

# COVER SHEET

A S O 9 5 0 0 2 2 8 3

SEC Registration Number

D M C I H O L D I N G S , I N C .

(Company's Full Name)

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C H I N O R O C E S A V E . M A K A T I C I T Y

(Business Address: No., Street City / Town / Province)

HERBERT M. CONSUNJI  
Contact Person

8888-3000  
Company Telephone Number

3<sup>rd</sup> Tuesday of May

1 2      3 1  
Month      Day  
Fiscal Year

**SEC 17-C**  
FORM TYPE

0 5      1 8  
Month      Day  
Annual Meeting

N.A.  
Secondary License Type, If Applicable

C F D  
Dept Requiring this Doc

\_\_\_\_\_  
Amended Articles Number / Section

\_\_\_\_\_  
Total No. of Stockholders

Total Amount of Borrowings

\_\_\_\_\_  
Domestic      \_\_\_\_\_  
Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_  
File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. March 7, 2022  
Date of Report (Date of earliest event reported)
2. SEC Identification Number ASO95-002283
3. BIR Tax Identification No. 004-703-376
4. DMCI Holdings, Inc.  
Exact name of issuer as specified in its charter
5. Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. 3/F Dacon Building, 2281 Don Chino Roces Avenue, Makati City 1231  
Address of principal office Postal Code
8. (632) 8888-3000  
Issuer's telephone number, including area code
9. Not applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	13,277,470,000	Php13,277,470,000.00
Preferred Shares	960	960.00
TOTAL	13,277,470,960	Php13,277,470,960.00

11. Indicate the item numbers reported herein: Item 9

## Item 9. Other Matters

This is to inform the investing public that at the meeting of the Board of Directors held today, March 7, 2022, the Board approved the following:

### 1. Consolidated Audited Financial Statements for the period December 31, 2021.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2021 AND 2020

December 31, 2021 (Audited) vs December 31, 2020 (Audited)

#### I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate for the period ended December 31, 2021 and 2020.

- D.M. Consunji, Inc. (DMCI), a wholly-owned subsidiary, is one of the leading engineering-based integrated construction firms in the country. It operates in four key construction segments: building, energy, infrastructure, as well as utilities and plants. It also has separate business units for equipment management, concrete production and steel fabrication (Project Support).
- DMCI Project Developers, Inc. (DMCI Homes), a wholly owned subsidiary, is one of the leading mid-segment developers in the Philippines, offering best-in-class amenities and value-for-money properties in Metro Manila and other key urban areas.
- Semirara Mining and Power Corporation (SMPC), a majority-owned subsidiary (56.65%), is the the largest coal producer in the Philippines. It is the only power generation company in the country that produces its own fuel (coal). Its two wholly owned operating subsidiaries—Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC)—provide baseload power to the Luzon and Visayas grids.
- DMCI Power Corporation (DMCI Power), a wholly-owned subsidiary, is one of the largest off-grid energy suppliers in the Philippines. It currently operates and maintains thermal, bunker and diesel power plants in parts of Masbate, Oriental Mindoro and Palawan.
- DMCI Mining Corporation (DMCI Mining), a wholly-owned subsidiary, operates open-pit mines in Palawan and Zambales. It has two operating nickel mining assets—Berong Nickel Corporation (BNC) and Zambales Diversified Metals Corporation (ZDMC).
- Maynilad Holdings Corporation, a 27%-owned associate, owns 93% of Maynilad Water Services, Inc. (Maynilad). Formerly an agent and contractor of the Metropolitan Waterworks and Sewerage System (MWSS), Maynilad was granted a 25-year legislative franchise on December 10, 2021 for the West Zone of the Greater Manila Area. It is the largest private water service provider in terms of customer base in the Philippines, serving 17 cities and municipalities in Metro Manila and Cavite Province.

## CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>in Php millions except EPS</i>	October to December (Q4)			January to December (FY)		
	2021	2020	Change	2021	2020	Change
I. SMPC (56%)	3,286	317	937%	9,234	2,009	360%
II. DMCI Homes	1,172	860	36%	4,397	1,940	127%
III. Maynilad (25%)	435	314	39%	1,559	1,540	1%
IV. DMCI Mining	223	231	-3%	1,206	483	150%
V. DMCI Power	153	134	14%	580	537	8%
VI. D.M. Consunji Inc.	(208)	206	-201%	378	109	247%
VII. Parent and others	(4)	3	-233%	11	(51)	122%
<b>Core Net Income</b>	5,057	2,065	145%	17,365	6,567	164%
Nonrecurring Items	(136)	(116)	-17%	1,031	(708)	246%
<b>Reported Net Income</b>	4,921	1,949	152%	18,396	5,859	214%
<b>EPS (reported)</b>	0.37	0.15	152%	1.39	0.44	214%

### Q4 2021 vs Q4 2020 Consolidated Highlights

- Reported net income surged 152-percent from Php 1.95 billion to an all-time high of Php 4.92 billion on record high coal prices, stronger electricity sales and marked increase in real estate accomplishments. This translated to an earnings per share of Php 0.37 for the period.
- Excluding nonrecurring items, core net income soared 145% from Php 2.07 billion to Php 5.01 billion, the highest for any given quarter. Nonrecurring items in 2021 pertain to Maynilad's donation and miscellaneous expenses while 2020 one-off items refer to the accelerated depreciation of replaced parts under the SCPC Life Extension Program (LEP) and impairment loss for SLPGC gas turbines.
- Around 88% of core net income came from SMPC and DMCI Homes.

### FY 2021 vs FY 2020 Consolidated Highlights

- Reported net income grew threefold (3.1x or 214%) from Php 5.86 billion to Php 18.40 billion as all of the businesses delivered robust growth on the back of stronger-than-expected coal, electricity and nickel markets, coupled with higher construction accomplishments. This translated to Php 1.39 in earnings per share and 21.7% in return on equity.
- Excluding nonrecurring gain in 2021 due to deferred tax remeasurement because of CREATE Act and gain on land sale, versus a nonrecurring loss in 2020 owing to Davao project sales cancellations, core net income rocketed by 164% from Php 6.57 billion to Php 17.37 billion, the highest ever recorded by the group.
- SMPC and DMCI Homes accounted for 79% of core net income.
- Strong operating cashflow from elevated commodity and electricity prices allowed the group pay out a total of Php 6.37 billion (Php 0.48 per share) in special cash dividends last November 10. This raised 2021 total cash dividends to Php 12.75 billion (Php 0.96 per share), which translates to a payout ratio of

194%—well above the company dividend policy of 25% of the previous year's core net income and another all-time high for the group.

## Q4 2021 vs Q4 2020 Subsidiaries and Associate Performance

### I. Semirara Mining and Power Corporation (SMPC)

Core income contribution from SMPC grew ten times (937%) from Php 317 million to a record-setting Php 3.29 billion. The spectacular outcome is due to the combined effect of soaring coal and electricity prices, improved coal production and substantial uncontracted power generation capacity.

At the consolidated level, the impact of elevated coal prices on the power segment was cushioned by its vertical integration with the coal segment. The following summarizes the performances of the two segments during the period:

