

Sustaining Our Ecosystem

2020 Sustainability Report

Board Statement

The Company's Sustainability Report for 2020 sets out our sustainability measures in the face of the global impact of the Corona Virus Disease (Covid-19) pandemic. Our focus on the health and safety of our people and the continued livelihood of our host communities despite the hardships brought about by Covid-19 speaks of our commitment to sustainable mining practices.

Through the collective efforts of our employees, in cooperation and through extensive coordination with various external stakeholders, contractors, suppliers, host communities, and local government agencies, we weathered the impact of Covid-19 with minimal business disruption and equally as important, while safeguarding the welfare of the local communities where we operate in. MHI actively took part in relief operations throughout the communities in Cantillan, Carrascal, and Madrid in Surigao del Sur, reaching at least 1,040 families and 175 Senior Citizens needing immediate aid, and in the communities in Paranas, Catbalogan, San Jorge, and Matuguinao in Samar, where public scoping activities were conducted.

Our financial performance of Php332.78 Million in 2020 signified a steady return to a position of strength. MMDC's operating profits is 105.4% higher than its 2019 performance, we were better able to perform and meet our sustainable goals. We aim to continuously focus on mitigating and reducing our operations' environmental impact.

As we ease back into a new normal, we are optimistic that the Company's operations will continue to bring about positive changes to the communities we serve and in turn, translate better stakeholder value. Metal and mining remain integral to social and economic development. For 2020, the country's nickel industry projected a strong year with the rise in demand in the foreign market. While we saw a 14% drop in the country's output from 21.6 Million Dry Metric Tons (DMT) in 2019 to 18.5 Million DMT in 2020, especially between the months of March and May due to the strict quarantine measures that limited logistics across the country, the nickel industry's export value improved to almost Php 25 Billion during the January-September period, from Php 24 Billion in the same period in 2019¹. The Company is proud to contribute to this collective economic value which has proven invaluable especially amidst the business closures and economic slowdown our country has experienced.

On April 14, President Duterte signed Executive Order No. 130, lifting the moratorium on new mining agreements. This was imposed in 2012 by former President Benigno Aquino III. The Executive Order will reopen doors to investments, allow new mining deals, and possible renegotiation of existing contracts.

We, at MHI, believe in building a business model that not only delivers both long-term value to our internal and external stakeholders but also one that promotes sustainable considerations in our mining practices. We believe that sustainability will become even more integral to the Group as we move forward. In accordance with this belief:

- We take our stewardship of the environment seriously as we continue to work on implementing responsible mining methods while providing a sustainable solution to mine rehabilitation and instituting long-term livelihood opportunities for future generations - our Bamboo initiatives is a testament to this stewardship mindset.
- We also put utmost emphasis on the health, security, and safety of our employees as well as partnering with our host communities to facilitate their economic and social growth and development we demonstrated this through our prompt and active response to the threat of Covid-19 in light of relief efforts and livelihood programs for local communities.
- Lastly, but equally as important, MHI remains committed to complying with national and local government laws and regulations bearing in mind that good governance is at the heart of our future as an organization and as an on-going business concern, we immediately reallocated Php 7.59 Million pursuant to the directive of the Mines and Geosciences Bureau (MGB) in its Memorandum dated March 27, 2020, directing mining companies to realign its unutilized Social Development and Management Program (SDMP) funds to support communities needing aid and support.

On the basis of such factors in mind, the scope of this Sustainability Report therefore encompasses the MHI Group's performance (including its Subsidiaries) - its actions, challenges, results, and achievements. Although some measures are applicable across the board to other types of industries, the scope and manner of presentation of this Sustainability Report will be unique to MHI's industry-specific risks, concerns, and sustainable development goals.

Our overall approach to sustainability is guided by our Sustainability Framework, and the conduct of our business, based on our Code of Conduct and Corporate Governance policies. This approach establishes our sustainability vision, topics deemed material to the Company, and our future commitments which we strive to align with the United Nations Sustainable Development Goals. Mindful that there is a need to increase focus on non-financial and sustainability reporting, this Report was prepared in accordance with Principle 10 of the Code of Corporate Governance for Publicly-Listed Companies (PLCs) stating that companies should ensure that material and reportable non-financial and sustainability issues are disclosed.

With the foregoing considerations in mind, the Board of MARCVENTURES HOLDINGS, INC. ("MHI" or the "Group" or the "Company") proudly presents its second Sustainability Report pursuant to Securities and Exchange Commission (SEC) Memorandum Circular (MC) No. 4, Series of 2019² for the period 1 January to 31 December 2020. This Report is prepared for all stakeholders with an interest in the mining industry and/or sustainability performance of the Company and is recommended to be read in conjunction with its Annual Report.

For any queries about this report, please email us at inquiries@marcventures.com.ph.

¹ <https://www.bworldonline.com/foreign-demand-seen-to-boost-nickel-industry/>
² Sustainability Reporting Guidelines for Publicly-Listed Companies, 15 February 2019



To Our Stakeholders

Sustainability is at the center of Marcventures. The strength of our mining business lies in good governance and economic contribution. But underneath our adherence to regulations and business efficiency is our commitment to our host communities. Our mining operation covers 42 communities throughout the municipalities of Carrascal, Cantillan and Madrid in Surigao del Sur. Our initiatives go beyond basic needs. We work closely with communities to optimize empowerment by providing opportunities like educational assistance, sustainable livelihood and protecting socio-cultural values.

We recognize the value of education in uplifting lives. Marcventures has the most number of college-level scholars among all mining companies in the Caraga region. The scholars are from low-income families and members of indigenous communities. We support local economy by helping organizations start their own business. We give farmers rice seeds, we provide rotavators, utility vehicles and even carabaos to support their agricultural business.

We consider our communities our trusted partners in sustainability. We take part in their traditional celebrations like fiestas, foundation days and other church-related activities. In planning our operations, we always take into account what lies ahead for the communities when mining stops? For now, we can provide jobs, health care, livelihood and education. But what will happen if mining stops? It is important that they have a reliable source of livelihood.

Marcventures is the acknowledged pioneer in bamboo and has been cited by the Department of Environment and Natural Resources (DENR). The planting of Bamboo for mine rehabilitation is now mandated by the DENR for all mining companies.

Bamboo is a US\$60.0 Billion Global Industry and produces numerous products like chopsticks, toys, construction materials to textiles. It has a 100-year genetic life and requires very low maintenance. The bamboo plantation in our mining rehabilitation areas can pave the way for processing companies and factories for continued income for the communities.

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We began our journey to sustainability in 2019, armed with our passion for environmental enhancement and community livelihood. But all these were put to a test, as the global pandemic challenged all industries. Despite the difficulties, we at Marcventures worked doubly hard and was even cited for our efficient response. Our efforts were recognized by the Employers Confederation of the Philippines.

In Surigao, we were the first mining company to release an operations manual on Safety Protocols. As an export-oriented company, we were allowed to operate during the quarantine under strict protocols. We aimed for minimal business interruption so we can work efficiently, contribute to the economy and continue to support the livelihood of our communities.

We will continue to be inspired by our stakeholders as we continue our journey to sustainability. Along with our initiatives we likewise pay close attention to the health and wellness of our employees and members of our communities. We will continue to enrich our programs and follow protocols for everyone's safety.

We thank God Almighty for guiding us through our journey to sustainability and for consistently blessing us with a good and productive year.



Rolando Santos
Senior Vice President - OIC

Our Group Structure & Business Context

Marcventures Holdings, Inc. ("MHI"), formerly AJO.net Holdings, Inc., was incorporated on August 7, 1957 and became a publicly-listed company in 1958.

On March 30, 2010, the Securities and Exchange Commission (SEC) approved the change in name to the present one, and further approved the change in its primary purpose to include land ownership.

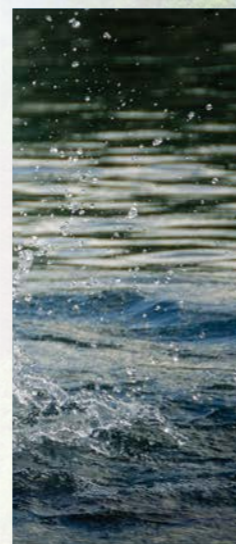
On December 29, 2017, the Securities and Exchange Commission approved MHI's merger with Asia Pilot Mining Philippines Corp. (APMPC) and BrightGreen Resources Holdings Inc. (BRC) with MHI as the surviving entity. The merger resulted in MHI's acquisition of APMPC's subsidiaries, namely, Alumina Mining Philippines Inc. (AMPI) and Bauxite Resources Inc. (BARI), the only two (2) bauxite mines in the Philippines, as well as MHI's subsidiary, BrightGreen Resources Corporation (BRC).

Through its subsidiaries, MHI conducts business by investing in mining and associated activities. Currently, it has investments in four (4) wholly-owned subsidiaries: a) Marcventures Mining and Development Corporation (MMDC), b) BrightGreen Resources Corporation (BRC); c) Alumina Mining Philippines Inc. (AMPI) and d) Bauxite Resources Inc. (BARI).

At present, of the four (4) subsidiaries, MMDC is fully operational while the other three (3) subsidiaries are in various permitting, exploratory, and developmental phases. Thus, through MMDC, MHI participates in addressing the growing worldwide demand for nickel, with a majority, if not all, of its ore production exports currently geared towards the Asian market. MHI conducts its businesses in a way that not only generates returns for its shareholders, but also provides a positive contribution to its host communities.

To this end, MHI focuses on key strategic elements to achieve its desired results. It strives to embed Responsible Mining and Sustainable Greening Solutions with a focus on business governance practices and operations that mitigate, manage, and rehabilitate potential negative impacts of its operations on the environment.

MHI, through its operating subsidiary MMDC, provides opportunities to local communities to improve their quality of life while championing their right to a healthy, safe, and secure working environment. It likewise aims to develop and maintain a team of trained professionals accountable to both its internal and external stakeholders. In sum, MHI advocates responsible consumption and production, facilitates partnerships to improve living standards, and adheres to the principles of transparency and compliance. In so doing, MHI pursues shareholder value premised on good corporate governance.



Subsidiaries

Marcventures Mining and Development Corporation

Location: Surigao Del Sur (Cantilan, Carrascal and Madrid)

Ownership: 100% MHI

MPSA No.: 016-93- XIII (approved on July 01, 1993)

Area: 4799 hectares

Mining Method: Contour Mining

Ore Type: Nickel (Saprolite and Limonite)

Market/ Buyers: Direct shipment to China (primarily); Japan and Asia (prospective)

Mineral Resource Report as of December 31, 2020:

- Total Measured and Indicated Saprolite Mineral Resource: 11.83 Million Wet Metric Tons (WMT) with an average grade of 1.34% Ni and 12.59% Fe
- Total Measured and Indicated Limonite Mineral Resource : 62.80 Million Wet Metric Tons (WMT) with an average grade of 0.87% Ni and 44.17% Fe

BrightGreen Resources Corporation

Location: Surigao del Sur (Carrascal and Cantilan)

Ownership: 100% MHI

MPSA No.: 015-93-XIII approved on July 01, 1993

Area: 4,860 hectares

Mining Method: Contour Mining

Ore Type: Nickel (Saprolite and Limonite)

Mineral Resource Report signed by a Competent Person on March 2016:

- Total Measured and Indicated Mineral Resource is 16.03M WMT with average grade of 1.17% Ni and 34.98% Fe.
- This is further broken down to 3.06M WMT saprolite with an average grade of 1.59% Ni and 14.85% Fe, and 12.97M WMT limonite with an average grade of 1.07% Ni and 39.73% Fe.



