the Chief Risk Officer and provides guidance on the implementation of identified mitigating measures that may include measures to address climate change-related risks, environmental and community risks to assess whether adequate risk-based controls are in place, and how effective they are, and what priority actions would be required.

### Plans/Initiatives related to climate-related risks and opportunities

- The Company is engaging a third-party consultant to assist in the GHG Scope 3 Inventory and Reporting.



# ENVIRONMENTAL CONTRIBUTIONS

*Installation of water treatment floating filters made of coco net in the Silangan Project*

Philex carries out its environmental responsibility by harnessing best practices and effective environmental management — from its day-to-day activities onsite, to corporate strategic planning.

The Company is committed to complying with applicable laws and regulations, and adopting relevant environmental standards, aligned with being a right and principled miner. It ensures that mitigating measures are in place to address any environmental impact that may be brought by its operations. As such, it continuously conducts the following activities:

- Air Quality Monitoring
- Water Resource Management
- Ecological Solid Waste Management
- Hazardous Waste Management
- Energy Management
- Biodiversity Conservation
- Reforestation
- Rehabilitation

## ENVIRONMENTAL COMPLIANCE

The Company and its subsidiaries continue to implement sound environmental management practices by conserving natural resources and by installing pollution control devices for both terrestrial and aquatic environs. Its Environmental Protection and Enhancement Program (EPEP) is regularly monitored by the

Department of Environment and Natural Resources (DENR)'s Environmental Management Bureau (EMB) and Mines and Geosciences Bureau (MGB). The Company consistently meets the requirements of these environmental laws:

- Presidential Decree (PD) No. 1586: Establishing an Environmental Impact Statement System including other environmental management related measures and for other purposes. No person, partnership or corporation shall undertake or operate any declared environmentally critical project or area without first securing an Environmental Compliance Certificate (ECC).
- Republic Act (RA) No. 6969: Toxic, Hazardous and Nuclear Waste Act. Regulates the handling, treatment and disposal of generated chemical wastes and other toxic and hazardous substances.
- RA 8749 or the Philippine Clean Air Act: Provides for the management of point and non-point sources of air pollution and quarterly monitoring and testing of pollution source device or facility.
- RA 9275 or the Philippine Clean Water Act: This is the environmental law regulating discharges of effluent from processing and other operation of the company.

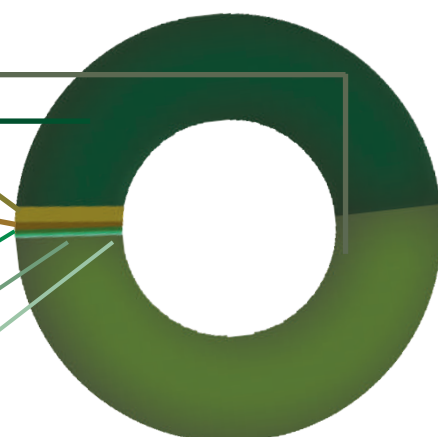
# ENVIRONMENTAL PROGRAMS AND MANAGEMENT

RA No. 7942 or the Philippine Mining Act of 1995, and its Revised Implementing Rules and Regulations (IRR), require mining companies to submit an Environmental Protection and Enhancement Program (EPEP) prior to starting any mining development project. The EPEP must contain the mining company’s plans on the rehabilitation, regeneration, revegetation, and reforestation of mineralized areas; the slope stabilization of mined-out or waste management covered areas; watershed development; and water conservation.

Department Administrative Order (DAO) 2010-21 mandates the implementation of the Annual EPEP which provides the link between mineral resource utilization and environmental protection and enhancement commitments. Pursuant to the R.A. 7942, the minimum required budget for the Annual EPEP ranges from 3-5% of the Direct Mining and Milling Costs of the company.

In 2023, Philex Padcal Mine spent 5.28% of the direct mining and milling costs as follows:

2023 PADCAL MINE’S ANNUAL ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM (EPEP)		
ACTIVITY AREAS	AMOUNT (in Php millions)	%
Land Resource Management	111	49%
Water Resources Management	104	46%
Hazardous and Toxic Waste Management	6	2.6%
Environmental Research	2.7	1.2%
Mine Rehabilitation Fund Committee (MRFC) Meetings and Multi-partite Monitoring Team Monitoring Activities	1.2	0.53%
Air Quality Management	0.7	0.30%
Conservation Values	0.6	0.26%
<b>Total</b>	<b>226</b>	



The Company also invests heavily in ongoing environmental management programs in the Silangan, Bulawan, and Sibutad project sites. In its Silangan Project, Philex spent a total of Php86.55 million for the environmental management program. These investments cover the costs for ambient air and water monitoring, soil erosion control and prevention, the establishment of new tree plantations, as well as the maintenance and protection of established reforestation areas within the project sites.

The approved Annual Environmental Protection and Enhancement Program (AEPEP) of SMMCI and the implementation of the approved Final Mine Rehabilitation and/or Decommissioning Program (FMRDP) of PGPI are submitted, approved, and monitored by the Mines and Geosciences Bureau (MGB) of the DENR.

Philex promotes the progressive rehabilitation of land resources as part of its land resource management. Protecting habitats and biodiversity is also part of its commitment to its host and neighboring communities.



*Protecting the Planet,*

ONE  
**ECO-  
BRICK**  
AT A TIME

Having the so-called “sachet economy,” where products are repacked and sold in one-off plastic packets, the Philippines is notorious for being a haven for single-use plastics.

In a 2019 study, research agency Global Alliance for Incinerator Alternatives (GAIA) revealed that the country uses 60 billion plastic sachets every year. Currently, the Philippines ranks third worldwide in the amount of mismanaged plastic waste, behind only China and India, according to the UNEP Law and Environment Assistance Platform.

This reality motivated a group of engineers from Silangan Mindanao Mining Co., Inc. (SMMCI) to take up an initiative that repurposes plastic wastes, from being potential polluters to an effective solution to managing this solid waste.

In 2012, the Company ventured into the production of eco-bricks using non-recyclable shredded plastic wastes. These innovative building blocks are made by combining seven sacks of sand, five kilograms of shredded non-recyclable materials, and one sack of cement. This specific composition results in tightly molded bricks that exhibit density and sturdiness, ensuring the needed structural integrity.

The combination of sand, cement, and shredded non-recyclable materials also serves a dual purpose. First, it diverts plastic waste from landfills and incinerators, preventing it from contributing to environmental pollution. Second, the resulting eco-bricks offer an eco-friendly alternative to conventional construction materials, reducing reliance on resource-intensive practices and minimizing the carbon footprint associated with traditional building materials.

Eco-bricks can be used in various construction projects, from walls and benches to garden structures and road paths. The ease of use and flexibility in construction also make eco-bricks an attractive option to sustainable building practices.

The company’s eco-brick production ran from 2012 to 2015, before the Silangan Project entered a Care and Maintenance status. It resumed in October 2023, driven by the opportunity to utilize the granulator machine for recycling solid wastes, particularly plastics. The granulator machine can recycle 10 kilos of plastic waste for an 8-hour operation. Since October 2023, it has granulated a total of 83 kilos of non-recyclable wastes and produced 1,856 pieces of eco-bricks.

With its eco-bricks production, SMMCI is not only showcasing its commitment to waste reduction, but also to quality, innovation, and environmental sustainability.





Padcal Mine's Nursery

## LAND RESOURCE MANAGEMENT

**Reforestation.** The Company maintains a forest nursery to supply its reforestation activities and to donate to individuals/groups in support of tree planting and livelihood activities. It also has a bamboo plantation with a target of producing 3,000 bamboo propagules to support the government's initiative of promoting the planting and use of bamboo. In 2023, the Company's reforestation activity covered 64 additional hectares. To date, it has planted more than 12 million trees on 4,700 hectares in its project sites.

Philex also enhanced the nursery facility to support large-scale reforestation activity and meet seedling donation requirements. In 2023, it produced 103,138 seedlings of mixed forest and fruit tree species, along with 32,331 bamboo culms. These proactive measures not only meet regulatory requirements, but also highlighted its commitment to sustainable practices and environmental responsibility.

In fulfillment of its Special Tree Cutting and Earth Barring Permit Replacement Planting Compliance for its Silangan Project, Philex produced and planted 204,990 seedlings, representing 27.96% of its target 733,000 seedlings intended to replace the 7,330 trees that will be cut, at 1:100 trees to seedlings ratio. This addresses the need to replace trees cut in areas designated for the Mine, Mill, and Tailings Storage Facility (TSF).

**Rehabilitation.** Rehabilitation of decommissioned mine sites has been demonstrated by Philex for its Sibutad Project (Zamboanga del Norte) and Bulawan Mine (Negros Occidental). It is also continuously doing progressive rehabilitation initiatives in Padcal mine site even while operating.

The Company also sustained its practice of progressive rehabilitation in its Silangan Project. Grasses and cover crops were planted on slopes and open areas covering approximately 3,500 sq.m. This initiative aims to promote revegetation and address environmental concerns in real time, including the control of dust generation and surface runoff in bare slopes, open dumps, and the box cut area. This environmental strategy improves soil stability, reduces erosion, and preserves the natural equilibrium of the ecosystem.