#### Coal Segment

- **Record-high prices.** Semirara coal average selling prices (ASP) rose by a staggering 229% from Php 1,354 to Php 4,452 owing to volatile market conditions. Rapid global economic recovery and supply disruptions led to an energy crunch in China, India and Europe as they raced to boost stockpiles in time for the winter season. This pushed Newcastle coal prices to record-high levels, peaking at \$269.50 in October. Reports of a China coal price cap stemmed further spikes but index prices remained elevated till year-end.
- **Lower sales volume.** Lower Q3 production (2.0 MMT) due to unfavorable weather conditions dampened Q4 shipments. This resulted in a 46-percent decline in coal sales from 4.6 million metric tons (MMT) to 2.5 MMT. Export sales bore the brunt, falling by 59% from 3.4 MMT to 1.4 MMT while domestic sales slid by 8% from 1.2 MMT to 1.1 MMT.
- **Lower cost of sales and depreciation.** Due to lower shipments, cost of sales (COS) and depreciation dropped by 43% and 20%, respectively. COS fell from Php 4.41 billion to Php 2.51 billion while depreciation slipped from Php 1.15 billion to Php 0.92 billion.
- **Higher production.** Production picked up at the latter part of the quarter posting a robust 52-percent bounce-back from 2.3 MMT to 3.5 MMT. Aggregate (actual) strip ratio declined to 10.8 from 16.5 as both the weather and water seepage conditions significantly improved.

#### Power Segment

- **Improved plant availability.** SCPC plant availability (540MW dependable capacity) rose by 32% from 60% to 79% with the continuous operations of Unit 1 and reduced plant outages of Unit 2 (outage days decreased from 42 to 38). SLPGC plant availability (300MW dependable capacity) dropped by 18% from 91% to 75% as total outage days increased from 18 days to 45 days year-on-year.
- **Better output.** Overall gross generation slightly improved (3%) from 1,220 gigawatt hours (GWh) to 1,253 GWh on the improved performance of SCPC, whose generation widened by 25% from 644 GWh to 808 GWh. Meanwhile, SLPGC generation declined by 23% from 576 GWh to 445 GWh.
- **Higher sales.** Total sales volume grew by 14% from 1,069 GWh to 1,217 GWh. This was largely due to SCPC's 32-percent jump in electricity sales from 544 GWh to 717 GWh, which offset the 5-percent dip of SLPGC from 525 GWh to 500 GWh. Around 44% of total sales was through the electricity spot market.
- **Elevated prices.** Overall ASP soared by 73% from Php 2.61/KWh to Php 4.52/KWh mainly due to a bilateral contract, which ran for almost a third of the period and had a fuel pass-through provision. The contract expired on October 25, thereafter allowing spot market sales. Spot ASP tripled from Php 1.87/KWh to Php 5.71/KWh.

SMPC standalone revenues expanded by 72% from Php 8.37 billion to Php 14.39 billion, its highest quarterly topline ever. Cash costs of sales contracted by 16% from Php 4.41 billion to Php 3.71 billion owing to lower coal shipments and higher electricity sales.

## II. DMCI Project Developers Inc. (DMCI Homes)

DMCI Homes increased its core net income contribution by more than a third (36%) from Php 860 million to Php 1.17 billion. Its performance was due to the following:

- **Reduced cost of sales (COS).** COS contracted by 20% from Php 4.91 billion to Php 3.94 billion. The absence of dress-up costs accounted for the more pronounced drop in COS versus revenues.
- **Lower revenue recognition.** Revenues slipped by 9% from Php 6.47 billion to Php 5.80 billion as the number of new accounts that qualified for revenue recognition declined while sales cancellations increased
- **Higher operating expenses (OPEX).** OPEX stood at Php 642 million, up 25% from Php 513 million largely due to higher manpower costs, taxes and licenses.
- **Rise in other income.** Other income swelled by 34% from Php 263 million to Php 352 million owing to unit cancellations, forfeitures and rental income.

The company also reported the following operational highlights:

- **Weaker sales and reservations.** Units sold fell by 27% from 1,162 to 1,210, of which 701 were residential units and 509 were parking slots.
- **Lower sales value.** Anemic sales translated to lower sales value, which sank by 25% from Php 5.85 billion to Php 4.37 billion.
- **Lower selling prices.** ASP per square meter went down by 10% from Php 124,000 to Php 112,000 as more larger-cut units (2-bedrooms) were sold during the period. However, on a per unit basis, ASP improved by 16% from Php 4.92 million to Php 5.69 million.
- **Substantial inventory.** Total Inventory grew by 66% from Php 24.6 billion to Php 40.8 billion as more ready-for-occupancy (RFO) units and newly-launched units from pre-selling projects became available. RFO units accounted for 28% of total inventory.