BRC is undertaking its continuous exploratory drilling program to block mineral resources at indicated and measured category. BRC also completed its public scoping activity for its Environmental Impact Assessment (EIA) process in January, 2021.

Alumina Mining Philippines Inc.

Location: Samar (Paranas, Motiong)

Ownership: 100% MHI

MPSA No. 179-2002 VIII (SBMR) issued on December 5, 2002

Area: 6,694 hectares

Bauxite Resources Inc.

Location: Samar (Matuguinao, Gandara, San Jose de Buan, San Jorge)

MPSA No. 180-2002 VIII (SBMR) issued on December 5, 2002.

Area: 5,519.01 hectares

Ownership of AMPI & BARI: 100% MHI through a merger and acquisition deal with Asia Pilot Mining Philippines Corporation (APMPC)

Ore Type: Bauxite, raw material of Aluminum

Mineral Resource Report signed by a Competent Person on March 2016 reviewed and certified by a Philippine Mineral Reporting Code (PMRC) Competent Person (CP) for Geology in June 2017: 73.2 Million WMT

Mineable Ore: 67.3 Million Metric Tons

Shippable Ore: 60.1 Million Metric Tons

Both AMPI and BARI are in the process of securing Environmental Compliance Certificate (ECC) for the planned development and mine operation of the Samar Bauxite Project. Notwithstanding the imposed country-wide lockdown due to the COVID-19 pandemic, AMPI and BARI were able to complete the public scoping and technical scoping stages of the Environmental Impact Assessment (EIA) process in January, 2021.



Materiality Process

For our year 2020 Report, we identified material topics on the basis of Global Reporting Initiative (GRI) Standards which defines "materiality" as "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".

This approach is based on the principles of materiality which requires organizations to report on significant economic, environmental, and social impacts that are deemed material by stakeholders.

Sustainability Context and Challenges of Mining Operations

Sustainability is one of the main drivers of MHI's businesses. As a responsible miner, process efficiency is geared towards protecting the environment while generating value to the stakeholders.

MHI is committed to contributing to the socio-economic development of the communities surrounding its mining

tenements. As it pursues its corporate goals, the Company aims to be a catalyst for the upliftment of the lives of its host communities and aspire to be a responsible steward of Mineral Resources, a gift from the Divine Providence.

Year 2020 was marked by various challenges, economic and social disruption among others, due to Covid-19. Its effect on day-to-day operations, community concerns, and stakeholders' relationships were instrumental in directing the Company's efforts in identifying and evaluating material topics for this year's report.

Group-Wide Sustainability Reporting

To complete MHI's 2019 Sustainability Report, the Company's first stand-alone Sustainability Report, MHI engaged Atty. Teodoro Y. Kalaw IV, a certified sustainability trainer by the Global Reporting Initiative and a sustainability report assurer by the Institute of Certified Sustainable Practitioners. Atty. Kalaw facilitated an extensive sustainability orientation and materiality assessment workshop in 2019 for key officers and staff of the Company.



Defining Materiality

There are 14 topics of high significance for 2020 and these guide the flow and content of this Sustainability Report vis-à-vis the UN Sustainable Development Goals (SDGs).

During the 2019 materiality assessment workshop, material issues facing the Company as well as topics and business aspects deemed important to its stakeholders were identified and analyzed based on its current business model and strategic plans. We identified material sustainability topics of importance to both our internal and external stakeholders through a materiality determination process consisting of a five-stage method:

- Definition of purpose and scope of assessment
- Topic identification and categorization
- Focus prioritization
- Validation
- Reporting

The sustainability reporting process was then further enhanced with the set-up of the Company's Technical Working Group (TWG) composed of members of the Corporate Communications, Legal, and Compliance Departments. The group developed a working understanding of the issues that are material to MHI's operations. These issues were further cascaded to different departments such as Engineering and Technical Services, Compliance, Community Relations, Human Resources and Legal, who then sought to verify issues with concerned stakeholders.

While the TWG followed the same process for the completion of the Company's year 2020 Sustainability Report using the same scoreboard and metrics as that of 2019 which underscore material sustainable topics relevant to the Company performance, it also placed special emphasis on the topics like community health, food security and other significant areas challenged by the ongoing global pandemic. The Company also plans to institute a review of material topics every two years from the time it submitted its first Sustainability Report in 2019 and incorporate wider external feedback into the assessment process as it remains committed to the continual improvement of its materiality assessments.

For the year 2020, the topics chosen signify MHI's Economic, Environment, and Social Impact in the light of its engagement with various stakeholders. We follow the reporting template on the topic guide provided by the Securities and Exchange Commission Memorandum Circular No. 4, Series of 2019.

Highlights of 2020 Material Topics

GOOD CORPORATE GOVERNANCE

MHI, as a publicly-listed corporation, ensures continuous adherence to corporate governance rules, regulations, and requirements imposed by the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).



CORPORATE GOVERNANCE STEWARDSHIP

The Board of Directors is the most senior governance body of the Company and exercises its oversight functions through the Executive Committee which meets regularly once a month or at least once every quarter. Corollary to setting the policies for the accomplishment of the corporate objectives, it provides an independent check on Management.



ECONOMIC PERFORMANCE

By achieving its financial goals, MHI is able to create and generate value for its employees, suppliers, stockholders, community and government.



CLIMATE-RELATED RISKS AND OPPORTUNITIES

Disruption in supply chain is largely affected by changes in rainfall rate and extreme weather events which we consider the top climate-related risk that causes delays, suspension of operations, prevention of shipments or loading process.



ENVIRONMENTAL IMPACT MANAGEMENT

MHI continues to review its historical data to determine steps that can reduce its operations' impact to the environment. Regular inspections and monitoring of the Company's tenement areas are conducted to identify existing and potential environmental hazards for early detection and remediation.



PROCUREMENT PROCEDURE

MHI, through MMDC, supports local suppliers and directly contributes to the growth of the adjacent local economy. It follows a systematic procurement process through its bidding procedure which requires procurement of materials and services to be undertaken through competitive bidding to promote fair, economic, efficient, and effective competition and determine market price in the purchase of materials and services.

RESPONSIBLE MINING



RESOURCE MANAGEMENT

The environmental team has established a system for managing energy, water and material consumptions. We recognize the critical importance of water as a shared resource with our local stakeholders and view water management as one of our most material sustainable issues.



ECOSYSTEM AND BIODIVERSITY

MMDC continues to lead in the propagation of bamboo as a sustainable and rewarding livelihood project for mined-out areas. It is one of MHI's ongoing efforts to promote the progressive rehabilitation of land resources of its mined-out areas through reforestation projects. We also consider the overall eco-footprint of our projects when we design and evaluate their viability. Mine planning considers optimal land use and mitigation measures to the impact on land, flora, and fauna.



ENVIRONMENTAL IMPACT

Emissions, wastes and effluents are regularly monitored and regulated to manage environmental threat, risks, and hazard and to ensure that environmental impacts are within prescribed standards.



ENVIRONMENTAL COMPLIANCE

The Company has a dedicated Legal and Compliance team that monitors relevant laws, rules and regulations enforced by the Mines and Geosciences Bureau (MGB) and the Department of Environment and Natural Resources (DENR) to ensure the Company's compliance with environmental laws and the protection of the country's natural resources.

COMMUNITY ENGAGEMENT



EMPLOYEE MANAGEMENT

MHI firmly believes that its people are its primary asset in attaining its business objectives. As partners in providing value to its stakeholders, MHI ensures that their well-being are well cared for; and that in the conduct of its business, its employees are respected, rewarded, and secured.

This viewpoint extends to members of Indigenous Peoples (IP) and members of host communities who the Company also employs. The Company understands that recruiting and hiring from the communities where it operates in is foundational to local economic and social development.



WORKPLACE CONDITIONS, LABOR STANDARDS AND HUMAN RIGHTS

MMDC is committed to safety, health, security, and welfare of all the people involved in the mining operation. Apart from ensuring compliance with government-mandated benefits, MHI also offers extra compensation that fulfill its employees' medical, livelihood, and educational needs. These extend to their family members in the form of food subsidies, educational assistance, and health insurance.



SUPPLY CHAIN MANAGEMENT

The Company has a Supplier Accreditation Policy which evaluates an organization's business integrity and compliance with labor laws, particularly Department Order No. 174 Series of 2017 of the Department of Labor and Employment (DOLE).



DATA PRIVACY AND SECURITY

The entire organization along with its customers strictly complies with the rules and regulations of the Republic Act No. 10173, or the "Data Privacy Act of 2012."

Responsible stewardship is also demonstrated as it engages in responsible data security, a vital material topic as the Company continues to search for other investment opportunities that could diversify its sources of revenue and add to shareholder value.

All assets are secure and kept confidential, with data security measures being properly enforced. For 2020, there were no reported incidents of data breaches, leaks, or losses in the Company.

Topics Deemed Non-Material

Upon review and appropriate deliberation, there are some topics which we deem non-material. Discussions on Customer Management, Product Health and Safety, and Product Marketing and Labelling, are currently not material to its business model from a sustainability perspective.

Our current main product, nickel ore, is exported in its raw form. While relationships with customers are vital to any organization, Customer Management and Marketing are deemed, at present, not material topics from a sustainability perspective. The increasing demand for nickel products worldwide outweighs supply which gives rise to a demand-driven and mutually desired long-term buyer relationships while prices are based primarily on the market rates and bidding processes. Moreover, since nickel products are extracted and shipped in its raw states with pre-agreed characteristics subject to independent third-party testing,