**Biodiversity Conservation.** The results of the Biodiversity Assessment Study conducted by the researchers of the University of the Philippines Los Baños has been shared with respective local government units and appropriate government agencies through an Information, Education, Communication (IEC) activity in January 2020. The study served as the baseline and basis for the Biodiversity Management and Conservation Plan of the Company. Other Biodiversity programs have been included in current operational practices through the following:

- Setting up biodiversity monitoring transect walks in three biodiversity conservation areas
- Improving existing nurseries
- Started the Comprehensive Development and Management Program for 5 of 25 hectares near TSF 3 operations

## HABITATS PROTECTED OR RESTORED

NAME OF PROJECT	AREA DISTURBED (HAS.)	PROJECT STATUS	AREA REFORESTED (HAS.)	TYPE OF REFORESTATION	TYPE OF SPECIES PLANTED
Philex: Padcal Mine	580	MPSA-276 Operation	3,365	Forest Plantation / Agroforestry	<p>Fruit trees: Coffee, Mango, Pomelo, Guyabano, Papaya, Tamarind, Guava, Calamansi, Chesa, Santol, Star apple, Atis, Rambutan, Jackfruit, Marang, Avocado, Cacao, Duhat, Blackberry, Lomboy, Orange</p> <p>Forest trees: Anstoan Dilau, Benguet Pines, Tibig, Oak Tree/ Palayen, Ceylon Tea, Cotton Tree, Madre de Agua, Ice Cream Beans, Banaba, Acacia/Raintree, Butterfly Tree, Tuel, Narra, Sagat/Molave, Alnus, Caliandra, Acapulco, Tikem</p> <p>Cuttings: Bamboo, Balete, Dapdap, Tricanthera</p> <p>Grass/Vines: Vetiver Grass</p>
PGPI: Bulawan	146	MLC-MRD510 Care & Maintenance	842.82*	Forest Plantation	Mangium, Auri, Mahogany, Gmelina, Rain tree, Coffee, native trees, Bamboo
PGPI: Sibutad	38	MPSA-063 Care & Maintenance	192.93	Forest Plantation	Mangium, Auri, Falcata, Coffee, Cacao, Bamboo, Narra, Lombayao, Bagras
			39.16	Mangrove Plantation	Bakauan (Rhizophora Mucrunata)
Philex: LMC Surigao	37	MPSA-148 Exploration	17.2	Forest and Agroforestry	Falcata, Narra, Mangium, Coffee, Mahogany, fruit trees
SMMCI	33.696	MPSA-149	230.12	Agroforestry	Mahogany, Mangium, Falcata, Narra, Cacao, Coffee, Palawan Cherry, Bamboo, Lanzones, Marang, Rambutan, etc.
Kalayaan, Surigao	14		9	Agroforestry	Falcata, Coffee
<b>Total</b>	<b>848.69</b>		<b>4,700.2</b>		

\* Areas on Assisted Natural Regeneration (ANR) are included

## ECOSYSTEMS AND BIODIVERSITY (WHETHER IN UPLAND/WATERSHED OR COASTAL/MARINE)

DISCLOSURE	QUANTITY
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None
Total developed areas for mining operations and facilities which include the mine, mill processing plant, tailings storage facility, residential, and other industrial areas.	846.69 hectares
Habitats protected or restored (see details above)	4,700.2 hectares
International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations	44 plant species 38 animal species

# WATER RESOURCE MANAGEMENT

Water is becoming an increasingly valuable resource on the planet. Water is a shared resource between Philex and its host and neighboring communities. Thus, it recognizes its responsibility to prudently manage water resources and monitor the water quality in its areas of operation, both for surface water and drinking water sources.

Philex's operations heavily depend on water resources to run its Mill Plant operations. Its mill obtains raw water from three sources: the Sal-angan river, CYM tunnel, and Smith Tunnel water reservoir overflow. Sal-angan river is the main source of raw water for the mill year-round while CYM and Smith tunnels provide water during rainy seasons.

Water supply poses a major challenge for the processing plant during the dry season (February to May) so the Company promotes efficient water management to ensure continuous operations.

To prudently manage water consumption and monitor the water quality in its areas of operation, both for surface water and drinking water sources, the Company limits the amount of water it extracts at source based on the allowed withdrawal stipulated in its regulatory permit, which has been set at 1,700 cubic meters per day.

A Water Management Plan is integrated in the Company's IMS Manual Vol. 2 (ENV-STD-006 Water Management), ensuring that processes are developed, implemented, and maintained by the Company to comply with the applicable regulations of RA 9275.

There are four different groups that monitor and manage water quality in the Company:

- Tailings Storage Facility (TSF) Team (daily)
- Mine Environmental Protection and Enhancement Office (MEPEO) (weekly)
- Government-led Multi-Partite Monitoring Team (quarterly for operating mine)
- Community Technical Working Group (every three months for exploration projects)

Philex optimizes water usage in Padcal Mine's milling process by reclaiming processed water, reducing its dependence on fresh or raw water sources. It reclaims process water by operating two units of 250-foot diameter thickeners. The overflow from the tailings thickeners is re-circulated back to the plant as process water while the underflow (remaining dense slurry) is fed into the tailings storage pond (Tailings Storage Facility or TSF) through

a 2.7-kilometer long pipeline. A system for flocculant addition is provided to promote faster solid settling in the thickeners and to increase water recovery. A tailings cyclone was installed and later optimized to increase the percentage of water recovery.

Rehabilitation of the 250-foot thickeners is done annually wherein major structure, rake and cables are replaced to restore reliability. These mega structure thickeners were commissioned in 1972 and play an important role in the milling process which reduced Philex's dependence on fresh/raw water source. In 2023, a total of 11,001,992 cubic meters of water was reclaimed.

A detailed Tailings Management Framework (ENVSTD-001 Tailings Management) is included in the Company's IMS Manual, containing policy and commitment, planning, good practices, implementation, and management review for continuous improvement.

For the Silangan Project, the Company:

- Conducts an Advance Mine Dewatering activity where pumped underground water undergoes treatment in Pond 3 using: coagulant (to neutralize the suspended contaminants in water), flocculant (promotes faster settling of solids), and chlorine dioxide (acts as water disinfectant). This then passes through Pond 5 and a spillway (provided with filter system) before discharging to the nearby water body.
- Started an aquaponics facility utilizing water from the mine dewatering activity. This is part of its environmental research to prove that mine-treated water does not contribute to the loss of existing aquatic vegetation and fauna in the receiving body of water. Over time, it aims to contribute valuable insights into the efficient use of water and sustainable production of fish and plants in its host and neighboring communities.

WATER CONSUMPTION ( in M <sup>3</sup> )			
DISCLOSURE	2023	2022	2021
Water withdrawal	5,007,052	7,172,474	7,666,527
Water consumption*	16,009,044	16,403,308	15,190,254
Water recycled and reused	11,001,992	9,231,529	7,524,680

\*Sum of total withdrawn, total recycled, domestic consumption, and Head Office consumption

\*\* Corrected the figure for 2022



Tailings thickener #2, Padcal Mine's milling process



Advance Mine Dewatering activity in the Silangan Project



# LIFE BEYOND THE MINE

Land disturbance is inherent in mining operations which involve extraction of minerals. To address this adverse environmental impact, mined landscapes are rehabilitated with the aim of making them safe, stable, non-polluting, and self-sustainable beyond the life of the mine.

Progressive rehabilitation is thus conducted to keep the footprint of disturbance to a minimum and to ensure that ecological and/or agricultural land use production is restored as soon as possible.

The Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 2018-19, which lays down the "Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines," aims to provide new environmental policies that will ensure sustainable environmental conditions at every stage of mining operation and minimize the disturbed area of a mining project at any given time. The policy requires mining companies to clearly define areas for development or utilization and temporary revegetation in their Environmental Protection and Enhancement Program (EPEP)/ Annual EPEP. Areas for temporary revegetation not utilized for mining operations for a period of three years shall immediately be subject to progressive rehabilitation.

In the Silangan Project of Philex Mining, progressive rehabilitation involves several initiatives. One is the regular monitoring and maintenance of old tree plantations, including replanting, enhancement planting, and fertilizer application. A total of 105.88 hectares of plantations were maintained in 2023.

Another initiative is the establishment of new plantations. Silangan Mindanao Mining Co., Inc. (SMMCI) has established a total of 32.32 hectares of new tree plantations for enhancement and temporary revegetation.

A total of 34,010 seedlings of various species from SMMCI's own nursery were donated to local government agencies, youth organizations, and other government sectors as part of the Company's National Greening Program. These donations were made to support the government sectors' efforts to preserve and protect the environment.

In addition, the Company continues to plant grasses and cover crops on slopes and open areas covering approximately 3,500 square meters to control dust generation and surface run-off at bare slopes, open dumps, and box-cut area. This environmental strategy improves soil stability, reduces erosion, and preserves the natural equilibrium of the ecosystem.

With progressive rehabilitation, all mined land will remain productive, useful, and beneficial to the environment, local communities, and the economy, long after the life of the mine, and the Company will be able to hand over the land to the next custodians.

# WASTE MANAGEMENT

A Waste Management Plan is integrated in the Company's IMS Manual Vol. 2 (ENV-STD-002 Waste Management), ensuring that processes are developed, implemented, and maintained in the proper identification, treatment, storage, and disposal of waste.