## III. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad climbed double-digits (39%) from Php 314 million to Php 435 million. On a standalone basis, its reported core net income rose by 36% from Php 1.32 billion to Php 1.80 billion mainly due to reclassification of cash costs, noncash costs and nonrecurring items. To further explain its performance:

- **Lower billed volume.** Billed volume registered a marginal reduction (-1%) from 130.0 million cubic meters (MCM) to 129.0 MCM on lower overall demand.
- **Lower average effective tariff.** Average effective tariff dropped by 8% from Php 45.4 to Php 41.6 due to lower billed volume and absence of tariff and inflationary adjustments.
- **Better customer mix.** Looser quarantine restrictions led to a slight improvement in customer mix, with the commercial segment accounting for 16.5% compared to 16.2%.
- **Reduced cash costs and higher noncash operating expenses (OPEX).** Total cash costs slid by 20% from Php 1.73 billion to Php 1.39 billion while noncash OPEX rose by 9% from Php 1.07 billion to Php 1.16 billion. The movements were primarily due to the reclassification of some cash costs to other non-operating expenses.

The nonrecurring expenses are from the impact of change in method of deduction for tax recognition (Php 380 million), COVID-19 expenses (Php 52 million) and donations (Php 18 million).

#### IV. DMCI Mining Corporation (DMCI Mining)

DMCI Mining posted a 3-percent downtick in core net income contribution from Php 231 million to Php 223 million as record-high standalone revenues of Php 1.02 billion—up 20% from Php 850 million—muted the impact of higher direct costs. To summarize its performance:

- **Higher production.** Total production picked up by 3% from 422,000 wet metric tons (WMT) to 433,000 WMT on the uneven nickel output of BNC and ZDMC. BNC production weakened by 32% from 258,000 WMT to 175,000 WMT owing to the depletion of its Berong mine. Meanwhile, ZDMC recorded a 57-percent boost in production from 164,000 WMT to 258,000 WMT.
- **Increased Shipment.** Total shipment accelerated by 20% from 413,000 WMT to 494,000 WMT on strong China demand and higher mine production.
- **Lower selling prices.** Average selling prices dipped by 2% from USD 41/WMT to USD 40/WMT due to high base effect. In December 2020, BNC sold 55,000 WMT of 1.4% grade nickel ore for US\$50/ton. However, selling prices for mid-grade ore (1.40% to 1.50%) actually improved 5% from USD 66/WMT to USD 69/WMT. Lower-grade ore (1.3%) jumped even higher (13%) from USD 32/WMT to USD 36/WMT.
- **Unchanged nickel grades.** Average nickel grade sold was unchanged at 1.29% as the 2-percent drop in BNC nickel grade (1.27% to 1.24%) was offset by the 2-percent increase in ZDMC nickel quality (1.31% to 1.34%).
- **Higher cost of sales.** Cash costs (COS) more than doubled (139%) from Php 121 million to Php 290 million mainly due to the clearing and development of new Zambales mining areas and higher fixed shipment costs in Palawan.

The company also reported the following operational highlights:

- **Substantial inventory.** Total inventory receded by 17% from 469,000 WMT to 389,000 WMT as BNC inventory retreated by 31% from 418,000 WMT to 287,000 WMT. Mitigating the impact of this decline was the doubling of ZDMC inventory from 51,000 WMT to 102,000 WMT.
- **New debt for capital expenditures (CAPEX).** DMCI Mining availed a long term loan of Php 350 million to boost ZDMC's in-house mine production capacity. Around Php 47 million was spent to acquire additional heavy equipment for the Zambales operations.