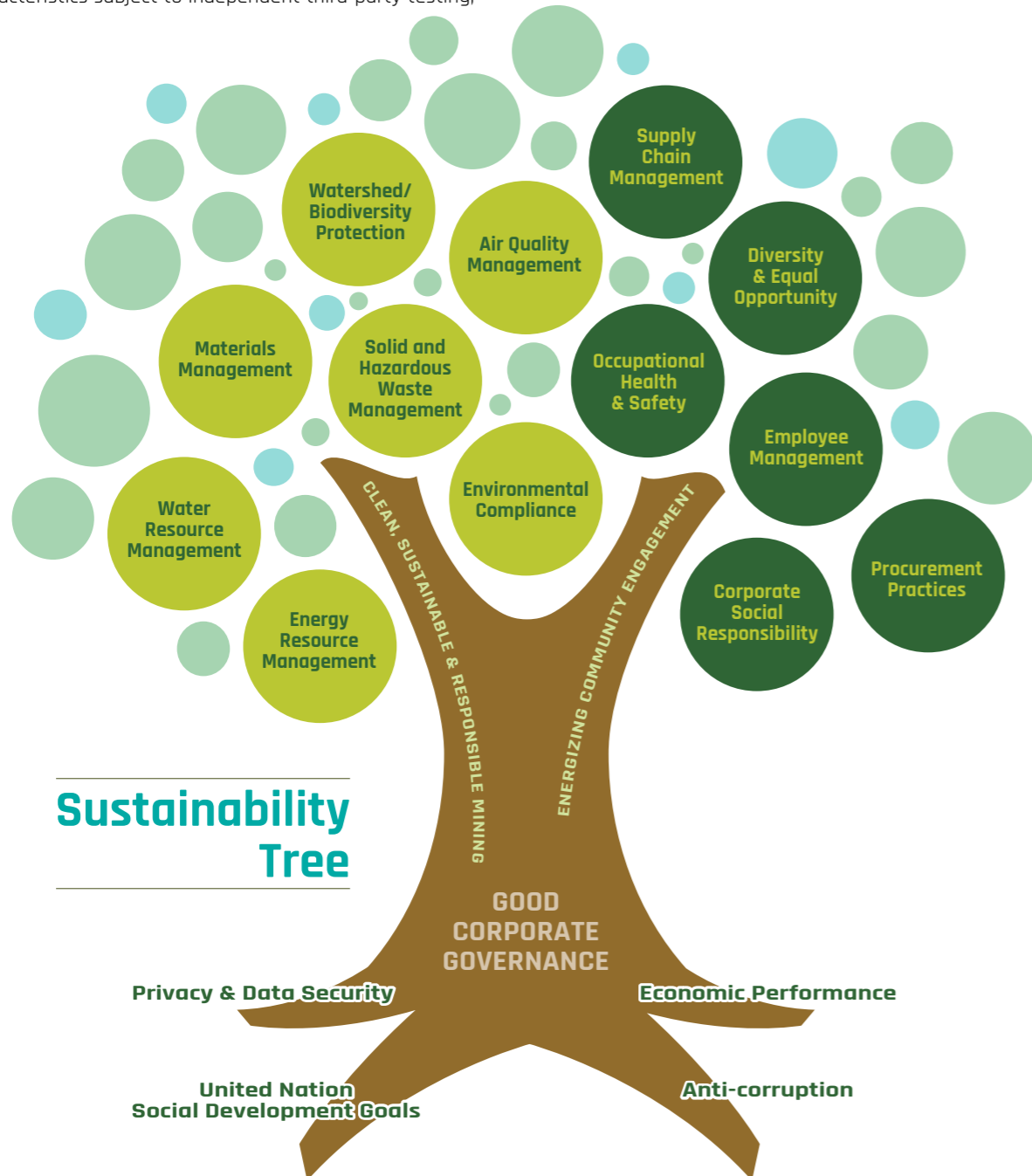
Product Labelling is also not considered as a material topic. Product Health and Safety is likewise not a going concern - under the mining supply chain, our commercial ore exports are not transmitted directly to end consumers but to traders or processing plants for refining. Moreover, nickel ore is not considered a hazardous substance as it does not emit toxic fumes and can be safely handled with bare hands.

Strengthening Our Sustainability Reporting Processes

Moving forward, the Company aims to institute the regular review of its materiality assessments and strengthen the materiality matrix to encourage a more engaged participation and collaborative validation from its stakeholders. This comes with a vision to improve the process behind the preparation of the contents of this Sustainability Report and serve as reliable basis where stakeholders may track developments in the coming years.

Responsible Mining

A. Safeguarding Our Shared Future: Responsible Mining Through Sustainable Greening Solutions



Responsible Mining means providing Sustainable Greening Solutions that safeguard both the environment and long-term livelihood prospects of host communities. It is the guiding principle of MHI's day-to-day operations at the mine site. Together with stakeholders, the Company continues its initiatives to build, nurture and empower communities, promote social development and management, improve health and safety practices, and minimize the impact of our operations on the environment. The potential for growth continues to drive the Company's business prospects.

In its latest industry report, Fitch Solutions Macro Research forecasted nickel mine production to grow by 8.3% in 2021, above the average growth of 5.9% year-on-year experienced over 2010-2019.⁵ Growth will be driven by a recovery in output in the Philippines and Indonesia. Fitch emphasized that lockdowns and supply chain constraints in the Philippines in 2020 had reduced output by 27.7%.

In the longer term, Fitch forecasts global nickel mine production to grow by an annual average rate of 3.7% year-on-year over 2021-2029, a significant slowdown from the 5.9% year-on-year average achieved over 2010-2019, which was boosted by higher nickel prices at the time and strong Indonesian output before another export ban in 2014.

By 2029, Fitch expects global annual nickel production to reach 2.7 Million Tonnes (MT), up from 2.0 MT in 2020.

Fitch is confident that in 2020 onwards, the Philippines will regain its spot as the largest global producer due to a restriction on nickel ore exports in Indonesia leading to a halt to mining operations. Growth potentials drive the Company's business prospects and as a responsible investor in the mining sector, we prioritize land rehabilitation as it is the backbone of environmental sustainability.

MHI is also the leader in the propagation of bamboo as a sustainable and rewarding livelihood project for communities. Bamboo nurseries and revegetation are carried out to restore disturbed areas with the goal of returning the land to its natural state after operations.

Bamboo provides huge environmental benefits as it is a renewable resource, absorbs greenhouse gases, fast growing, enriches and protects the soil, and is highly adaptable. This grass specie offers opportunities for job generation and is a good substitute for wood in many applications, such as paper, furniture, and building materials.

⁵ <https://www.mining.com/rising-nickel-prices-to-support-project-development-report/>



THRIVING COMMUNITIES AFTER EXTRACTION ACTIVITIES

MHI's host and neighboring communities will continue to thrive even after mining activities have drawn to a close. MHI considers progressive mine rehabilitation as an important factor in sustainability. Apart from the initiatives to restore and enhance mined-out areas to its natural state, it is important to leave a sustainable livelihood for the community even after mining has stopped.

In 2017, Marcventures embarked on a Bamboo Plantation Development program that will help the community tap into the country's bamboo industry.

In 2018, Marcventures formed the Pili Kawajan Association (PKJ), composed of community members, to manage the Company's bamboo plantation. PKJ also completed a service excellence training that aims to strengthen their capacity to grow the bamboo plantation business. Also known as the grass of hope, bamboo has a wide range of application.

It can be used for furniture, clothing fiber, pulp and paper products, food ingredients, beauty products, architecture and construction. It is an effective tool in addressing soil erosion, landslides and flooding which are common disasters in any mine site.

The biggest impact of MHI's bamboo project was DENR's direct acknowledgement of the global potential of bamboo. DENR Secretary Roy A. Cimatu has instructed mining companies in the Philippines to develop bamboo plantation in their mining properties as part of the mine rehabilitation program.

To date, Marcventures has planted a total of 50,577 seedlings covering over 69.68 hectares. Currently growing at the mined-out areas are Giant Bamboo (*Dendrocalamus giganteus*) and Kawayang Tinik (*Bambusa blumeana*), the two commercially viable varieties.

Improving Safety, Health, and Well-being of Our Stakeholders

MHI's commitment to the safety, health and well-being of all people involved in its business endures and remains at the forefront of its operations. It provides and maintains safe and healthy working conditions, promotes regular safety training, follows standard operating procedures, and applies technically proven and economically feasible environmental protection measures that safeguard the lives and health of all its employees and adjoining communities.

Adaptive and Proactive Health and Safety Measures in the Face of Covid-19

In February 2020, with talks of a possible lockdown in Metro Manila, MHI, through MMDC Management, proactively prioritized the drafting of an Emergency Interim Work-From-Home (WFH) Guidelines. When the Enhanced Community Quarantine (ECQ) was announced in mid-March 2020, MMDC seamlessly implemented the flexible work program for the Makati Head Office and likewise developed step-by-step operating protocols for its mine site operations. The Company kept employees informed of the initiatives undertaken to allay fears and promote a sense of continuity despite uncertainties of the time. Fortunately, the Company has a robust IT network that its office staff could WFH with little disruption.

At the mine site, additional safety measures were immediately included in the MMDC's Manual of Operations. The site adopted embarkation and disembarkation protocols, quarantine provisions for on-board personnel and the use of face mask, face shield and personal protective equipment.

As a result of its quick and efficient response, MMDC is the only mining company in Surigao that was able to ship out during the month of March.

Once government eased regulations on lockdowns and quarantine restrictions, we gradually implemented a return-to-work program for our Makati Office. This entailed redesigning work practices and spaces to allow physical and social distancing where possible, including flexible work arrangements. Employees at the Makati head office were required to fill-out a daily Health Declaration Checklist. Temperatures are checked every day, physical distancing is strictly implemented, face masks and face shield are worn at all time. To minimize contact with the general public, we also provided transportation services for employees. We adopted contact tracing measures, testing prioritization, and quarantine procedures which continue to evolve in response to the growing situation. Also, we posted Covid-19 Prevention infographics in strategic places to remind everyone to keep safe.

ISO Certification

MMDC received recertification for Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015) and the migration from OHSAS 18001:2007 (Occupational Health and Safety Assessment Series [OHSAS]) to ISO 45001:2018 (Occupational Health and Safety Management System).

The International Organization for Standardization (ISO) is an independent, non-governmental, international organization composed of representatives from various national standards organizations. It promotes worldwide propriety, industrial and commercial standards to ensure the quality, safety, and efficiency of products, services, and systems.

The Quality Management System (ISO 9001:2015) is an integral part of an organization's sustainable development. It demonstrates the organization's ability to enhance customer satisfaction through a process improvement system, thereby consistently resulting in products and services that meet customer and applicable statutory and regulatory requirements.

The Environmental Management System (ISO 14001:2015) is an internationally agreed standard used to manage environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability. Environmental performance is improved through the more efficient use of resources and reduction of waste. As it provides value for the environment, the organization is gaining competitive advantage and the trust of stakeholders. It is consistent with the organization's environmental policy which covers enhancement of environmental performance, fulfillment of compliance obligations, and achievement of environmental objectives.

The Department of Environment and Natural Resources mandates ISO 14001:2015 certification for mining companies as per DAO 2015-07 otherwise known as Mandating Mining Contractors to Secure ISO 14001 Certification. As a measure of responsible mining in the country, this ensures that appropriate measures are in place to achieve minimal negative impacts on the environment.

The National Quality Assurance Philippines Inc. (NQA) has also recommended MMDC to migrate from OHSAS 18001:2007 into ISO 45001:2018. This certification enables MMDC to provide safe and healthy workplaces by preventing work-related injury and ill-health, as well as by proactively improving its occupational health and safety performance.

Contributing to the UN Sustainable Development Goals

Armed with a commitment to Responsible Mining Through Sustainable Greening Solutions, MHI's nickel mining business reported a positive performance in year 2020 despite the

challenges brought about by the pandemic. While the growing demand for nickel, the increase in tonnage sales, and the upward trend in the global market all contributed to the Company's successful financial standing in 2020, major operational initiatives which were instituted allowed the Company to perform efficiently, in spite of the limitations brought about by nationwide quarantine and lockdowns.

With health protocols in place for a seamless production process, the Company was able to contribute to the following Sustainable Development Goals of the United Nations.

Ensuring healthy lives and well-being for all (SDG3)

3 GOOD HEALTH AND WELL-BEING The health and wellness of a growing community is essential to sustainable development. MHI has several health projects in place under its Annual Social Development Management Program. This includes giving assistance to indigent patients and procuring medical equipment for different health centers in Cantillan, Carrascal, and Madrid in the province of Surigao del Sur.