The Company ensures strict compliance with Republic Act 9003 (Ecological Solid Waste Management Act), RA 6969 (Hazardous Materials Management), as well as the Department of Health's and the DENR's Joint Order # 2, Series of 2005 on Policies and Guidelines on Effective and Proper Handling, Collection, Transport, Treatment, Storage and Disposal of Health Care Waste.

In 2023, Padcal Mine implemented the following:

- Solid Waste Management Program
- Hazardous waste disposal and treatment through accredited transporters and treaters
- Community re-greening activities using recycled materials
- Recycling of industrial water at the processing plant
- Regular Effluent Monitoring and analysis (continuous monitoring of effluent analysis from the established sampling points)
- All safety measures and maintenance works are undertaken to ensure smooth operations of tailings conveyance to TSF # 3 reservoir.
- Planting of vetiver grass at the Spillway and at the TSF3 Spanish Culvert

For the Silangan Project, the Company adheres to the rules and regulations under DAO 2013-22: Revised Procedures and Standards for the Management of Hazardous Wastes (Revising DAO 2004-36) on the generation, handling, storage and disposal of hazardous wastes; and RA 9003 on the implementation of "No Segregation, No Collection" Policy incorporated in the EMS Work Instruction.

## ECOLOGICAL SOLID WASTE MANAGEMENT

The Company practices ecological solid waste management as part of being a responsible miner and in accordance with the requirements under its Environmental Compliance Certificate (ECC) issued by the DENR-EMB. It operates a sanitary landfill at the Tailings Storage Facility (TSF) No. 2 for residual waste and segregation at source is strictly enforced. It also recycles materials, which are sorted and then sold to DENR-accredited recycling companies.

In 2023, Silangan Project ventured into eco-bricks production using residual waste, including plastics, cellophane, and glass or bottles. This innovative approach involves repurposing recyclable materials to create landscape materials. Utilizing these enables the Company to contribute to sustainable and environment-friendly practices. *(See sidebar story on page 22).*

## HAZARDOUS AND TOXIC WASTE MANAGEMENT

The Company collects and stores oil and lubricants, and other oil-contaminated wastes in the Banget sludge pond and oil depository. Chemical and medical wastes are also properly stored. These wastes are collected for disposal by the DENR-accredited transporter and treaters. To prevent oil from reaching river systems and surrounding areas, the Company also installed oil-water separators in various areas, which are then monitored regularly.

An alternative spillway to an elevation of 615ML spilling level was completed in 2018 to the tune of Php55 million. This ensures the structural integrity of TSF No. 3, as well as sustains a 1,000-year maximum probable flood. In addition, it also strengthened the maintenance of its 2.7-kilometer Tailings Tunnel and 4-kilometer high-density polyethylene (HDPE) pipelines. Conveyance facilities were also developed to transport the tailings and impound at the TSF No. 3.



Solid waste segregation in Silangan Project Site.



Hauling of hazardous waste in Padcal Mine

## HAZARDOUS WASTE (IN TONNES)

ITEM	VOLUME	DISPOSAL METHOD
Sulfuric acid	0.010	Neutralized and disposed to the Tailings Storage Facility 3
Hydrochloric acid	0.930	
Nitric acid	0.597	
Ammonium hydroxide	0.060	
Lime slurries	2,667.280	
Lead compounds (lead-contaminated assay waste)	12.842	Chemical fixation and stabilization
Lead compounds (used lead acid batteries)	0.120	DENR-EMB accredited transporter and treater
Mercury and mercury compounds (busted fluorescent lamps)	0.730	Chemical fixation and stabilization, crushing and filtration
Other wastes with inorganic chemicals (fixer solution)	0.950	Chemical fixation and stabilization
Other wastes with inorganic chemicals (developer solution)	0.135	Chemical fixation and stabilization
Other wastes with inorganic chemicals (mine tailings)	6,802,766	Disposed to the Tailings Storage Facility 3
Explosive and unstable chemicals (sodium isobutyl xanthate)	254,940	
Used industrial oil including sludge	209.903	Reclamation, Dehydration/filtration
Oil-contaminated materials	123.847	Chemical fixation and stabilization
Used industrial grease	2.00	DENR-EMB accredited transporter and treater
Waste Electrical and Electronic Equipment (WEEE)	5.16	Chemical fixation and stabilization/ DENR-EMB accredited transporter and treater
Polychlorinated Biphenyl (PCB) waste	-	DENR-EMB accredited transporter and treater
Containers previously containing toxic chemical substances	5.472	DENR-EMB accredited transporter and treater
Pathological or infectious wastes (expired medicines, disinfecting solutions)	1.025	Chemical fixation and stabilization/ DENR-EMB accredited transporter and treater
Pathological or infectious wastes (hospital waste)	2.922	Thermal decomposition (thermolysis)/Autoclave (hydroclave, pyroclave)
	<b>6,806,054.92</b>	

## MATERIALS USED BY WEIGHT OR VOLUME\*

DISCLOSURE ( IN METRIC TONS)	2023	2022	2021
<b>Non-renewable (Reagents)</b>			
Collectors	98	260	292
Frother	49	44	42
Lime	2,620	2,281	2,162

\* Discussion on the volume of raw material (e.g., ore, copper, silver, and gold) can be found under the Product, Distribution, Customer section of the SEC 17-A report.

# AIR QUALITY MANAGEMENT

The Company conducts regular Ambient Air Quality Monitoring quarterly, both in the industrial and administrative areas of the Padcal Mine, and around the vicinity of its host and neighboring communities. It strives to maintain the allowable concentration levels stipulated in the Occupational Health and Safety Standard regulations by initiating stringent gas measurement and monitoring in our areas of operation.

The Company is compliant with the Philippine Clean Air Act – Republic Act 8749 (1999) by following the set ambient air quality standards and pollutant limitations.

It monitors air quality through the air quality monitoring equipment (EBAM) PM 10 at specified sampling stations. The results indicate the air quality is rated as good to fair, signifying compliance with the provisions of the Clean Air Act.

In the Padcal Mine, routine maintenance of the scrubber system at the Assay Laboratory and the implementation of the Dust Collector System at the Petro Laboratory have been consistently carried out.

For the Silangan Project, air quality monitoring is also being conducted quarterly using EBAM field instrument to monitor and measure the concentration of particulate matter in all established stations upwind, downwind, and also in the areas of the host communities. Results are within the DENR standard limit for National Ambient Quality Standards for Criteria Pollutants. As an additional measure during the dry season, the whole stretch of the mine access road is regularly being water-sprayed to manage fugitive dust generated from vehicles.

To ensure that it follows the set ambient air quality standards and pollutant limitations under the law, the Company undertakes the following for Padcal Mine:

## Underground

- Maintained and sustained the operations of the ventilation system in the underground to ensure the production/generation of good quality air in the working areas
- Undertook driving of ventilation drifts/raises and maintenance of all existing blowers
- Enforced the use of respirators by workers assigned in various working areas

## Mill Plant

- Maintained the dust collectors of the secondary crushing plant
- Maintained the fume heads at the secondary heads at the secondary crushing plant
- Continued the provision and mandatory use of PPE (dust masks/respirators) for workers assigned in the area
- Continuously monitored ambient air within the Mill Plant (air quality index is rated good to fair)
- Submitted emission test certificates of vehicles and equipment to the Land Transportation Office during annual license registrations

An Emissions Management Strategy is integrated in the Company's IMS Manual Vol. 2 (ENV-STD-004 Emissions Management), ensuring that processes are developed, implemented, and maintained to comply with the applicable regulations of RA 8749.

Philex implements a five-minute warm-up on cold engines to minimize unburn gases (Fuel-Air Mixture). It also strictly follows a preventive maintenance schedule for all company surface equipment.



*Air quality monitoring in Brgy. Timamana, Tubod ( host community of Silangan Project)*

GREENHOUSE GAS (GHG) EMISSIONS (IN TONNES CO2E)		
DISCLOSURE	2023	2022
Direct (Scope 1) GHG Emissions	11,476	11,756
Energy indirect (Scope 2) GHG Emissions	141,487	151,508
Emissions of ozone-depleting substances (ODS)		

AIR POLLUTANTS	
DISCLOSURE	QUANTITY (IN KG)
NOx	
SOx	
Persistent organic pollutants (POPs)	
Volatile organic compounds (VOCs)	
Hazardous air pollutants (HAPs)	
Particulate matter (PM)	<i>PMC monitors air quality through the Air Quality Monitoring equipment (EBAM) PM 10. The results range from good to fair.</i>

AIR QUALITY MONITORING IN PADCAL MINE			
AIR POLLUTANT	MONTH	DAILY AVERAGE ( $\mu\text{g}/\text{m}^3$ )	
		MILL INDUSTRIAL AREA	OUTSIDE MILL PLANT/ COMMUNITY
PM 10	January	172.23	95.37
	February	104.99	85.40
	March	187.44	94.04
	April	180.12	104.40
	May	141.43	116.36
	June	167.71	87.51
	July	106.12	41.76
	August*		
	September*		
	October	59.23	
	November	161.4	79.80
	December	155.14	181.64
Maximum Permissible Limit ( $\mu\text{g}/\text{m}^3$ )		200	150

\*No air quality monitoring was conducted for August and September due to the calibration and repair of the EBAM, the equipment used to measure PM10. Monitoring resumed on October 28, 2023 at the mill plant. Monitoring outside the mill plant resumed by November 2023.