#### V. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power increased by 14% from Php 134 million to Php 153 million due to the combined effect of the following:

- **Improved energy sales.** Energy dispatch grew by 9% from 81.0 GWh to 88.0 GWh as demand from all areas improved on looser quarantine restrictions.
- **Elevated selling prices.** Average selling prices expanded by 35% from Php 10.4/KWh to Php 14.0 /KWh on soaring fuel prices. Diesel cost surged by 57% to Php 45/liter while bunker spiked by 39% to Php 39/liter.
- **Steeper cost of sales (COS).** COS grew (59%) faster than revenues (47%) from Php 602 million to Php 958 million, largely due to higher fuel cost during the maintenance of Masbate 15MW thermal power plant.

#### VI. D.M. Consunji, Inc. (DMCI)

DMCI saw its core net income contribution plunge by 201% from a net income of Php 206 million to a net loss of Php 208 million due to the following:

- **Weaker revenues.** Revenues contracted by 44% from Php 6.75 billion to Php 3.78 billion on lower construction accomplishments from infrastructure projects, reduced project support demand and conservative revenue recognition.

- **Higher cost of sales (COS).** Gross profit thinned from 10.8% to 5.4% due to partial recovery of COVID-19 costs in Q4 2020.
- **Decline in operating expenses (OPEX).** OPEX decreased by 13% from Php 188 million to Php 164 million on the absence of COVID-19 related expenses.

The company also reported the following updates:

- **Order book slowdown.** Balance of work decreased by 5% from Php 51.7 billion in September 2021 to Php 49.3 billion as of year-end as project bidding and construction spending remained sluggish. The current order book is enough to sustain the company for roughly three years.
- **Higher ending cash balance.** Downpayment from new projects raised the company's cash balance by 37% as of end of December 2021 from Php 1.4 billion to Php 2.0 billion.

## Parent and Others

Parent and other investments booked a net loss of Php 4 million compared to a net income Php 3 million last year mainly due to lower interest income from placements.

## Outlook

Our 2022 performance will be largely defined by the ongoing geopolitical crisis and rate of economic recovery of the Philippines from the COVID-19 pandemic. The outcome of this year's elections could also affect the growth and sustainability of our businesses.

We expect intense volatility in the coal and nickel markets because of global supply disruptions and economic sanctions on Russia, the world's third-largest and sixth-largest producer of nickel and coal, respectively. While the escalation and prolonged aftermath of these sanctions will keep index prices elevated, possible policy interventions by China and Indonesia could create significant drawbacks for SMPC and DMCI Mining. Supply disruptions could also mean higher fuel expenses and raw materials costs for DMCI and DMCI Homes.

Meanwhile, we expect our power and water businesses to benefit from the full economic reopening of the Philippines. Consumption should return to normal as companies and schools revert to on-site arrangements. Off-grid demand could also grow with the unrestricted entry of foreign and local tourists.

More in-person activities leading up to the elections should also boost electricity demand. Historically, the highest power consumption growths were seen in 2010 and 2016, which were both election years.

Post elections, we expect some changes in regulation with the takeover of a new administration. These changes could have significant impacts on our coal operating contract, Mineral Production Sharing Agreement (MPSA) applications, rate rebasing exercise and project bids under the Build, Build, Build program.

2. Amendments of By-Laws (see attached details)
3. Amendments of the following: (see attached details)
  - a. Board Charter
  - b. ERM Policy
  - c. Vision, Mission, Values and Corporate Objectives
4. Creation of the following: (see attached details)
  - a. Advisory Board
  - b. Strategy and Sustainability Committee
5. Adoption of the following: (see attached details)
  - a. Board Diversity Policy
  - b. Independent Director Succession Policy



## 6. Annual Stockholders' Meeting

The Corporation will hold its Annual Stockholders' Meeting (ASM) on **May 17, 2022, Tuesday, at 9:30 via remote communication**. The Record Date for the ASM is set on April 4, 2022. The Board has appointed Castillo Laman Tan Pantaleon and San Jose Law Offices (CLTPSJ) and Stock Transfer Service, Inc. (STSI) as Committee of Inspectors while the audit firm, Punongbayan & Araullo (P&A) was appointed as Board of Canvassers.