The Covid-19 pandemic caused a major disruption in the livelihood of communities nationwide. The lockdowns and quarantine implementation severely restricted travel and movement, limited business operations and commercial activities, and suspended mass public transportation in the area. Some businesses were forced to close down, causing countless workers to lose their jobs and other income sources. With the growing fear of contracting the deadly virus, was the surging need for protective measures (e.g. face masks, face shield and disinfecting solutions, physical and social distancing protocols). MHI immediately procured and distributed face masks, digital thermometers and disinfecting solutions to be used by the employees in the mine site and instituted an awareness campaign on its safety and health protocols.

The Mines and Geosciences Bureau (MGB) released a memorandum on March 27, 2020 instructing companies to realign unutilized Social Development and Management Program (SDMP) funds to support communities affected by Covid-19. We then realigned a total of Php 7.59 Million to assist the adjacent communities of the mine site. The Company also distributed rice, relief goods, food packs, milk, vitamins and hygiene kits to frontliners and residents in host and neighboring communities.

Achieve Food Security, Improved Nutrition and Sustainable Agriculture (SDG2)

2 ZERO HUNGER The pandemic greatly affected the food and agricultural sector. Prompt measures were needed to ensure that food supply chains are kept active to mitigate risks that have



MMDC distributed vegetable seeds so families can grow their own greens.

considerable impact on everyone especially the poor and vulnerable.

To ease the difficulties in food supply, MHI, through MMDC, encouraged families in Carrascal to maintain home gardens and grow their own vegetables and develop self-sustaining food supply in the face of the ongoing health crisis. Apart from relief goods, the Company distributed vegetable seeds to residents in support of the municipality's program entitled 'Gulayan sa Panimalay'. The program is part of the municipality's food sufficiency strategy, where residents are encouraged to produce fresh and healthy farm to table food.

The project not only helped minimize daily food cost. It also supports local rice farmers through financial assistance, free hauling services and direct purchase of their rice products at a competitive farm gate price. It also helped nurture family ties, as the productive activity kept family members preoccupied, keeping their minds off the uncertainties brought about by the pandemic and strengthened the community's agricultural sustainability.

Quality Education for All (SDG4)

4 QUALITY EDUCATION Education is a key focus area in helping local communities. A sustainable approach to improve a community's standard of living is to provide educational opportunities for the young motivated learners.

MHI recognizes the value of education in uplifting lives. The Company is known to have the biggest scholarship program in the Caraga region. Despite the ongoing pandemic, MHI upheld its commitment to its scholars for continued scholarship grants for 2020-2021 academic year.

A total of two hundred thirty-three (233) students from Cabangahan, Babuyan, Bacolod, Cabas-an, Bayugo, Parang and Gamuton continue to receive monthly financial assistance under the Social Development Management Program (SDMP) - Development of Host and Neighboring Communities (DHNC) Program.

MHI also supports the education of twenty-two (22) college students enrolled in different universities, under the SDMP Development of Mining Technology and Geosciences (DMTG) program. All 22 students are taking up mining and environmental-related courses. Some of the program graduates are now working at the company mine site in Surigao.

The Company also supports the education of thirty-two (32) students from indigenous communities under MHI's Corporate Social Responsibility (CSR) program. All 32 students are currently on full scholarship, receiving free tuition with a monthly allowance of Php 5,000 per student.

MHI's educational program also extends to teachers. For years, the Company has been subsidizing the salary of volunteer teachers. The number of students continue to grow every year, but unfortunately public schools do not have enough resources to employ more educators. MHI supports the salary of the volunteer teachers in several barangays namely Cabangahan, Panikian, Bon-at, Gamuton, Babuyan, Bacolod, Parang and Cabas-an to help improve the quality of education in the communities.

MHI also funds the annual "Brigada Eskwela" program of Panikian Elementary School and Daycare Center, Panikian Gospel Church, Macam Elementary School and Camp David Primary School. Also known as National Schools Maintenance Week, "Brigada Eskwela" is the nationwide initiative of the Department of Education (DepEd). It mobilizes volunteers from all sectors to contribute their time and effort to prepare the public school facilities for the coming school year.

A total of Php 13,159,924.00 in 2020 was spent for all these projects under the SDMP Access to Education and Education Support Program.

Sustainable Economic Growth and productive employment (SDG8)

8 DECENT WORK AND ECONOMIC GROWTH MHI continues to empower host communities by providing opportunities to improve their standard of living. The local community is an integral part of business operations, thus priority is given to community members in the company recruitment processes. To date, eighty-one (81) members of indigenous cultural communities are currently employed by the Company, through MMDC.

MHI supports local business owners by procuring food supplies and services from community entrepreneurs. It even helps business owners by providing seed capital for various projects.

Through its Social Development and Management Program (SDMP) Enterprise Development and Networking Program, the Company spent a total of Php 1 Million in 2020 for livelihood programs to give opportunities to communities to create, build and earn.

Farm products

MHI provided vegetable seeds to encourage families to grow vegetables in their own garden and aid the food supply during the pandemic. Farmers were given rice seeds, organic fertilizers and carabaos to help plow the farm lands and yield more crops for higher income. Chariot vehicles were purchased for the farmer association for the efficient delivery of market products.

MHI also purchased rotavator machines for the farmers in barangays Cabas-an, Parang and Bacolod. With their new rotavators, farmers were able to churn and aerate the soil before planting their crops. The Company also built a rice mill that offers affordable rice clearing services to farmers.

Small Business

Seed capitals were given to members of cooperative associations to help them start their income generating businesses like pedicab services and table and chair rentals. Under the SDMP, the Company's total expenditure for host and neighboring communities was Php 15 Million in 2020. This includes educational support, health and services, enterprise and infrastructure development for the communities in Cantillan, Carrascal and Madrid.

Corporate social investments are closely monitored through a standardized reporting process aimed at maximizing the value that the Company and its host and neighboring communities derive from these investments.

The Social Development and Management Program (SDMP) refers to the comprehensive five-year plan of the Contractor/Permit Holder/Lessee authorized to conduct actual mining and milling operations towards the sustained improvement in the living standards of the host and neighboring communities by creating responsible, self-reliant and resource-based communities capable of developing, implementing and managing community development programs, projects, and activities in a manner consistent with the principle of people empowerment.

- Philippine Mining Act of 1995



DECENT LIVING SPACES. Left photo shows the family home, before MMDC's home-building project.



Safe and Resilient Human Settlements and Sustainable Communities (SDG 11)

Safe and decent living spaces bring new hope and opportunities for developing communities. For 2020, the Company financed the construction of houses for families in barangay Bon-ot, Panikian, Banban and Gamuton. A joint project between the Company and the local government, safe and adequate living spaces bring new hope and new opportunities for the community.

Other projects supported by the Company include facilities for potable water in Cabangahan and Bayogo. And to help mothers look after their small children, daycare and school feeding centers were built in Panikian, Parang and Babuyan. MMDC also helped boost local entrepreneurship by opening community enterprise livelihood centers for the small businesses in Cabangahan and Bayogo.



Responsible Consumption and Production (SDG 12)

MHI's positive performance is supported by sustainable consumption and production. The Company values doing more and doing better with the least possible impairment to resources. In all activities and business processes from exploration to hauling right through the delivery of commercial ores to customers, the Company commits to achieving sustainable growth that is aligned with its corporate values and to always take into consideration the interests of its stakeholders.

Overproduction is a waste of resources and causes harmful consequences to the environment. The Company's nickel stockpile is kept commensurate to the quantity requirements of its foreign buyers. Residual materials are utilized for mine rehabilitation and mine operations preparation. Mined-out areas are transformed into healthy planting grounds which can provide food and livelihood to residents from nearby communities. Through these measures, lasting positive contributions to MHI's host and the neighboring communities are ensured.

The efforts to focus on efficiency and productivity improvements in 2020 generated an economic value of Php 2.88 Billion. With the new business climate resulting from the global pandemic, the Company gears up to deliver significant financial returns, and continues to enhance its operations to ensure high quality ore for nickel buyers.

Direct Economic Value Generated and Distributed

Disclosure	Amount (2019)	Amount (2020)	Units
Direct economic value generated (revenue)	1,432,534,095	2,876,676,296	PhP
Direct economic value distributed:			
a. Operating costs	640,652,771.34	2,096,067,612	PhP
b. Employee wages and benefits	203,623,237	212,074,999	PhP
c. Payments to suppliers, other operating costs	224,328,045	1,188,809,161	PhP
d. Dividends given to stockholders and interest payments to loan providers	63,913,146	106,941,090	PhP
e. Taxes and royalties paid to government	204,413,671	269,899,400	PhP
f. Investments to community (e.g. donations, CSR)	43,251,513	9,891,340	PhP

Operationally, MMDC had a successful year when it generated a direct economic value of Php 2,876,676,296 in 2020 despite the economic challenges brought by the global pandemic. The Company is gearing up for an equally productive year in the new normal. Initiatives to upgrade its business models to adapt to changes and trends and continuously ensure high quality products for its buyers are in place and reviewed religiously.

Operating Costs and Expenses were at Php 2,096,067.00 in 2020. The increase was primarily due to the high volume of ore produced and sold. The company also spent over Php 212,074,999.00 for employee wages and benefits.

Success is anchored on workforce productivity. Efficiency and product improvements bring significant changes in the workforce. It paves the way for advancements and higher compensation for current employees as it opens more job opportunities within MMDC's host communities.

The expenditures for suppliers and other operating costs amounted Php 1,188,809,161. On the basis of the results for the year in review, the Company paid interest to loan providers totaling Php 106,941,090.

Profitability from enhanced business models translated to over Php 269,899,400 in government payments in the form of royalties and taxes. This includes excise and withholding taxes, quarterly income taxes as well as permits and licenses. The rise in profit allowed optimal returns for shareholders, with enough resources for future investments.



The Company's expenditure in host and neighboring communities totaled Php 9,891,340. The Company's corporate social investments are closely monitored through a standardized reporting process aimed at maximizing the value that MMDC and its host and neighboring communities derive from these investments.

MMDC continues to focus on its core strengths in order to stay competitive in the coming years.

Partnerships to Facilitate Sustainable Development (SDG 17)

Fully-committed to forging partnerships for sustainable development, MHI led the propagation of bamboo as a livelihood project endorsed by the Department of Environment and Natural Resources (DENR).

With a genetic life of a 100 years, bamboo emits thirty-five percent (35%) more oxygen and sequesters up to 12 Metric Tons of Carbon Dioxide. A US\$60 Billion global industry, it can provide sustainable livelihood to our host communities and for generations to come.

The Company laid the groundwork in 2017 with the end mind of helping its host communities in tapping the country's promising bamboo industry. The program will be implemented in three (3) phases over five (5) years: first, the establishment of a 10-hectare demonstration Bamboo plantation, second, business development, and third, market research. The goal is to generate an income-generating Bamboo livelihood project that is anchored on the rehabilitation plan. As an initial step, a training on the propagation of bamboo propagules was conducted for MHI personnel who will assist in program implementation.

MHI is working with the Philippine Bamboo Foundation to conduct trainings on bamboo propagation, nursery establishment and business management of small enterprises to be organized among the surrounding communities.