AIR QUALITY MONITORING IN SILANGAN PROJECT					
AIR POLLUTION	LOCATION	QUARTERLY AVERAGE ( $\mu\text{g}/\text{m}^3$ )			
		Q1	Q2	Q3	Q4
PM10	Timamana Elementary School (ES)		17.3	30.4	
	Boyongan ES		27.95	23.043	
	Anislagan ES		23.217	12.391	
	SSMCI Admin Area		19.315	21.6	12.791
	Boxcut 175 Elevation		26.58	23.375	
	Boxcut Portal		22.83	9.55	18.833
Maximum Permissible Limit ( $\mu\text{g}/\text{m}^3$ )		250			

No sampling was conducted during the first quarter. Sampling commenced in the second quarter utilizing Environmental Beta-Attenuation Monitor (E-BAM) field equipment across all established stations within the mine site and impact communities. However, isolated rain showers and localized thunderstorms, typical of the latter months of the year due to a shear line and low-pressure area, hindered sampling efforts in other areas during the 4th quarter.





# ENERGY MANAGEMENT

Energy is a critical input factor for production and represents a significant cost. Philex thus strives to achieve energy efficiency to secure necessary supply while reducing its carbon footprint.

The Company's Mine and Mill Electrical Services Department continuously monitors its power consumption and the areas that can be subjected to power adjustment through these initiatives:

- Integration of an Energy Conservation Program in the IMS Manual Vol. 2 (ENV-STD-007 Energy Conservation), ensuring that processes are developed, implemented, and maintained for the efficient use of natural resources, energy, and high-value materials in areas of its operation.
- Implementation of a Power Load Shedding (PLS) Program since 2014 that aims to reduce electricity supply in the residential areas in Padcal by up to 5 hours a day.
- Philex substations have a Certificate of Electrical Inspection from the Mines and Geosciences Bureau-Cordillera Administrative Region, which is renewed annually.

ENERGY CONSUMPTION			
WITHIN THE ORGANIZATION	2023	2022	2021
Electricity (consumption of Head Office, Padcal Mine, SMMCI, for PGPI - Sibutad only) (MWh)	237,100	251,547	263,282
Gasoline (liters)	15,051	10,644	10,841
LPG- not utilized in the operation	-	-	-
Diesel (liters)	3,692,008	4,882,348	3,849,011

*\*corrected the figures for 2022*

REDUCTION OF ENERGY CONSUMPTION	
DISCLOSURE	QUANTITY
Energy reduction (gasoline)	↑ 151 GJ
Energy reduction (LPG)	Not applicable
Energy reduction (diesel)	↓ 40,707 GJ
Energy reduction (electricity)	↓ 52,008 GJ
Percentage of energy reduction (vs. 2022)	8.63%*

*\*Due to lower tonnage in 2023 vs. 2022*



Benguet farmers in Tuba used to traverse long, winding, and often slippery roads, just to bring their produce to the market. Thanks to the completion of the 3.4-kilometer farm-to-market road project, they can now look forward to safer and smoother paths.

On October 5, 2023, Philex officially turned over the completed road pavement and gutter canal project from Shimada (Kiggong) Alang to Alapang to beneficiaries in Barangay Camp 3, Tuba, Benguet, located near the Company's subsidence area.

The project, which is included in the Company's five-year Social Development Program (SDMP), included road development such as concreting, slope stabilization, riprapping, and retaining walls.

# A PROMISE FULFILLED



This infrastructure development brought renewed hope to the residents of Barangay Camp 3 and the neighboring communities in Camp 1 and in Ansagan. Not only did it improve the quality and safety of the farm-to-market and access road, but also reduced travel time significantly. In addition, it also provided an alternate route connecting to Kennon Road, bypassing the congested routes in Baguio City, and enhancing accessibility and convenience for commuters, especially for local farmers and traders.

Various officials from the municipality of Tuba, the Barangay Council, Mines and Geosciences Bureau-Cordillera Administrative Region, and the Philippine National Police-Tuba, residents of Barangay Camp 3, as well as members of the Technical Working Group, and representatives from Philex Padcal Mine witnessed and celebrated the blessing and turnover ceremony on October 3-4, 2023.

The members of the community actively participated in the "Alluyon" (bayanihan) by conducting a cleanup drive on the newly turned-over farm-to-market road. Residents of Balayan, Alang, Alapang, and Torre, used brass cutters, shovels, stick brooms, and gloves to clean the road. The Alluyon was also meant also to preserve and strengthen the tradition of helping one another and passing on the legacy to the next generation.



# SOCIAL CONTRIBUTIONS



# COMMUNITIES

With the growing trend towards energy transition, mining is being seen in a new light as it provides inputs for industries vital to sustaining the wellbeing of people and the functioning of economies. Mining also delivers direct and indirect social benefits for host and neighboring communities.

For nearly seven decades now, Philex's large-scale mining operations have been generating much-needed employment and livelihood opportunities, providing access to quality health services and education, and helping local communities and local government units respond to the socioeconomic impact of disasters, calamities, and the pandemic, among others.

The Company strives to deepen its relationships with its host and neighboring communities touched by its presence. It seeks to uphold fundamental human rights, invest in meaningful community projects and sustainable development, and respect human rights, indigenous cultures, customs, and values, while engaging in open and inclusive dialogue.

Philex actively engages with local communities, national and local government units, non-government organizations, people's organizations, civil society, and other interest groups within its areas of responsibility to achieve long-term resource development that benefits all its stakeholders.

In accordance with DENR Administrative Order (DAO) No. 2010-21, pursuant to the "Philippine Mining Act of 1995," the Company seeks to operate in a manner that considers broader social and environmental concerns, as well as economic factors. DAO No. 2010-21 mandates that mining companies, and other contractors, permit holders, and lessees involved in mining shall assist in the development of their host and neighboring communities.

It primarily focuses on local community engagement, impact assessments, and development programs to its host and neighboring communities in Padcal Mine, its base of operations and main source of revenue. As such, its social responsibility is anchored on the in-depth understanding of the social and cultural dynamics of the communities, within the context of human and natural resource development. Its commitment to local capacity building also compels the Company to prioritize the employment of locals, particularly from various indigenous groups, as supported by community training that empowers them to plan, implement, monitor, and assess projects.

Through its active Information, Education, and Communication (IEC) programs, it is able to provide accurate and timely information to all its stakeholders, and to listen and respond to their feedback and grievances appropriately. This helps ensure that local communities are enabled to make informed decisions regarding the activities, projects, and programs that might affect them. This also reflects the Company's desire to operate in a manner that respects the interests of all its stakeholders, while promoting open and constructive dialogue and engagement.

Aligned with right and principled mining, the Company works with its host and neighboring communities to create social development programs that serve to empower them towards resilience and self-sufficiency.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) MANUAL

Philex's commitment to CSR is articulated in an ISO 26000 Declaration: Corporate Social Responsibility Manual, which contains all commitments, policies, and practices in adherence with the ISO 26000 Guidelines. The ISO 26000 Guidelines is an international standard developed to help organizations assess and address social responsibilities relevant to their mission and vision, operations and processes, stakeholders, and environmental impact.

It is anchored on the principles of accountability, transparency, ethical behavior, and respect for stakeholder interest, the rule of law, international norms of behavior, and human rights.

Its CSR Manual, drafted in 2018, was audited by the ECC International Corporation (ECCI), a leading process improvement solutions provider. It has been found to be comprehensive and aligned with the ISO 26000 Guidelines.

## SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM (SDMP)

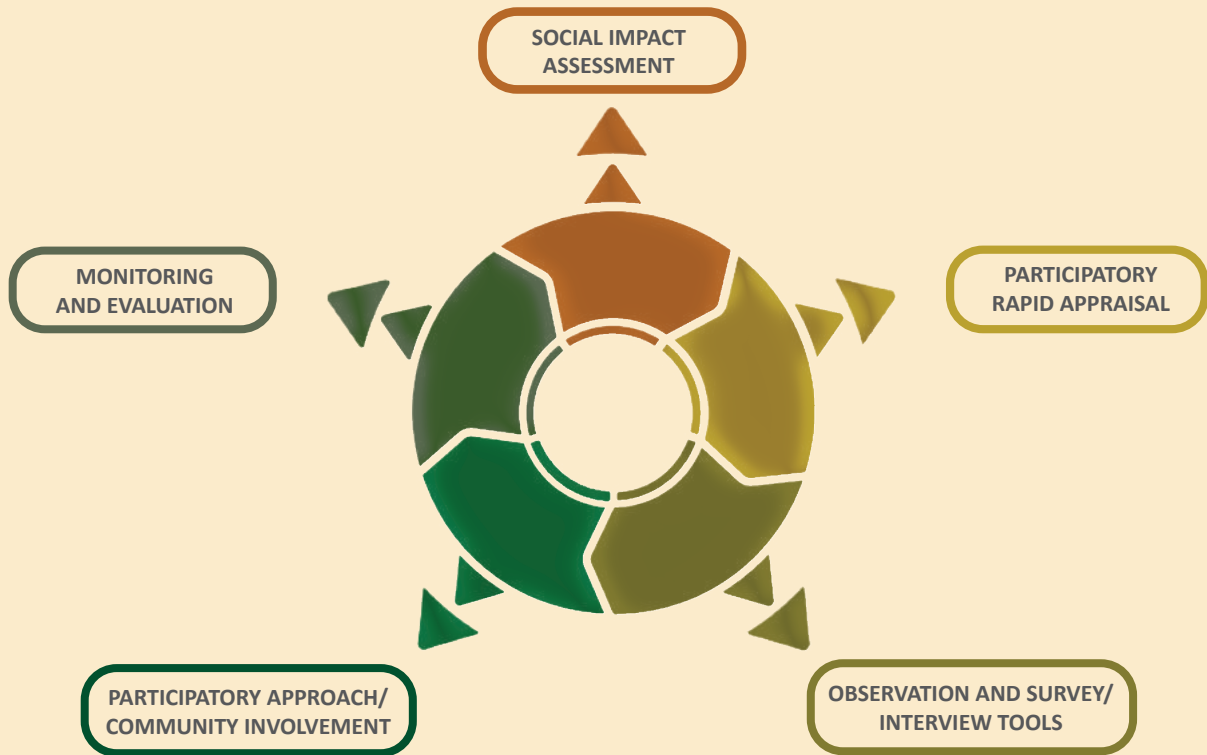
Pursuant to RA 7942's Implementing Rules and Regulations (IRR) and DAO No. 2010-21, Section 134, mining companies must set aside at least 1.5% of their total operating costs for their SDMP. The allocation must correspond with the Development of Host and Neighboring Communities; Information, Education, and Communication; and the Development of Mining Technology and Geo-Sciences. An additional 10% of its exploration cost is allocated for the Community Development Program of areas under exploration.