The Board likewise approved the following:

1. Filing of the application to the Securities Exchange Commission (SEC) to authorize the distribution of Annual Stockholders meeting materials using the Quick Response (QR) Code.
2. Distribution of Notice of Annual Stockholders' Meeting through publication in the business section of two (2) newspapers of general circulation in print and online format for two (2) consecutive days. Provided that the last publication of the Notice of ASM shall be made not later than twenty-one (21) days prior to scheduled ASM

## 7. Re-appointment of the external and internal auditors and Lead Internal Audit Coordinator

Upon recommendation of the Audit Committee, the Board approved, subject to stockholders' ratification, the reappointment of Sycip, Gorres, Velayo & Co. (SGV) as the Corporation's external auditor for the current year (2022). Likewise, Punongbayan & Araullo (P&A) was appointed as the Company's internal auditor. The Board also appointed Mr. Herbert M. Consunji as the Lead Internal Audit Coordinator.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DMCI Holdings, Inc.  
Issuer



Herbert M. Consunji

Executive Vice President & Chief Finance Officer

March 7, 2022

## PROPOSED AMENDMENTS TO BY-LAWS

**Art. II Sec. 2 Notice of Regular Annual Meetings.** Except as otherwise provided by law, written or printed notice of all annual meetings of stockholders, stating the place and time of the meeting and, if necessary, the general nature of the business to be considered, shall be transmitted by personal delivery, **by electronic mail**, mail, telegraph, facsimile or cable to each stockholder of record entitled to vote thereat at his address last known to the Secretary of the Corporation, at least **twenty one (21) days** before the date of the meeting.

**Art. II Sec. 4 Notice of Special Meetings.** Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which said meeting is called. The notice shall be given not less than **twenty one (21) days** before the date of the meeting to each stockholder entitled to vote at such meeting. Notices shall be sent by the Secretary by personal delivery, facsimile, telegraph, cable, **by electronic mail**, or by mailing the notice to each stockholder of record at his last known address or by publishing the notice in a newspaper of general circulation at least **twenty one (21) days** prior to the date of the meeting.

**Art. II Sec 6. Quorum.** A majority of the subscribed capital, present in person, by **remote communication** or represented by proxy, shall be sufficient at a stockholders' meeting.... xxx

**Art. II Sec. 7 Vote.** At each meeting of the stockholders, every stockholder shall be entitled to vote in person, in absentia, **by remote communication** or by proxy, for each share of stock held by him which has voting power upon the matter in question.

**Art. II Sec 8 Proxies.** Validation of proxies shall be held at the date, time and place or through **remote communication** as may be stated in the Notice of the stockholders' meeting....xxx

**Art II Sec. 10 Order of Business.** The Order of Business at the annual meeting of stockholders shall be as follows:

1. Call to order
2. Proof of proper notice of meeting
3. Approval of minutes of previous meeting of stockholder
4. Report of Officers
5. Ratification of all acts of the Board of Directors and Officers during the Previous Year
6. Appointment of independent auditor
7. New Business
8. Election of Directors
9. Miscellaneous Business
10. Adjournment

**Art. III Sec. 1 Number, Term of Office, Manner of Election.** Unless otherwise provided by the Corporation Code, the corporate powers of the Corporation shall be exercised, all business conducted and all property of the Corporation controlled and held by the Board of Directors consisting of nine (9) members, **three of whom must be independent directors**, to be elected from among the holders of common stock, who shall hold office for one (1) year, and until their successors are elected and qualified.