Bamboo Plantation Program of the Mining Sector

In June 2020, the Mines and Geosciences Bureau (MGB) released a Memorandum on the "Establishment of Bamboo Plantation in Mining Areas" instructing mining contractors/ permittees/permit holders to establish an additional bamboo plantation equivalent to ten percent (10%) of their declared final mining area to bring the total target bamboo plantation area to at least twenty percent (20%). The new instruction from DENR on the Bamboo Plantation Program of the Mining Sector is in line with the recovery of the economy in post Covid-19.

This is a development from the initial Memorandum dated September 10, 2019, issued by DENR Secretary Roy A. Cimatu, instructing the establishment and maintenance of a bamboo plantation equivalent to ten percent (10%) of the mined-out areas.

As of June 2020, the total plantation area, under the Bamboo Plantation Program of the Mining Sector is now twenty percent (20%). To date, the Company has planted a total of 50,577 seedlings covering over 69.68 hectares. Currently growing at the mined-out areas are Giant Bamboo (*Dendrocalamus giganteus*) and Kawayang Tinik (*Bambusa blumeana*), two most commercially viable varieties.

United Nations Global Compact

MHI adheres to United Nations (UN) Global Compact principles which encourage businesses worldwide to adopt sustainable and socially responsible policies. In the local setting, the Company upholds basic human rights by recognizing and respecting local customs and traditions of the indigenous people communities. The Company particularly values diverse social and cultural values and norms by taking part in celebrations like town fiestas, foundation day, and other activities that are close to their hearts.

Moreover, MHI also particularly advocates the UN's Global Compact principle on the effective abolition of child labor. The Company abides by the minimum age provisions of Philippine labor laws and even closely monitors against child labor, which is rampant in small-scale mining communities in other countries.

B. Addressing the Pandemic and Climate-Related Risks and Opportunities



MMDC Management recognizes that issues associated with the pandemic and climate change present significant economic and financial risks and opportunities over long, medium and shorter-term investment horizons.

Covid-19 may have caused unprecedented disruptions not only in business and commercial operations but also in the day-to-day lives of the public in general, but, it did not stop the Company from focusing on sustainable mining practices. In fact, the pandemic brought valuable lessons on mitigation and response planning.

Business continuity played a vital role in ensuring seamless operations. The Company focused on the prevention of the virus, by releasing official health protocols for all areas of the business including embarkation and disembarkation safety protocols at the mine site.

As stated in the section on Adaptive and Proactive Health and Safety Measures in the Face of Covid-19, the company was able to draft Work-From-Home (WFH) Guidelines prior to the declaration of the lockdown. With operational tasks executed remotely, information digitalization became a necessity for data collection, retrieval and viewing.

The use of electronic signature has also transformed the daily workflow. It is recognized as legally enforceable and has simplified the decision-making process. Data Privacy and Security Protection, plays a crucial role in information digitalization. As discussed in the section on Corporate Governance, risks related to the collection, retention and use of information are managed by strictly enforcing the Company policy on Protection of Confidential Information (MC-002-19).

The global pandemic has pushed companies to have a crisis management team in place. MHI organized a Senior Management Committee composed of top officers from

Finance, Legal and Compliance to decide on crucial matters and ensure continuous day-to-day operations.

We have also identified a range of climate-related risks to our operations including changes in rainfall rates, higher temperatures, longer rainy seasons, and extreme weather conditions, among others. These factors affected our daily operations as well as the lives of the people living in nearby communities. We experienced a decrease in revenue projections which resulted in revising our 2020 financial targets due to business disruption brought about by both the pandemic coupled with these climate-related challenges.

On a high note, with the change in climate comes the need to utilize resources efficiently. Lower energy consumption means reduced operating costs. It will give access to a new emerging market that gives importance to lower carbon footprint. It also promotes resilience because of the long-lasting benefits from carbon reducing projects.

Climate-related risks were identified and assessed through regular site visits, monitoring of operating activities, internal discussions on climate change matters, regular review of business plans, and overseeing major capital expenditures.

The metrics used by the organization to assess climate-related risks and opportunities are energy, usage, greenhouse emission and the number of trees planted.

These risks and opportunities come not only from the physical and ecological impacts of climate change, but also from the economic risks such as market dynamics and technological developments.

Management continues to strive for mining only commercial ores that are economically viable with radically less waste produced, less areas disturbed, less energy and water consumption and less Greenhouse Gas (GHG) emission.

Climate-related risks and opportunities can reduce operating costs as the Company implements its policy for reducing energy consumption and GHG emission. The simple act of switching off air-conditioning systems when not in use can reduce electricity consumption and cost. And if the Company decides to acquire new vehicles, fuel efficient models would be an economical choice. Initiatives that reduce energy consumption and GHG emissions would result in reduced cost.

MMDC mining areas are located in Surigao del Sur which sees more extreme weather recently compared to other regions in the Philippines. A Risk Management Program will ensure that business will continue even as extreme weather impacts the area. The government is expected to impose additional policies on climate-change response which will entail additional taxation.

To manage climate-related risks, the Company monitors its environmental impact through its Operations and Compliance teams. They work hand in hand with its Internal Audit Division in evaluating and designing the effectiveness of risk controls. All relevant findings are reported to the Board's Audit Committee. A Risk Management Program can be used to guide Management on how to manage climate-change risks.

MMDC Management also continues to review its historical data to determine measures to reduce energy usage and Greenhouse Gas (GHG) emissions from exploration and production activities to generally reduce hazardous environmental impact. Management is responsible for monitoring the progress of mitigating actions and determining further risks.

Conserving Water Resources

Water is a valuable shared resource between a mining company and its host communities. This inorganic chemical substance is vital to all life forms topped with a significant environmental and economic worth.

Water is a vital resource for mining operations. It is used in every process, from power generation, dust management, to sanitation of facilities and for daily health intake.

MHI recognizes the importance of proactively managing water quality of both surface and drinking water sources. In 2020, the Company's total water consumption was 136,961.78 cubic meters.

Water conservation and recycling efforts have been in place since MMDC began its operations. This year, the Company funded the construction of potable water facilities in far flung areas of Cabangahan and Bayogo. It also promotes efficient water management to ensure continuous water supply and avoid disruption in operations. Apart from focusing on the community's safety and sanitation, residents are also taught to conserve water.

Soil movement during mining operations and road construction can cause siltation of nearby water systems. When vegetation is removed in a certain area, the soil can erode easily causing particles to fall straight into the natural water system. The siltation

particles increase in volume during heavy rains. Likewise, soil run-off from hauling roads also cause siltation of nearby canals.

The Company's Environmental team actively performs mitigating measures to address siltation. Settling ponds and collector sumps are constructed along the haul roads. The ponds are regularly monitored, maintained and de-silted so that the water remains clean. Silt fences also line the area to arrest possible spills from roads and drainage channels. Areas that are accessible by heavy equipment are manually desilted. Existing silt booms are reinforced with sheet piles to provide additional control. This prevents silt plume migration along the coastline areas during loading activities.

Earthworks like slope stabilization, benching and resurfacing are also performed as the need arises to minimize water run off, siltation, and discoloration of nearby water systems.

Water quality is also analyzed on a monthly basis and monitoring is conducted on marine waters (causeway area), surrounding creeks, rivers and including the discharge from settling ponds. Sampling and analysis are done on a quarterly basis by First Analytical Services and Technical Cooperative (FAST), a DENR accredited laboratory.

Promoting Energy Efficiency

Energy efficiency and carbon emissions are considered top priorities in mining operations. Aside from controlling hazardous environmental impact, it directly affects operational costs.

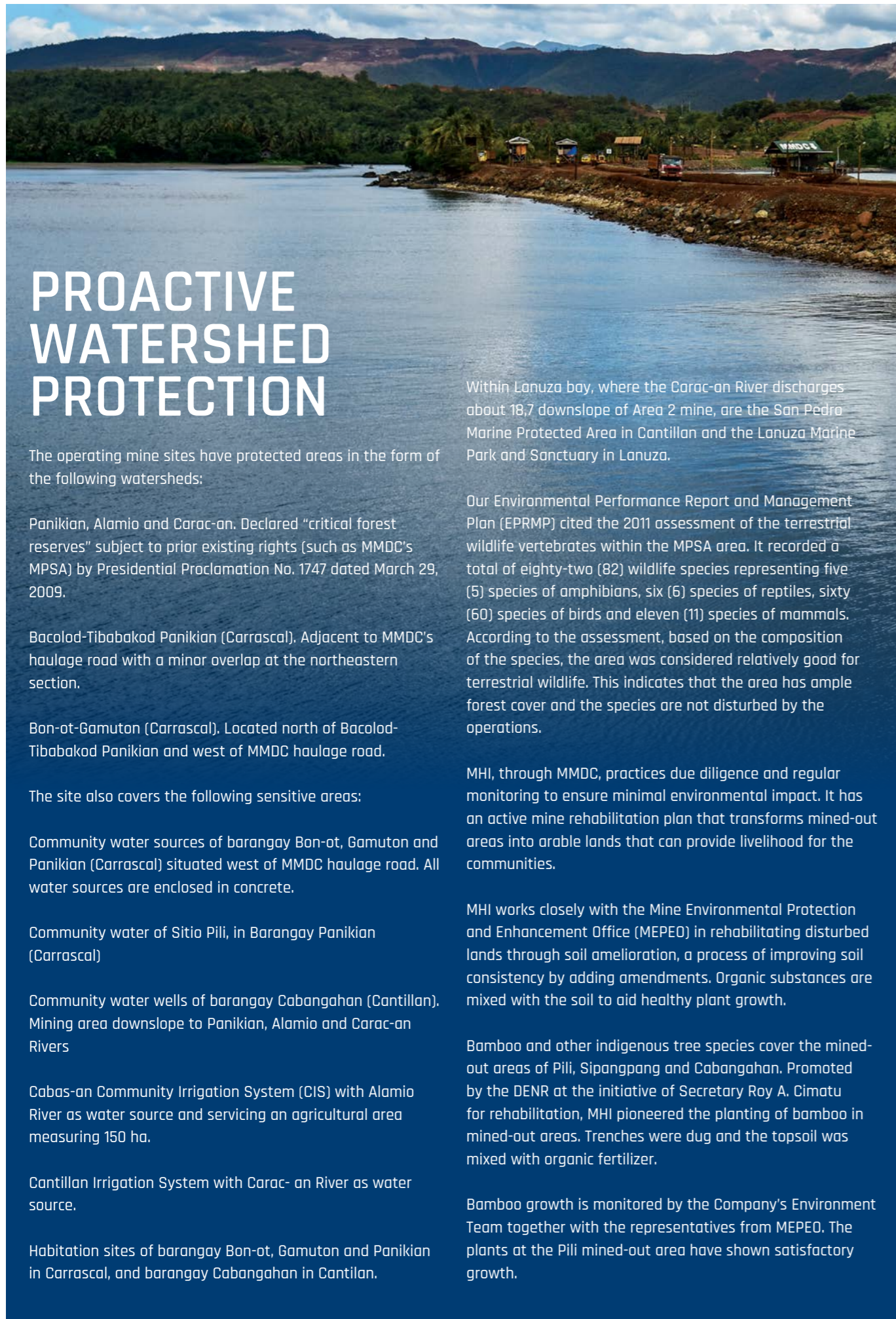
The Environmental Team follows a process to ensure that energy data is reviewed on a regular basis. This is supplemented by an energy conservation campaign that would motivate employees. Information materials on energy saving tips are posted in strategic locations around the office to encourage everyone to help the Company achieve its energy management goals.