Under DENR regulations, the SDMP must be done in consultation and in partnership with the host and neighboring communities, and should cover and include all plans, projects, and activities of the mining company aimed towards enhancing their social development.

To determine the most pressing social needs of its host and neighboring communities in the Padcal Mine, it conducted a socio-economic baseline survey, or a rapid situation analysis. This enables us to identify the various resources, funds, skills, potentials, weaknesses, threats, and opportunities already present within the communities.

Through annual planning and community forums, it provides community leaders and stakeholders a venue to express their opinions on issues that affect their communities. Together with the members of the Host and Neighboring Communities Technical Working Group (HNC-TWG), barangay and municipal LGUs regularly monitor the implementation of the Company's social programs, and then evaluate them to assess and document their effects on the communities. Through this approach, it has determined the most pressing social needs of its host and neighboring communities in the Padcal Mine.

## SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM (SDMP) METHOD



### SDMP Pillars

The Company's SDMP serves as the primary platform for its social responsibility work. It is anchored on the following pillars: Health, Education, Livelihood, Public Infrastructure, and Sociocultural programs (HELPS).

Through this platform, Philex was able to bring quality health services closer to its host and neighboring communities. Its educational programs significantly lessened expenditures in every household, and Philex scholars continue to be role models in their own communities. Livelihood projects and assistance led to better agroforestry production resulting in increased income. Infrastructure development and the provision of various equipment lowered farm inputs led to increased savings at the household levels. The development and improvement of water systems ensured availability of water for the community's household, and farm needs.

In 2023, the Company spent Php115 million for its mandated SDMP in Padcal, and Php5 million in its advance SMDP for Silangan Mining.

### 2023 PADCAL SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM (SDMP)

	AMOUNT (in Php millions)
Human Resources and Capacity Development	0.8
Health	7
Education	34
Livelihood	3
Public Infrastructure	27
Socio-Cultural Development	8
Use of Mine Camp Facilities	7
Information, Education, Communication (IEC)	17
Development of Mining Technology & Geosciences (DMTG)	11
<b>Total</b>	<b>115*</b>

\* Including carry-over project expenses from 2022

# 2023

## PHILEX (PADCAL MINE) SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM

BENEFITS	INITIATIVES	BENEFICIARIES
<p><b>Access to health and services, health facilities, and health professionals</b></p>  <p><i>Provision of Medical Assistance to Brgy. Ampucao residents</i></p>  <p><i>Health Summit, seminar of BHWs of Brgy. Ampucao</i></p>	<p>Conducted health training to equip participants with essential knowledge and skills in basic healthcare practices, disease prevention, and first aid, contributing to improved community health</p> <p>Provided medical assistance, covering consultations, medications, and medical supplies</p> <p>Enhanced 7 health centers with equipment, supplies, and infrastructure improvements</p> <p>Conducted medical, dental, and ophthalmic missions, providing essential healthcare services</p> <p>Donated a new emergency vehicle to a barangay, enhancing their ability to respond to medical emergencies and transport patients to healthcare facilities</p>	<p>888 individuals, including barangay health workers, teachers, tour guides, farmers, leaders, and community members</p> <p>3,315 patients</p> <p>736 beneficiaries</p>
<p><b>Access to education and educational support programs</b></p>  <p><i>Memorandum of Agreement Signing of Brgy. Dalupirip Scholars</i></p>  <p><i>Distribution of School Supplies to Lab-ang Elem. School in Brgy. Ampucao</i></p>	<p>Offered college scholarships</p> <p>Extended educational assistance</p> <p>Offered subsidized education in private schools</p> <p>Provided support and various assistance to other schools within host and neighboring communities</p>	<p>73 scholars finished their college education for the school year 2022-2023. Their families have potentially increased their economic capacity due to employability of the graduates.</p> <p>523 college scholars, 41 technical vocational scholars, 383 senior high school and 386 junior high school scholars</p> <p>926 pupils from Philex Mines Elementary School 446 students from St. Louis High School-Philex</p> <p>27 elementary schools, 8 high schools, and 18 child development centers</p>

BENEFITS	INITIATIVES	BENEFICIARIES
<p><b>Enterprises Development and Networking</b></p>  <p><i>Computer Literacy Training of BHWs and BLGUs of Camp One, Tuba</i></p>	<p>Empowered and enabled local communities to thrive</p>	<p>7 livelihood associations and 2 cooperatives</p>
<p><b>Assistance to Infrastructure Development and Support Services</b></p>  <p><i>Improvement of Footbridge at Palonopon, Brgy. Ampucao</i></p>  <p><i>IP Building in Brgy. Ampucao</i></p>	<p>Improved infrastructure: Concreted 2.50 kilometers of road pavement, constructed 25 units of retaining walls, flood control systems, drainage canals, and pathway railings</p>	<p>12,000 people</p>
<p><b>Socio-Cultural Preservation Program</b></p>  <p><i>Training on Cultural dance and gong beating in Brgy. Camp 3</i></p>  <p><i>Turnover of Vehicle for Community Activities of Brgy. Ansagan</i></p>	<p>Extended assistance</p>	<p>112 bereaved families and 28 religious groups</p>
	<p>Provided support to the cultural and social activities</p>	<p>5 barangays</p>
	<p>Conducted two cultural training sessions, supplying attire and instruments</p>	<p>340 pupils and 65 adults</p>
	<p>Ensured the preservation and promotion of culture and assisted in the formulation of the Ancestral Domain and Sustainable Development Protection Plan</p>	<p>3 Indigenous Peoples Organizations (Ancestral Domain of Tuba, Itogon &amp; Tinongdan)</p>

# 2023

## SILANGAN PROJECT SDMP IMPLEMENTATION

Silangan Mindanao Mining Co., Inc. (SMMCI) remains true to its commitment for the development of its host and neighboring communities. In 2023, SMMCI spent a total of Php5 million in implementing various programs, projects and activities (PPAs) under its SDMP, with more than Php2 million allocated to educational and health support projects.

### BENEFITS

### INITIATIVES

#### Development of Host and Neighboring Communities (DHNC)



Pathway concreting in Brgy. Upper Patag, Sison



Installation of 100-meter canopy at Sison Elementary School

Eight public facilities were repaired and/or improved, such as public water system, concrete pathway, and multipurpose hall. These projects contributed to the realization of the communities' priority development needs and are now benefiting from these public utilities.

#### Education Program



Distribution of School Supplies



Projects implemented included the repair of library hub and classrooms, repair of mini gym and stage, construction and installation of perimeter fence, provision of honorarium for volunteer teachers, and provision of instructional materials. A total of 283 elementary students had benefitted from SMMCI's educational assistance.

#### Health Program



Donation to Health Centers



These include repair and/or improvement of health centers, and provision of various medical equipment and materials for the barangays of San Isidro (Tubod), Timamana, Boyongan, Macalaya, Sta. Cruz, San Pedro, San Isidro (Placer), and Upper Patag.



**BENEFITS**

**INITIATIVES**

**Livelihood Program**



*Rice Thresher to the Farmers Irrigators Association of Brgy. Sta. Cruz of Placer*



*Beauty Care Training Kits to the Alternative Learning Systems students*

Implemented PPAs included the provision of one unit of rice thresher to the Farmers Irrigators Association of Barangay Sta. Cruz, Placer, and beauty care training kit to Alternative Learning System (ALS) learners of Lower Patag, Sison.

**Information, Education, Communication**



*DMTG Activity - Formulation of Brgy. Development Plan*



*IEC Activity - Padcal Mine Tour of the Municipal Mayors and TWG from host municipalities of the Silangan Project*

SMMCI continuously conducts extensive and comprehensive IEC program within its host and neighboring communities and other stakeholders. The IEC aims to continuously promote awareness and transparency on the plans, programs and activities that were implemented by SMMCI, including the direction and latest site developments of the project. SMMCI also assisted or facilitated in the formulation of the Barangay Development Plan (BDP) of host barangays of Placer, as among the PPAs

**Socio-Cultural Awareness Program**



*Timamama Fiesta Parade participation*



Despite the limited budget of its advance SDMP, SMMCI sustained its significant participation and support to various socio-cultural activities such as charter day celebrations of its host communities, Christmas gift-giving, and other activities from the religious sector.