Fuel and electricity consumption as well as carbon emissions are periodically monitored. Quarterly Energy Consumption Report is regularly submitted to the MGB and carbon emission is monitored and analyzed by an independent third-party. This is on top of the regular monitoring being conducted by the Environmental Management Bureau of the DENR.

In 2020, the Company consumed a total of 8,894,879.00 Liters of diesel fuel, a big leap from the 2019 consumption which was 4,132,055.51 Liters. This was due to the major increase in production from 1.4 Million Tons in 2019 to 1.7 Million Tons in 2020.

The challenge to explore other conservation and energy efficiency measures to cut operating and product costs lives on. Apart from the major improvement in revenue for customers and shareholders, it will be a significant contribution to the environment and for the generations to come.

For now, the Company is not using energy from renewable sources but it continues to study the possibility of shifting to a more earth-friendly energy source to reduce potential GHG emissions.



PROACTIVE WATERSHED PROTECTION

The operating mine sites have protected areas in the form of the following watersheds:

Panikian, Alamio and Carac-an. Declared “critical forest reserves” subject to prior existing rights (such as MMDC’s MPSA) by Presidential Proclamation No. 1747 dated March 29, 2009.

Bacolod-Tibabakod Panikian (Carrascal). Adjacent to MMDC’s haulage road with a minor overlap at the northeastern section.

Bon-ot-Gamuton (Carrascal). Located north of Bacolod-Tibabakod Panikian and west of MMDC haulage road.

The site also covers the following sensitive areas:

Community water sources of barangay Bon-ot, Gamuton and Panikian (Carrascal) situated west of MMDC haulage road. All water sources are enclosed in concrete.

Community water of Sitio Pili, in Barangay Panikian (Carrascal)

Community water wells of barangay Cabangahan (Cantillan). Mining area downslope to Panikian, Alamio and Carac-an Rivers

Cabas-an Community Irrigation System (CIS) with Alamio River as water source and servicing an agricultural area measuring 150 ha.

Cantillan Irrigation System with Carac- an River as water source.

Habitation sites of barangay Bon-ot, Gamuton and Panikian in Carrascal, and barangay Cabangahan in Cantilan.

Within Lanuza bay, where the Carac-an River discharges about 18.7 downslope of Area 2 mine, are the San Pedro Marine Protected Area in Cantillan and the Lanuza Marine Park and Sanctuary in Lanuza.

Our Environmental Performance Report and Management Plan (EPRMP) cited the 2011 assessment of the terrestrial wildlife vertebrates within the MPSA area. It recorded a total of eighty-two (82) wildlife species representing five (5) species of amphibians, six (6) species of reptiles, sixty (60) species of birds and eleven (11) species of mammals. According to the assessment, based on the composition of the species, the area was considered relatively good for terrestrial wildlife. This indicates that the area has ample forest cover and the species are not disturbed by the operations.

MHI, through MMDC, practices due diligence and regular monitoring to ensure minimal environmental impact. It has an active mine rehabilitation plan that transforms mined-out areas into arable lands that can provide livelihood for the communities.

MHI works closely with the Mine Environmental Protection and Enhancement Office (MEPEO) in rehabilitating disturbed lands through soil amelioration, a process of improving soil consistency by adding amendments. Organic substances are mixed with the soil to aid healthy plant growth.

Bamboo and other indigenous tree species cover the mined-out areas of Pili, Sipangpang and Cabangahan. Promoted by the DENR at the initiative of Secretary Roy A. Cimatu for rehabilitation, MHI pioneered the planting of bamboo in mined-out areas. Trenches were dug and the topsoil was mixed with organic fertilizer.

Bamboo growth is monitored by the Company’s Environment Team together with the representatives from MEPEO. The plants at the Pili mined-out area have shown satisfactory growth.

Addressing Effluents

The marine waters in the causeway area, surrounding creeks, rivers and discharges from constructed settling ponds go through regular water quality check. Collected water samples are analyzed by the Company’s in-house monitoring team and confirmed by a DENR accredited third-party laboratory.

For now, the wastewater from the mine site is not recycled and no sufficient data is available to determine water discharge volume. The Environment Team is in the process of determining possibility of quantifying the amount of water discharged and the percentage of recycled waste water.

First Analytical Services And Technical Cooperative (FAST) Laboratories performs the quarterly testing and analysis, while the in-house team monitors water quality on a monthly basis.

According to the analysis by both in-house team and third-party FAST laboratory, ambient, effluent and process-related water quality in all stations are within the DENR Standard under DAO 2016-08 for freshwater/marine water bodies and General Effluent Standards. Potable Water Analysis also show all required parameters are within the Philippine National Standards for Drinking Water (PNSDW 2017).

Managing Air Emissions

Mining activities like exploration and production activities cause air emissions like GHG emissions and hazardous air pollutants as those activities can send laterite particles up in the air. The dust material is so fine that it stays in the air during hot weather, and turns into mud during the rainy season.

Dust is a prevalent problem in nickel mining. Aside from air pollution, it can affect the health of the people living in the different communities. To manage dust, water trucks are deployed to spray water in haulage and nearby community roads. A total of 126,007.44 cubic meters of water was consumed in 2020 for spraying the main haulage road which is a 23.0-kilometer stretch from the Cabangahan Mine Site to the Carrascal Bay loading area. Street sweepers were also deployed to clean community roads and highways. Trees were also planted along the roadside and mine access road to act as dust bio-filters.

To check air quality, monthly sampling and analysis is done by the Company’s technical personnel, while the quarterly sampling and analysis is carried out by a commissioned third-party service provider. For 2020, the third-party testing, was done only during the first quarter due to Covid-19 restrictions.

We are glad to report that all ambient air quality results were within the specified National Ambient Air Quality Standards (NAAQS) for Source Specific Air Pollutants from

Industrial Sources/Operations. Monitoring results are submitted to the Environmental Management Bureau (EMB) through the Self-Monitoring Report (SMR) and Compliance Monitoring Report (CMR).

To achieve sustainable GHG levels, there are plans to conduct a carbon sequestration study. This will serve as the Company’s benchmark for reducing GHG emissions.

The overall result of regular emission tests in 2020 show that air emission levels are below national threshold limits. The technical team will continue to manage these emissions to prevent any form of damage in the future.

Responsible Solid and Hazardous Waste Management

Environmental management is anchored on proper waste disposal as the Company is properly aware of the harmful consequences of solid and hazardous wastes. MHI, through MMDC, has several facilities at the mine site for hazardous wastes to ensure proper collection, segregation and disposal. Solid waste materials are collected on a regular basis. Recyclable materials are brought to a Materials Recovery Facility (MRF) while the residual wastes are disposed at LGU Carrascal Eco-park disposal area.

For everyone’s safety, the wastes collected from the mine site are not reused or incinerated. It is disposed by a DENR accredited waste collector and treatment plant.

A total of 13,399.10 kilograms of segregated wastes were collected and disposed in 2020. The biodegradable material weighed 5,088.50 kgs. Residual was 6,426.00 kgs. and the recyclable materials weighed 1,885.60 kgs.

In 2019, MHI supported the sanitary landfill project of the Municipality of Carrascal by giving Php 4 Million cash donation. Using an engineered disposal method, the waste is buried in a controlled land pile. The bottom of the landfill has a plumbing system that collects liquid substances and prevents the leakage which can harm waterways.



Reinforcing Materials Management Capabilities

Nickel production involves the use of heavy equipment, process chemicals, fuel, and utility vehicles. The Company's operating model requires the efficiency of a large-scale infrastructure. Apart from its in-house team, the Company works closely with general contractors for extraction, hustling and hauling services.

MHI, through MMDC, actively engages its Contractors by holding regular planning sessions to effectively plan the mine operations and efficiently use existing resources. At the moment, the percentage of recycled input materials used for its mining operations is zero, but it recognizes its responsibility to reduce the environmental impact for the future generation.

The Company takes into account the condition of materials, expiration date of process chemicals and the proper maintenance of equipment, and condition of vehicles to minimize environmental impact. Utilization of recycled and renewable materials to maximize resource efficiency has been suggested on several occasions. The Company is looking into the possibility of utilizing renewable materials if it could benefit the current operational set-up.

Enhancing Strict Environmental Compliance

Responsible environmental management is a testament of the Company's commitment to reduce its carbon footprint. In 2020, MMDC was once again cited for its Environmental Management System (ISO 14001:2015). Certified by the International Organization for Standardization (ISO), the system helps organizations improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders. It also calls for the management of environmental aspects and ensure their conformity to compliance obligations while addressing risks associated with threats and opportunities.

MMDC was also recertified for its Quality Management System (ISO 9001:2015). The standard is an integral part of an organization's efforts towards sustainable development and promotes it as a tool for improving overall performance.

The NQA Philippines Inc. also recommended the migration of MMDC from OHSAS 18001:2007 into ISO 45001:2018. This certification enables MMDC to provide safe and healthy workplaces by preventing work-related injury and ill-health, as well as by proactively improving its occupational health and safety performance.

All three certifications are a testament of the unified, streamlined and high efficiency level of the business processes across MMDC's management spectrum.

The ISO is an international standard-setting body composed of representatives from various national standards organizations. The organization promotes worldwide propriety, industrial and commercial standards.

It is worth noting that in 2014, MMDC was directed by MGB to implement a tree planting program for three (3) million seedlings in areas identified by the MGB and/or DENR pursuant to the requirements of and in adherence to the terms and conditions of its Partial Declaration of Mining Project Feasibility. While MMDC sought to implement the program, several delays occurred in completing the program brought about by several factors, among which were revisions in the work program as requested by the MGB and host communities, and initial objections from our host communities to the directive that the seedlings be distributed in different regions.

The Director of the MGB, Atty. Wilfredo G. Moncano, granted the Company's request to reconsider the imposition of the penalty to plant 3 Million seedlings (Penalty), and credit MMDC's accomplishments as part of MMDC's compliance with its obligations under its Special Tree-Cutting and Earth-Balling Permit (STCEP).

The approval of MGB is expected to generate savings to the Company in the amount of Php98,188,230.00. As of 18 February 2021, 729,924 out of the 3 Million seedlings are already planted. A total of Php 38,600,204.00 has already been expended to date.



Energizing Community Engagement

A. Corporate Citizenship



A significant part of our operations is enhanced through the Company's commitment to the development of its host and neighboring communities. In 2020, MMDC spent Php 39,924.689.00 Million for its SDMP and Php 9,891.340.00 Million for Corporate Social Responsibility (CSR) initiatives.

CSR projects like educational assistance to members of indigenous communities, health programs and livelihood development, meet the basic needs of mining communities. The initiatives optimize people empowerment, provide opportunities for sustainable livelihood, and protect socio-cultural values and local customs while improving economic conditions and human advancement.

Educational Assistance

MMDC is known to have one of the biggest scholarship programs in the Caraga region. Despite the ongoing pandemic, the Company upheld its commitment to its scholars and continued the support for the 2020-2021 academic year.