**Land Resource Management**



*Nursery*



*Rice Fields in Brgy. San Pedro*

Under the Silangan Rice Initiative thru Community Engagements (RICE) Project, the religious group Seventh Day Adventist, continues to sustain its rice production within SMMCI's two-hectare property in Brgy. San Pedro, Municipality of Sison.



When Philex Gold Philippines Incorporated (PGPI) found Barangay Libay in Sibutad, Zamboanga del Norte in the early nineties, the place was predominantly in brown and black, mainly due to the old farming practice of slash and burn (kaingin).

# A MODEL FOR GREENING

Thanks to the Company's sustained reforestation efforts, the place has since been blanketed with lush greenery — a far cry from the mountain with thinly covered with cogon grass when PGPI came.



Twenty-five years after PGPI ceased mining operations in Sibutad, the place is still green, impressing representatives from the Environmental Management Bureau-Cordillera Administrative Region (EMB-CAR) who attended the benchmarking activity at the rehabilitated mining area on November 6-7, 2023.

“The activity provided insights into the rehabilitation efforts PGPI implemented to ensure that the mined-out areas are safe and fully revegetated,” said EMB-CAR in its website. “The benchmarking provided valuable ideas and measures for future rehabilitation of mining areas in the Cordillera that will be fully mined out or will cease their operation.”

Under its Care and Maintenance Program, Sibutad Mine continuously maintains the reforestation, rehabilitation, and other environmental measures in the site. As of 2023, a total of 232.09 hectares of forest and mangrove plantations have been reforested by PGPI. Sibutad Mine is currently implementing its Final Mine Rehabilitation and Decommissioning Program (FMRDP). Along with the Bulawan Project of Philex, it has been a consistent recipient of the Best Mining Forest Award from 1998 to 2004 when it ceased operations.

During the benchmarking activity at the Sibutad Mine, members of the Mine Rehabilitation Fund Committee (MRFC) Philex-Padcal and the Multi-partite Monitoring Team (MMT), led by MRFC Chairman and MGB CAR Regional Director RD Fay Apil, and EMB-CAR OIC-Regional Director Engr. Jean C. Borromeo walked through the reforested areas. EMB-CAR said “almost all areas were now fully vegetated, with various tree species from the ridge to the mangrove forest at the bay area.

Over the years, the Company has been partnering with various stakeholders to make its development initiatives more purposeful.



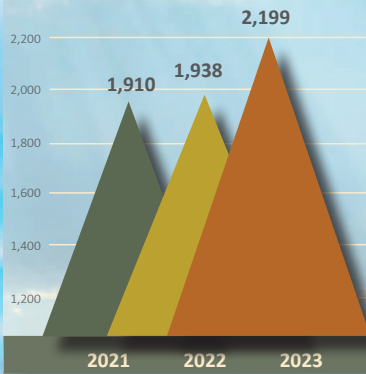
# PEOPLE OF PHILEX



# EMPLOYEE RANK CLASSIFICATIONS

## 2,199

### TOTAL EMPLOYEES



People are the most precious company assets of Philex. Their health, safety, and well-being lie at the heart of its responsible business.

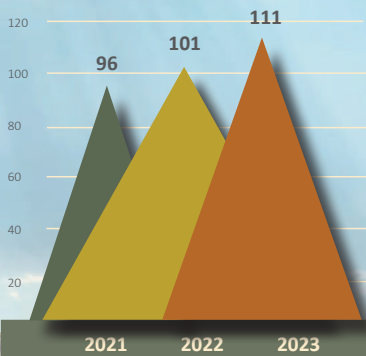
Even as the threat of COVID-19 dissipated in 2023, the Company continued to make the health and safety of employees its utmost priority.

In 2023, the Company's total manpower headcount, including those of subsidiaries, was 2,199 from 1,938 in 2022. The Parent Company had 1,948 employees compared to 1,897 in 2022.

As of end-2023, there were 70 head-office based employees and 2,129 operations and support personnel assigned in Padcal, Silangan, Sibutad, and Bulawan compared to headcount of 71 and 1,867, respectively, in 2022.

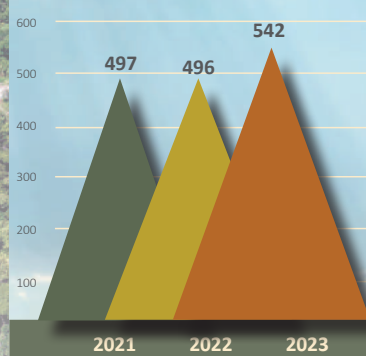
## 111

### OFFICERS AND MANAGERS



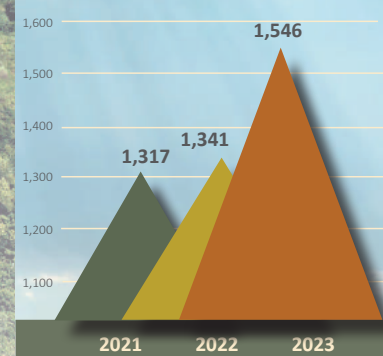
## 542

### SUPERVISORS



## 1,546

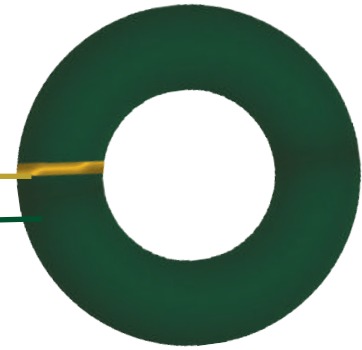
### RANK AND FILE



# EMPLOYEE HIRING

The overall average tenure of employees is 11 years, with an average age of 41 years old. Employee gender distribution was at 92% male and 8% female and this is attributed to the nature of the job being an underground mine. The Company anticipates increasing the number of probationary and regular employees under its subsidiary, SMMCI, as it continues its in-phase development of the Silangan Project within the ensuing twelve months.

EMPLOYEE HIRING	
DISCLOSURE	QUANTITY
Total number of employees	2,199
a. Number of female employees	170
b. Number of male employees	2,029
Employee Turnover	7.5%
Ratio of lowest paid employee against minimum wage	1.8:1*



\* Based on Padcal Mine

In addition to regular employees, the Company also offers job opportunities through third-party service providers to other workers such as security guards, maintenance personnel, and contractors.

WORKERS WHO ARE NOT EMPLOYEES							
# of workers who are not employees and whose work is controlled by the organization							
		TOTAL	CORPORATE	PADCAL	SMMCI	PGPI	EXPLANATION
<b>Total</b>	<b>Workers</b>	<b>699</b>	<b>11</b>	<b>527</b>	<b>124</b>	<b>37</b>	workers under 3rd party (contractors, service providers) and that compensation is based on contract with the agency/provider.
<b>By Gender</b>	Female	89	3	85	1	0	
	Male	610	8	442	123	37	
<b>By Age</b>	Under 16 years old	0	0	0	0	0	
	16-30 years old	169	0	144	25	0	
	Over 30-50 years old	448	6	310	95	37	
	Over 50 years old	82	5	73	4	0	

# EMPLOYEE BENEFITS

	LIST OF EMPLOYEE BENEFITS	% OF FEMALE EMPLOYEES WHO AVAILED FOR THE YEAR				% OF MALE EMPLOYEES WHO AVAILED FOR THE YEAR			
		HO	PADCAL	SILANGAN	PGPI	HO	PADCAL	SILANGAN	PGPI
<b>MANDATORY</b>	SSS	100%	100%	100%	100%	100%	100%	100%	100%
	Philhealth	100%	100%	100%	100%	100%	100%	100%	100%
	Pag-IBIG	100%	100%	100%	100%	100%	100%	100%	100%
	Vacation Leaves	100%	94%	32%	100%	96%	94%	34%	100%
	Sick Leaves *	28%	47%	23%	100%	36%	58%	15%	100%
<b>ADDITIONAL</b>	Medical Benefits aside from Philhealth	100%	75%	N/A	100%	100%	41%	N/A	100%
	Housing Assistance (aside from Pag-IBIG)**	N/A	100%	N/A	N/A	N/A	100%	N/A	N/A
	Retirement Fund (aside from SSS )	0	2%	0	0	0	1%	0	0
	Educational Support***	56%	50%	N/A	N/A	57%	51%	N/A	N/A
	Company Stock Options	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Telecommuting (Work from Home)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Flexible-working Hours	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Others								

\* Unused Sick Leaves (SL) are converted to monetary value / For Head Office unused Vacation Leaves (VL) are forwarded to the succeeding year up to maximum of 30 days total VL balance

\*\*Free housing in Padcal

\*\*\*For Head Office – educational support / For Padcal Mine employees - free elementary and subsidized high school education

\*\*\*\*N/A- not applicable

PARENTAL LEAVES	MATERNAL LEAVE				PATERNAL LEAVE			
	HO	PADCAL	SILANGAN	PGPI	HO	PADCAL	SILANGAN	PGPI
# of employees who took parental leave	2	16	0	0	0	102	9	0
# of employees who returned to work after parental leave	2	16	0	0	0	102	9	0
Return to work rate	100%	100%	0	0	0	100%	100%	0

## MANPOWER POOL MAINTENANCE PROGRAM

Philex established a Manpower Pool Maintenance Program to create a pool of competent individuals readily available to fill in vacated or open positions. Managed by the Recruitment Section of its Human Resources Department, the program aims to fast-track the replacement of retiring or resigning employees so that there will be an easier turnover of workloads, reducing work backlogs. Regular employees comprise its workforce, which is augmented by accredited third-party suppliers and contractors for certain activities and projects.

The Company also pursues other initiatives to further strengthen the program. For example, it posts career opportunities and job openings in the mine site, as well as through local newspapers, to widen the reach of its talent sourcing. It also coordinates with professional groups and tertiary schools to get recommendations for potential hires.

EMPLOYEE TRAINING AND DEVELOPMENT	
DISCLOSURE	QUANTITY
<b>Total training hours provided to employees</b>	<b>37,678</b>
a. Female employees	5,665
b. Male employees	32,013
<b>Average training hours provided to employees</b>	
a. Female employees	33 hours/employee
b. Male employees	16 hours/employee

DIVERSITY AND EQUAL OPPORTUNITY	
DISCLOSURE	QUANTITY
% of female workers in the workforce	8%
% of male workers in the workforce	92%
Number of employees from indigenous communities and/or vulnerable sector*	1,197

\*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).



## LABOR-MANAGEMENT RELATIONS

A healthy and harmonious management-labor relationship is a vital ingredient to the sustainability of Philex's business. It helps ensure continuous employee engagement and business continuity by managing Labor-Management Cooperation (LMC) to accomplish goals through mutually accepted solutions and processes.

As a right and principled mining company, Philex aims to create a labor environment that is conducive to open discussion and collaboration, enabling everyone to work together towards improving working conditions and enhancing overall productivity.

The Company conducts monthly and quarterly LMC meetings, which serve as a platform to promote workers' participation in the decision-making process. Through these meetings, It gets to address employee concerns while enlisting their cooperation to achieve common goals and aspirations. LMC meetings also help create a labor relations climate open to improvements in overall working conditions and productivity, which can in turn help it achieve and sustain stellar economic and operational performance.

Failure to manage and sustain these monthly and quarterly LMC meetings can threaten the harmonious relationship between the Company and its employees, especially the members of labor unions.

Failure to maintain industrial peace can lead to strikes and lockouts, which can disrupt business operations. The HR Department ensures the regular conduct of these LMC meetings, as supported by other Division and Department Heads of the Company, labor union officers, and third-party representatives from the National Conciliation and Mediation Board (NCMB). On top of conducting regular labor-management meetings, Philex also issues advisories to employees to reiterate company policies and to inform them of any relevant changes in company procedures.

It also strives to correctly interpret the provisions of their collective bargaining agreements (CBAs) and to ensure the consistent implementation of these provisions.

LABOR-MANAGEMENT RELATIONS		
DISCLOSURE	QUANTITY	UNITS
% of employees covered with Collective Bargaining Agreements	77	%
Number of consultations conducted with employees concerning employee-related policies	471	#







Padcal Mine-based employees belong to two collective bargaining agents: the Philex Mines Independent Labor Union (PMILU) for rank-and-file employees (independent and un-affiliated) and the Philex Mining Supervisory Employees Union-Association of Professional Supervisory Office Technical Employees Union (Trade Union Congress of the Philippines) [PMSEU] (affiliated with the Trade Union Congress of the Philippines) for supervisors. Both Unions have agreed to the wage provision covering the remaining two years of their respective CBAs.

The head-office rank-and-file employees are members of the Philex Pasig Metro Manila Employees Union (PPMMEU). On November 18, 2021, the Company and PPMMEU signed a CBA with a term of September 1, 2021 to August 31, 2026. The CBA will be on its fourth year in 2024 and negotiation on the economic provisions for the remaining two years of the agreement is expected this year.

There has been no strike conducted by any of the Company's unions in the past five years. In addition, the Company has no other supplemental benefits or incentive arrangements under its collective bargaining agreements with the unions other than the usual employee benefits, such as vacation and sick leave pays, among others.



# WORKPLACE

*The Company has an unwavering commitment to improving its health and safety performance by adopting best practices in the workplace and critical controls to prevent fatalities, minimize injuries, and eliminate occupational diseases, towards a goal of **ZERO** harm.*



## OCCUPATIONAL HEALTH AND SAFETY

The Company has an unwavering commitment to improving its health and safety performance by adopting best practices in the workplace and critical controls to prevent fatalities, minimize injuries, and eliminate occupational diseases, towards a goal of zero harm.

It developed and implemented pertinent policies and protocols that help promote workplace safety and manage any negative impacts our business operations may have on overall employee health and productivity. This is anchored on the belief that a safe workplace increases productivity and sustains stakeholder support.

Managing workplace safety is also crucial to preventing negative impacts such as manpower loss, government sanctions, and the disruption of operations. Failure to manage workplace safety would negatively impact employee health and productivity, and, therefore, also affect our mine's production targets. Thus, Philex strives to protect the health of all employees and contractors, as well as keep them free from injury during and after their daily work shifts.

It enforces occupational health and safety protocols for the benefit of employees and contractors, as well as their families and host communities. It also provides the necessary equipment, training, and resources to enable employees and contractors to work safely.

The Company complies with rules and regulations relevant to human rights. It respects the rights of all stakeholders affected by its operations, and does not tolerate any human rights violations. It also adopts the necessary controls, standards, policies, and procedures for the security, safety, and protection of its employees, company assets, and host communities. These policies are critical to maintaining Philex's reputation as a right and principled mining company and keeping its social license to operate.

## OCCUPATIONAL HEALTH AND SAFETY GOVERNANCE

Philex is a responsible natural resource company committed to establish, maintain, and continually improve an Integrated Management System in accordance with the requirements of ISO 14001:2015 and on the Standard on Occupational Health and Safety, ISO 45001:2018 audited by TUV NORD. The certificates are valid until July 11, 2024.

Health and safety policies are embedded in its Integrated Management System (IMS) as follows:

Ensure sustainable utilization of resources

- Prevent adverse impact to the environment
- Prevent injury, ill health and loss of life of workers and all stakeholders
- Comply with applicable laws and regulations
- Training

## TRAINING

The Company strives to foster a culture of safety within the organization. It recognizes that the mining business has inherent risks, and deeply understands the risks and negative impacts associated with mining operations. As such, it strives to impart this wealth knowledge to its workers and contractors through relevant health and safety training.

Through proper training and follow-up mechanisms, it equips employees and contractors with the right knowledge on how to assess and manage workplace hazards. Failure to do so may lead to increased occurrence of incidents in the workplace which, in turn, can stifle employee morale and productivity.

By properly managing and implementing health and safety trainings, the Company is able to develop and maintain healthy workers who can handle their jobs safely, for the benefit of the organization and all our stakeholders.

Its trainings are guided by a Safety, Health, and Environmental Policy (SHEP), embedded in its IMS. The policy reflects its commitment to safeguard workers and other stakeholders from sickness and injury, as well as to protect and preserve the environment over the life of its mining operations.

The Company conducts Health and Safety Trainings in the Padcal Mine, following the calendar of training submitted to the concerned regional office of the Mines and Geosciences Bureau (MGB) of the DENR. The calendar of training, prepared by our Safety, Health, and Risk Management Department, was created to maintain a high level of health and safety awareness among its rank-and-file, supervisory, and managerial employees.

These training sessions can be a mix of classroom lectures and practical learning activities, such as field work, workshops, and other immersion activities, to help employees relate the theories to their on-the-job activities. Tenured employees are subject to retake these training sessions to refresh their memory.

The Company implements a Safe Start Seminar for employees with tenure of less than five years. The seminar is designed to introduce them to various safety programs and standards, rules and regulations, and standard operating procedures relevant to their respective job assignments to enhance safety awareness on and off the workplace. Philex also implements a Supervisors' Safety Awareness Training to constantly enhance the awareness of supervisors on basic safety responsibilities.

To continuously improve the quality of its Health and Safety Trainings, the Company measures their effectiveness at four levels:

LEVEL	TITLE	DESCRIPTION
1	Subject/Topic Evaluation	Pre-test and post-test done in classroom and/or workplace after the session
2	Post-Training Program Evaluation	Evaluation done in classroom and/ or workplace after the session
3	Workplace Effect Evaluation	Workplace survey and focus group discussion (FGD) conducted by peer group and supervisors
4	Organizational Effect Evaluation	Organizational level survey and FGD conducted by the Human Resources Department (HRD) and the training providers

### MEASURING SAFETY PERFORMANCE

Philex is committed to preventing its adverse impacts to the environment as well as injury, ill health, and loss of life among its workers and other key stakeholders. It regularly monitors and measures its safety performance. Through its Safety, Health, and Environmental Policy (SHEP), it demonstrates its desire and commitment to attain an excellent safety performance. This advocacy is cascaded down the ranks to gather support within the organization. Safety performance must be measured and managed to see the big picture when it comes to safety programs, targets, and objectives. Ultimately, safety performance measurement serves as a tool for management to know if safety programs are carried out properly, and if it has achieved the desired results of its safety targets and objectives.