Among the highlights of the education program are the scholarships for incoming college students from indigent families and indigenous communities. They are enrolled in colleges and universities in the Visayas and Mindanao areas. They study in Surigao del Sur College, Saint Joseph Institute of Technology, Surigao Education Center, Saint Paul University, Saint Jude Thadeus Institute of Technology and other colleges and universities in the Visayas and Mindanao

areas. Aside from covering the tuition and miscellaneous fees, they receive monthly board and lodging allowance.

The shortage of teaching personnel has also become a problem in different barangays. Under its education program, MHI has subsidized the salary of volunteer teachers assigned in different schools to bring down the teacher-student ratio and promote quality education.

Livelihood Development

Through its Social Development and Management Program (SDMP), the Company has spent a total of Php 1,000,000.00 Million in 2020 for its livelihood programs to ensure that equal opportunities to create, build and earn are extended to all sectors of society.

Apart from providing vegetable seeds to aid in the food supply in the pandemic, farmers were given rice seeds, organic fertilizers and carabaos to help plow the farm lands and yield more crops for higher income. The Company also purchased chariot vehicles for the farmer association for the efficient delivery of market products.

MMDC also purchased rotavator machines for barangays Cabas-an, Parang and Bacolod. Rotavators are used to churn and aerate the soil before planting. The Company also built a rice mill that offers affordable rice clearing services to farmers and gave seed capital to members of cooperative associations to help them start their own income generating business like pedicab services and table and chair rentals.

In support of the customs and tradition of the communities, the Company actively takes part in traditional celebrations like fiestas, foundation days and other church-related activities.

In 2020, Php 2.3 Million was spent on programs geared towards the preservation of the socio-cultural heritage. We also supported church renovations, sports events, fiestas and other community activities.

B. Stakeholder Engagement

Host Community Procurement Practices

The Company's procurement practices significantly benefit businesses in the region. MHI believes in shared sustainable prosperity. From construction, automotive and electrical supplies, a big percentage of the materials used for mining operations are purchased from local entrepreneurs in Surigao del Sur.

With the Company maintaining living quarters for male and female employees at the site, we rely on local produce and other food suppliers for the daily meals of the employees. Given the remote location of its mining operations and the Company's role in the economic growth and business opportunities, we will continue to procure from the entrepreneurs at the host community.

In 2020 the Company procured approximately P20 Million in goods and services from local suppliers in Surigao, Davao, Butuan, Cebu, Tagum and Tandag. We fully support the growth of industrialization in various communities.



Enhancing Employee Management

An engaged and productive workforce is essential to success. The Company aims to attract the best people in the industry and facilitate professional and personal development.

As of 2020, MHI, through MMDC, has a total of 355 employees, as supported by accredited third-party suppliers and contractors recruited for certain mining activities and projects. All in all, MHI has a total of 88 female and 267 male employees all with SSS, PhilHealth and Pag-IBIG benefits.

	2019	2020
Total number of female employees	78	88
Total number of male employees	250	267
Total number of employees	328	355

When MHI assesses the capability of current and prospective employees, it takes into account not just their technical skills and knowledge acquired through experience, equal value is given to their mental and social skills, commitment and drive to succeed.

In order for MHI to meet its goals as a company, it acknowledged the need to have the right people as it aligns the workforce aspirations with the Company's mission and vision. The attrition rate of 13.49 percent is a result of the Company's current efforts to maximize shareholder value. Despite the global pandemic which affected most industries, 2020's attrition rate is 54 percent lower than 2019's 24.83 percent. The decrease is a result of the rationalization initiatives which focused on reorganization, reassignment of work responsibilities and abolition of redundant positions.

In the mining industry, MHI is known to provide appropriate and competitive salary packages to attract, retain, and motivate its employees. It also upholds high labor standards in the workplace, including compliance with labor laws like fair wages, minimum wage policies and benefits.

Employee Development

In the increasingly competitive market for skills, MHI continuously evaluates various programs aimed at enhancing skills, knowledge, and awareness.

For 2020, the Company's Legal Department organized its yearly Corporate Governance Seminar for the Company's Board of Directors (BOD) and key officers in compliance with SEC MC Nos. 20-2013 and 2-2015. The workshop covered discussions on Risk Assessment, Risk Management, BOD's Duties, Responsibilities and Liabilities, and Safeguard Against Fraud. The training was

conducted by the Center for Training and Development, Inc., an accredited training provider on Corporate Governance.

Several trainings on Safety and Health were also conducted via zoom, to limit face-to-face interaction. Details are discussed in the report's Safety section.

The Human Resources (HR) Team will continue to explore avenues to enhance activities in support of personnel development. All in all, for the year 2020, a total of 1600 hours were spent on employee training.



Nurturing Labor-Management Relations

The Company continues to nurture good relations with its senior officers, employees, organized labor groups, and the host communities within the MPSA area. MMDC regularly holds town hall meetings so that important or urgent matters can be properly raised and openly addressed by the Management.

Professional Supervisory Office and Technical Employee Union (APSOTEU), the sole and exclusive bargaining agent of MMDC's supervisory employees.

A total of 128 employees are members of SRMMMDC-ALU-TUCP, and 60 employees are members of APSOTEU. MMDC's existing rate of employees covered by Collective Bargaining Agreement is at 46 percent (46%).

Collective Bargaining Agreement

The Collective Bargaining Agreements (CBAs) were completed in September 2020, after three weeks of negotiations. MHI, through MMDC, maintains a cooperative and healthy relationship with Samahan ng Responsableng Manggagawa ng Marcventures Mining and Development Corporation-Associated Labor Unions-Trade Union Congress of the Philippines (SRMMMDC-ALU-TUCP), the sole and exclusive bargaining agent of MMDC's rank-and-file employees, and Associated

To maintain high quality standards of performance and productivity, MMDC's Human Resources and Administration Department together with the Internal Audit group conducted regular consultations on employee-related policies.

The mine site covers a total of 42 communities throughout the municipalities of Carrascal, Cantilan and Madrid. Through the years, MHI has been very successful in maintaining strong ties with various local agencies and stakeholders.

Manpower Rationalization



In response to the global health crisis affecting the continued operational and financial viability of companies across all industries, the Company conducted a systematic job rationalization procedure, side-by-side with a reorganization, reassignment of work responsibilities, voluntary retirement of certain individuals, and abolition of redundant positions. This is in line with Management's goal to look into ways of optimizing its resources to ensure its continued competitiveness and viability while safeguarding the economic and social welfare of its employees.

Mindful of the effects of Covid-19 pandemic on the livelihood of our employees, the first phase of this initiative covered a review of manpower requirements per Division which was completed by end of October 2020, after assessing the impact of the pandemic on our continued capability to operate and function, given the challenges of the situation.

The second phase of this initiative covered the study and identification of superfluous positions and non-critical functions which may be outsourced or assigned to project-based employees. The Company ensured that proper notices, procedures, and employee dialogues were conducted before implementation and as a matter of course, implementation was done in phases taking into account employee welfare. Our HRAD submitted the necessary establishment report to the Department of Labor and Employment (DOLE) last November 2019, and redundancy letters with computation of separation pay were subsequently served to the affected employees.

Promoting Diversity and Equal Opportunity

The Company embraces diversity and is committed to providing broader opportunities especially in the communities it operates. A diverse workforce is always a competitive advantage. A variety of minds is needed to tackle complex global challenges faced by the mining industry.

MHI provides equal opportunity in recruitment and career development regardless of gender. In 2020 female workers represented about twenty five percent (25%) of the work force.

The Company upholds its legal obligation to prioritize the talents in the community. Prior to the start of operations, we signed a Free, Prior and Informed Consent (FPIC) Memorandum of Agreement with members of IP communities. One of the conditions is the priority-hiring for IP members.

MHI works closely with its host and neighboring communities, including Indigenous Cultural Communities (ICC) / Indigenous Peoples (IP). In fact, a total of eighty-one (81) employees from indigenous communities are currently working in MMDC.

The terms and conditions of the Company's Mineral Product Sharing Agreement (MPSA) are duly respected. This includes guarding against gender discrimination and recognizing the rights of women workers to participate in policy and decision-making processes affecting their rights and benefits.

Ensuring Occupational Health and Safety

MHI's business strategy focuses on operating safely, sustainability and responsibility. Safe and healthy working conditions are properly maintained. Safety trainings are regularly conducted. Standard procedures are seriously followed. Technically proven and economically feasible environmental protection measures are applied at all times to safeguard the lives and health of the employees and nearby communities.

As mentioned in this Report's section on Sustainable Development Goals, the National Quality Assurance Philippines Inc. (NQA) recommended MMDC's migration from OHSAS 18001:2007 into ISO 45001:2018, which was completed on September 30, 2020. This certification reinforces MMDC's commitment to a safe and healthy workplace to preventing work-related injuries and ill-health, as it proactively improves its occupational health and safety performance.

Building a safe, responsible work culture requires the mastery of safety procedures. It is important that such concepts are top of mind, and almost second nature to all employees at the mine site. Basic Occupational Safety and Health and Basic First Aid and Life Support training programs are conducted yearly as a constant reminder to everybody of

the risk of unsafe work habits. Meanwhile, we also conduct emergency fire and earthquake drills on a quarterly basis.

The mine site safety trainings on Sanitation, Food Handling, and Preparation were conducted by the members of Carrascal Rural Health Unit. The Behavioral Base Safety Webinar and Job Hazard Analysis were conducted by Safety Inc. a third party training organization.

Toolbox sessions are also organized to update employees about existing issues. The informal gathering encourages employees to express their opinion while fostering camaraderie. In 2020, toolbox sessions tackled issues on road safety, hazardous materials and other relevant topics.

At the Makati head office, safety officers along with representatives from various departments attended the following training sessions:

Basic Occupational Safety and Health

The session focused on developing skills to identify safety, health, and environmental hazards, determining appropriate control measures and implementing organizational safety and health policies and programs.



Psychological First Aid

The training is in response to the need to support people in distress because of the Covid-19 outbreak. It teaches participants on how to pay attention to the person's reactions, active listening, practical assistance to help address immediate problems and basic needs.

Loss Control Management Training

The session imparts techniques to enable safety leaders at all levels to continually improve the organization's safety performance. It addresses the mindset of the current management as well as issues that influence the effective safety implementation.

Job Hazard Assessment Training

The training helps participants identify the hazardous jobs in the workplace, determine the hazards and potential consequences, and develop corrective and preventive measures to eliminate or reduce the accidents, injuries and illnesses.

Safe Man Hours

With safety techniques in place, a total of 3,424,569 man-hours was recorded without lost-time accident. Our Safety and Health Department consistently aims for zero (0) lost time accident, promote and protect the safety and health of all personnel, and comply with regulatory compliance.

For the year 2020, MMDC recorded three (3) fatalities, and one accident involved the driver of our contractor EZM. MMDC assisted in bringing the injured individuals to the hospital while EZM settled all damages.

Because of the incident, the committee on Central Safety and Health, organized by the Mine Safety and Health Department, has agreed that all drivers and operators will be subject to mandatory drug testing every two (2) months. Drivers and operators also need to undergo alcohol test prior to dispatch.

There were also three (3) work-related injuries recorded in 2020. The injured were treated in accordance with the recognized first-aid training. All three recovered after treatment.