Philex measures its safety performance through periodic audits, which are carried out by a group of internal auditors trained according to the requirements of ISO 45001:2018, a globally recognized health and safety management system. Initially, these internal audits were carried out monthly, but as the program took root, third-party auditors, such as TUV Rheinland Philippines, have observed that monthly audits should not be held too close to each other to be effective. Thus, internal audits are now done quarterly by the Audit and Assessment Committee of the Central Safety, Health, and Environment Council (CSHEC-AAC) to allow for more flexibility in the implementation of corrective actions and to gain a period of stability.

All supervisors and managers in the Padcal Mine also conduct safety, health, environment, and productivity audits weekly, semi-monthly and monthly, which are then reported to the Safety Department. Safety Officers, in turn, monitor the findings and the observations from these safety audits to address safety risks in a timely manner.

Aside from internal audits, the main office and regional office of the Mines and Geo Sciences Bureau also audit the company's compliance with safety standards (DAO 2000-98 and DAO 2010-21) monthly, quarterly, and annually. Further, a Multi Partite Team (MMT), headed by MGB-CAR monitor Padcal's SHE compliance quarterly.



## OCCUPATIONAL HEALTH AND SAFETY

DISCLOSURE	QUANTITY			
	HO	PADCAL MINE	SMMCI	PGPI
Safe Man-Hours	138,288	6,630,355	1,233,115	142,392
Number of work-related injuries		80	1	
Number of Lost Time Accident (Non-Fatal)		8		
Number of work-related fatalities		1		
Number of work-related ill-health				
Number of hours of safety and health training/drills provided.		664	869	

### FACILITY PROTECTION

To ensure the continuity of its mining operations and the delivery of social programs, the Company strives to protect its facilities and foster security and safety among employees and host communities residing within the Padcal mine site. It prevents threats of sabotage, subversion, pilferage, and other criminal acts that could undermine operational integrity, business continuity, and peace and order within its mine sites and host communities.

Managing facility protection is spearheaded by its Security Department, which is in turn supported by other departments, such as the Legal Department, which provides statutory guidance in the implementation of security operations. Other departments and offices also have their own internal controls to safeguard their respective facilities. For external threats, the Company seeks the support of local law enforcement units stationed in its host municipalities.

### COMPLIANCE WITH LABOR LAWS AND HUMAN RIGHTS

Philex is committed to adhering with local and international labor laws such as:

- **Forced Labor:** It does not practice forced labor and ensure the individual's right to personal dignity. This policy is contained in its Corporate Social Responsibility Manual, ISO 26000.
- **Child Labor:** Philex complies with labor standards, setting the age of qualified applicants to 18 years old for those in surface operations and 21 years old for underground operations. This is part of its hiring policy.
- **Human Rights:** The Company is committed to conducting its business with respect for all internationally recognized human rights. It is dedicated to doing so consistently. This policy is contained in its Corporate Social Responsibility Manual, ISO 26000.

### LABOR LAWS AND HUMAN RIGHTS

DISCLOSURE	QUANTITY
Total number of noncompliance with laws and/or regulations relating to occupational health and safety	0
Number of incidents of non-compliance (health & safety)	0
Number of incidents of non-compliance (employment, labor standards)	0
No. of legal actions or employee grievances involving forced or child labor	0





*President and CEO, Engr. Eulalio B. Austin Jr. in one of his site visits to the Silangan Project*

# GRI

## CONTENT INDEX

<b>STATEMENT OF USE</b>	Philex Mining Corporation has reported the information cited in this GRI content index for the period January 1- December 31, 2023 with reference to the GRI Standards.
<b>GRI 1 USED</b>	GRI 1: Foundation 2021

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION OF INFORMATION IN THE 2023 SUSTAINABILITY REPORT</b>	<b>OTHER PUBLISHED MATERIALS</b>
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	page 1	
	2-2 Entities included in the organization's sustainability reporting	pages 1, 5	
	2-3 Reporting period, frequency and contact point	page 1	
	2-4 Restatements of information	none	
	2-5 External assurance	none	
	2-6 Activities, value chain and other business relationships		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , pages 3, 24-31
	2-7 Employees	pages 42-43	
	2-8 Workers who are not employees	page 43	
	2-9 Governance structure and composition		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> pages, 14-23, 62
	2-10 Nomination and selection of the highest governance body		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 62
	2-11 Chair of the highest governance body		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 65
	2-12 Role of the highest governance body in overseeing the management of impacts		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> pages, 48-49
	2-13 Delegation of responsibility for managing impacts		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , pages 48-49
	2-14 Role of the highest governance body in sustainability reporting		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , pages 49, 63
	2-15 Conflicts of interest		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 52
	2-16 Communication of critical concerns		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 61
	2-17 Collective knowledge of the highest governance body		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , pages 3, 24-31,65
	2-18 Evaluation of the performance of the highest governance body		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 66
	2-19 Remuneration policies		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 65
	2-20 Process to determine remuneration		2023 Annual Report published on the official company website <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> , page 65
	2-21 Annual total compensation ratio		2023-SEC-17-A Report published on the official company website <a href="http://www.philexmining.com">www.philexmining.com</a> , pages 74-75
	2-22 Statement on sustainable development strategy		2023 Annual Report published on the official company website <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> (Corporate Objectives page 4)



<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION OF INFORMATION IN THE 2023 SUSTAINABILITY REPORT</b>	<b>OTHER PUBLISHED MATERIALS</b>
	2-23 Policy commitments		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 50
	2-24 Embedding policy commitments		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 50
	2-25 Processes to remediate negative impacts		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> pages 48-49
	2-26 Mechanisms for seeking advice and raising concerns		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> pages 50, 52, 57
	2-27 Compliance with laws and regulations	pages 11-12	
	2-28 Membership associations	page 7	
	2-29 Approach to stakeholder engagement	pages 13-14	
	2-30 Collective bargaining agreements	page 47	
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	page 9	
	3-2 List of material topics	page 10	
	3-3 Management of material topics	Management of material topics discussion per section	
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	page 16	more discussion in the 2023 Annual Report on the company's Financial Statement
	201-2 Financial implications and other risks and opportunities due to climate change	page 19	
	201-3 Defined benefit plan obligations and other retirement plans		2023 SEC 17-A Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> pages Note 21 of the AFS page 28
	201-4 Financial assistance received from government		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 28, 2023 SEC 17-A page 54
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	page 43	
	202-2 Proportion of senior management hired from the local community	page 42	
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	pages 32,35,37,38	
	203-2 Significant indirect economic impacts	pages 35-39	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers		2023 SEC 17-A Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> Annex A pages 13-14
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	none	
	205-2 Communication and training about anti-corruption policies and procedures		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 66
	205-3 Confirmed incidents of corruption and actions taken	none	
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	none	

GRI STANDARD	DISCLOSURE	LOCATION OF INFORMATION IN THE 2023 SUSTAINABILITY REPORT	OTHER PUBLISHED MATERIALS
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	page 62	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pg. 28 Reagents	2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> (For Ore & Minerals: Tonnes Milled and Metal Production on page 9)
	301-2 Recycled input materials used	none	
	301-3 Reclaimed products and their packaging materials	none	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	page 31	
	302-4 Reduction of energy consumption	page 31	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	page 25	
	303-2 Management of water discharge-related impacts	page 25	
	303-3 Water withdrawal	page 25	
	303-4 Water discharge		2023 SEC 17-A Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> Annex A page 21
	303-5 Water consumption	page 25	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	page 24	
	304-2 Significant impacts of activities, products and services on biodiversity	page 23	
	304-3 Habitats protected or restored	page 24	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	page 24	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	page 30	
	305-2 Energy indirect (Scope 2) GHG emissions	page 30	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	page 30 , Particulate Matters	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	page 27	
	306-2 Management of significant waste-related impacts	page 27	
	306-3 Waste generated	page 28	
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	none	2023 SEC 17-A Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> Annex A page 29, 2023 Annual Report page 53
GRI 207: Tax 2019	401-1 New employee hires and employee turnover	page 43	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	page 44	
	401-3 Parental leave	page 44	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	page 46	

GRI STANDARD	DISCLOSURE	LOCATION OF INFORMATION IN THE 2023 SUSTAINABILITY REPORT	OTHER PUBLISHED MATERIALS
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	page 50	
	403-2 Hazard identification, risk assessment, and incident investigation	page 50	
	403-4 Worker participation, consultation, and communication on occupational health and safety	page 50	
	403-5 Worker training on occupational health and safety	page 50	
	403-8 Workers covered by an occupational health and safety management system	page 51	
	403-9 Work-related injuries	page 52	
	403-10 Work-related ill health	page 52	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	page 45	
	404-2 Programs for upgrading employee skills and transition assistance programs	page 45	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	page 45	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	none	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	page 46	
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	none	
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	none	
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	page 52	
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	none	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	pages 32-39	
	413-2 Operations with significant actual and potential negative impacts on local communities	pages 32-39	
<b>GRI 414: Supplier Social Assessment 2016</b>	414-2 Negative social impacts in the supply chain and actions taken		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 53
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 53
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	none	
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling		2023 Annual Report published on the official company website: <a href="http://www.philexmining.com.ph">www.philexmining.com.ph</a> page 53
	417-2 Incidents of non-compliance concerning product and service information and labeling	none	
	417-3 Incidents of non-compliance concerning marketing communications	none	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	none	