Covid-19 Health and Safety Measures

As discussed in the section on Health and Safety Measures Against Covid-19, as early as February 2020, Management prioritized the drafting of an Emergency Interim Work-From-Home (WFH) Guidelines in anticipation of potential lockdowns. The transition to a flexible work program (i.e. skeletal work arrangement/work-from-home arrangement) was seamless for the Makati Head Office when community quarantine restrictions were implemented nationwide.

To manage continuity of operations, communication lines with senior management were kept constantly open. The application of leave deductions and timekeeping requirements were suspended. Work Plans designed to monitor important deliverables were put in place. Employees were provided with hardware and software access and designated information point persons took charge of disseminating information to their departments and teams. Management Committee check-ins and coordination meetings were intensified between mine site operations and the Makati head office.

Special Update: MMDC Cited by the Employers Confederation of the Philippines' (ECOP) for Best Practices

MMDC was among the top companies in the Philippines that received commendation for its responses and best practices during the Enhanced Community Quarantine (ECQ). Its response to the enhanced community quarantine was among the business cases featured in Employers Confederation of the Philippines' (ECOP) "Series on Good Business Practices."

The Employers Confederation of the Philippines (ECOP) is a nationally established umbrella organization dealing with important national issues related to employment, industrial relations, labor issues and related social policies. MMDC was part of "Business Cares: A Series on Good Business Practices" - a campaign that aims to strengthen the business community by promoting models of corporate programs during the crisis with a goal of encouraging companies to emulate policies and look after the welfare of employees during this crisis.

MMDC's orientation towards conducting business guided by the principle of ethical practices and best operating processes looked to address the 4Ps of its operations during the community quarantine: People, Processes, Protocols, and Public, referring to the Company's commitment to serve the community where it operates.

Best Practices of Marcventures Mining and Development Corporation (MMDC)

by ECOP | May 18, 2020 | Best Practices, COVID19

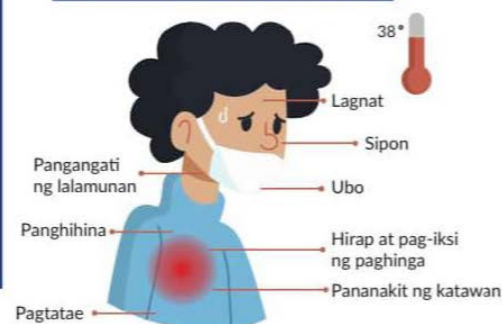


ANO ANG COVID-19?

Ang COVID-19 ay isang bagong uri ng mikrobyo na kumakalat sa mga tao at nagdudulot ng iba't-ibang uri ng sakit, gaya ng karaniwang ubo't-sipon at maaring umaabot sa malubhang impkasyon. Maari itong maging sanhi ng Pneumonia, Acute Respiratory Syndrome, problema sa bato, at pagkamatay. Ayon sa World Health Organization o WHO, ang Covid 19 ay isang pandemiko at nakakaapekto sa maraming bansa sa buong mundo.



MGA SINTOMAS NG COVID-19



Good Corporate Governance



“To protect the fundamental human right of privacy, of communication while ensuring free flow of information to promote innovation and growth.”

MHI's commitment to Good Corporate Governance is closely aligned with its vision to pursue its corporate goals while ensuring the welfare of its host communities and protecting the environment. The commitment supports the principles of transparency, honesty, integrity, fairness, and accountability. We acknowledge that in order to enhance shareholder value, we must abide by corporate governance principles and practices as well as regulatory reporting to provide investors with an accurate and balanced overview of the Group's performance.

In the course of our business operations and in dealing with local government, local suppliers, and partners, MHI is exposed to a relatively high corruption risk. Therefore, the Company makes it a priority to put in place, the internal processes and policies to prevent corruption.

Risks are managed by maintaining standards of procurement that undergo rigorous scrutiny and a zero-tolerance policy for all forms of unethical practices. As part of our Whistle Blowing Policy, employees who are aware of a valid occurrence of unethical behaviors are highly encouraged to report to Management without fear of repercussions. Management does not hesitate to pursue disciplinary actions which may even result in replacement of key executives for actions detrimental to and in contravention of the Company's corporate governance practices.

Transparent Supply Chain Management

MHI's subsidiary, MMDC, has a Supplier Accreditation Policy which lists documentary requirements from both contractors and suppliers who wish to do business with the Company. It evaluates an organization's business integrity and compliance with labor laws, particularly Department Order No. 174 Series of 2017 of the Department of Labor and Employment.

Contractors and suppliers are required to submit to an accreditation process and MMDC retains the right to audit and verify practices.

An accredited credit investigation agency will also check for derogatory records such as collection cases against the Company, its major stockholders and key officers. The accreditation is renewed every year and suppliers are expected to submit updated records upon renewal. MHI values its relationships with contractors and suppliers who make an effort to adhere to the policy.

As we optimize our approach to responsible procurement, we are also looking into expanding our contractual remedies to include the environmental performance, social commitments and even the investments of our contractors and suppliers.

Anti-Corruption Measures

The Company also practices zero-tolerance policy on misappropriation of Company assets and properties, fraudulent acts and reporting, corruption and bribery in any form, and unethical practices. We support this emphasis on integrity, transparency and accountability in the conduct of its operations by providing for a mechanism (the “Whistleblower Policy”) that is available to all individuals to raise concerns which they perceive as wrong, irregular and illegal within the organization.

The Policy encourages and allows any individual (“Whistleblower”) to promptly report any observed risk, danger, malpractice, wrong doing or any questionable business practice that may affect others, the Company or the Public without fear of discrimination, harassment and/or retaliation as a result of the disclosure, provided it is made in good faith and without malice.

Further and as already discussed in the section on Supply Chain Management of this Report, our procurement and supply policies and standard operating procedures are based on principles of fair treatment and open competition. All our third-party contractors and suppliers are expected to act with integrity including their compliance with contractual terms and conditions.

Data Privacy and Security Protection

The Company strictly complies with the national data privacy law. A data privacy officer is assigned to strictly implement confidentiality measures at all levels.

The Company along with its external stakeholders abide with the rules and regulations of the Data Privacy Act of 2012 which “protects the fundamental human right of privacy, of communication while ensuring free flow of information to promote innovation and growth.”

Risks related to the collection, retention and use of information are managed by the Company's policy on Protection of Confidential Information. (MC-002-19).

Upon hiring, employees are asked to sign a Deal of Undertaking to certify that all information are solely for performing functions. No information will be disclosed to anyone outside the Company, unless cleared by the data privacy officer and the Company's legal team.

The Audit Team is currently working with all departments in reviewing all company policies - with the move towards a more digitized workplace in view of the pandemic, the Company is also looking into its IT and Communications Policies to improve its capabilities to address the challenges brought about by which will be expanded to include a Social Media policy which emphasizes the role of all employees in protecting the Company's reputation. Our employees are well-aware that they must exercise caution, discretion, and judgement when posting about Company activities in their personal social media accounts, however a formal policy on this issue is becoming more relevant as we continue to digitize our workplace.

Data Integrity and Reporting Transparency

Hand in hand with securing data privacy is the need to increase the comprehensiveness and accuracy of our data gathering processes to improve our capability to effectively monitor our progress and timely reporting. We are committed to increasing our systems and procedures for data gathering as we look at how to integrate online tools to better address our needs.



Disclaimers and Cautionary Notes

CAUTIONARY DISCLAIMER - FORWARD-LOOKING STATEMENTS

Certain of the statements and information in this report constitute “forward-looking statements” and “forward-looking information” within applicable laws (collectively, “forward-looking statements”). Any forward-looking statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects,” “is expected,” “anticipates,” “believes,” “plans,” “projects,” “estimates,” “assumes,” “intends,” “strategies,” “targets,” “goals,” “forecasts,” “objectives,” “budgets,” “schedules,” “potential,” or variations thereof or stating that certain actions, events or results “may,” “could,” “would,” “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements relate to, among other things: future profitability, growth, acquisitions and shareholder returns, and potential future offerings of Securities.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, social and economic impacts of COVID-19; risks relating to: fluctuating commodity prices; calculation of resources, reserves and mineralization and precious and base metal recovery; interpretations and assumptions of mineral resource and mineral reserve estimates; exploration and development programs; feasibility and engineering reports; permits and licenses; title to properties; property interests; joint venture partners; acquisition of commercially mineable mineral rights; financing; recent market events and conditions; economic factors affecting the Company; timing, estimated amount, capital and operating expenditures and economic returns of future production; integration of future acquisitions into the Company’s existing operations; competition; operations and political conditions; regulatory environment in the market; environmental risks; foreign exchange rate fluctuations; insurance; risks and hazards of mining operations; key personnel; conflicts of interest; dependence on management; internal control over financial reporting and bringing actions and enforcing judgments under Philippine laws, as well as those risks and uncertainties discussed in the Company’s

corresponding public filings. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those expressed or implied in the forward-looking statements.

The Company’s forward-looking statements are necessarily based on a number of estimates, assumptions, beliefs, expectations and opinions of management as of the date of this news release that while considered reasonable by management of the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates, assumptions, beliefs, expectations and opinions include, but are not limited to, those related to the Company’s ability to carry on current and future operations, including: the duration and effects of COVID-19 on our operations and workforce; development and exploration activities; the timing, extent, duration and economic viability of such operations; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the Company’s ability to meet or achieve estimates, projections and forecasts; the availability and cost of inputs; the price and market for outputs; foreign exchange rates; taxation levels; the timely receipt of necessary approvals or permits; the ability to meet current and future obligations; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions; and other assumptions and factors generally associated with the mining industry. Other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements if circumstances or management’s assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. For the reasons set forth above, investors should not place undue reliance on forward-looking statements

Corporate Information

Name of Organization

Marcventures Holdings, Inc. (MHI)

Principal Office:

4th Floor BDO Paseo Tower (formerly Citibank Center),
8741 Paseo de Roxas, Makati City

Report Boundary:

Subsidiaries:

- Marcventures Mining and Development Corporation
- BrightGreen Resources Corporation
- Alumina Mining Philippines, Inc.
- Bauxite Resources, Inc.

Business Model:

Holding company listed in the Philippine Stock Exchange (PSE) and whose shares are actively traded on the PSE under the stock symbol “MARC”

Mineral Production Service Agreements (MPSA) with the Government for mining and export of mineral products

Activities:

Primary: To engage in the purchase, exchange, assignment, and hold investments and all properties

Secondary: To embark in the discovery, exploration, and development of mineral oils, petroleum in its natural state, rock or carbon oils, natural gas, other volatile mineral substances and salt, as well as other minerals of whatever nature; to mine, dig, refine, prepare for market, buy, sell, and transport the same, their products compounds, and derivatives.

Reporting Period:

January 1 to December 31, 2020

Index of Material Topics

Pursuant to Annexes A (Reporting Template) and B (Topic Guide) of the SEC Memorandum Circular No. 4, Series of 2019 (Sustainability Reporting Guidelines for Publicly-Listed Companies), the following are the topics MHI has identified as material for the reporting period and which were addressed in this Report:

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BDO PASEO TOWER (formerly Citibank Center)
8741 PASEO DE ROXAS, MAKATI CITY

TELEPHONE NOS.: +63(2) 831-4479 +63(2) 831-4483
FAX NO.: +63(2) 856-7976

mhicorporate@marcventures.com.ph