At all election of directors, there must be present, either in person, **by remote communication** or by representative, authorized to act by written proxy, the owners of the majority of the outstanding capital stock entitled to vote. Every stockholder entitled to vote shall have the right to vote in person, in absentia, **by remote communication** or by proxy the number of shares of stock standing....xxx

**Art. III Sec. 3 Disqualifications.** The grounds for disqualification of directors shall be as set forth in the SEC Code of Corporate Governance, the Corporation's Manual on Corporate Governance, **and other applicable laws and issuances of the SEC.**

**Art. III Sec. 7 Regular and Special Meetings.** Members of the Board should attend regular and special meetings of the Board in person or **through remote communication such as through videoconferencing and teleconferencing in accordance with the rules and requirements of the SEC.**

**Art. IV Sec. 1 Number, Definition of Independent Directors.** The Corporation shall have **at least three (3) independent directors** or such number of independent directors as shall constitute at least **1/3** of the members of such Board, whichever is lesser.

**Art. IV Sec. 3 Disqualifications of Independent Directors.** An independent director must possess all the qualifications and none of the disqualifications for independent directors provided under applicable laws, rules and issuances of the SEC. An independent director shall likewise be disqualified during his tenure under any of the following instances or causes...

**Art. V Sec. 1 Election, Term of Office and Qualifications.** The Treasurer shall be a resident of the Philippines.

**Art. VI Sec. 1 Board Committees.** The Board of Directors shall constitute Committees in aid of good corporate governance, namely: Audit Committee, Nomination and **Election** Committee, Compensation Committee, Risk Oversight Committee and **Corporate Governance Committee.** **The Board of Directors shall also constitute a Strategy and Sustainability Committee and such other committees as may support the effective performance of its functions.**

**Art. VII Office.** The main office of the Corporation shall be located at the **place indicated in the articles of incorporation of the Corporation.**

**Art. VI Sec. 7 Sustainability Committee.** The Strategy and Sustainability Committee will assist and advise the Board of Directors in developing, assessing and overseeing major financial and investment plans and other material issues that may affect the sustainability of the Company. The committee shall consist of five members, majority of whom are Independent Directors. The Chief Executive Officer shall be a member of the Committee. It shall have the following duties and responsibilities:

- (a) Review and make recommendations to the Board regarding the following, as appropriate:
  - (i) raising and deployment of capital
  - (ii) identification of prospects and opportunities for corporate expansion, organizational development and long-term value creation
  - (iii) implementation of the Company's corporate strategy through corporate developments and growth initiatives, including but not limited to reorganizations, acquisitions, divestitures, joint ventures and strategic alliances

(iv) environmental, social and governance matters relevant to the businesses, including Company policies, activities and opportunities

(v) impact of external developments and factors on the Company's corporate strategy and its execution, including the impacts of the changes in economic, market, industry, legal, environmental and safety regulations and technology

(b) Support and advise the Board, the Chairman of the Board, the Chief Executive Officer, and management, on an as-requested basis, on the development and refinement of specific aspects of the Company's operations and corporate strategy or on other major operations and strategic issues

(c) carry out such other duties or responsibilities as may be delegated to it by the Board from time to time.

## PROPOSED BOARD CHARTER AMENDMENT

### ***Section 1 Board Composition***

5. Independence - The Board shall have **at least three (3) independent directors or consist at least one-third of the members of the board** as required by the rules of the SEC and the PSE. Provided further, that the Corporation may choose to have more independent directors in the Board than as required in the Corporation's By-Laws.

### ***Section 2 Election of the Board***

4. Term limits for Independent Directors - **The Independent Director shall serve for a maximum cumulative term of nine (9) years.** The cumulative period shall start from the year 2012 in accordance with the rules and circulars of the SEC. After which, the independent director shall be perpetually barred from re-election as such in the same company, but he/she may continue to qualify for nomination and election as a independent director subject to shareholder's approval during the annual stockholders' meeting.

## **ADVISORY BOARD**

The Board of Directors, by majority vote, may appoint one or more Advisors (the “Advisory Board”) whose term shall be co-terminus with the Board of Directors. The Advisory Board provides the Board of Directors with guidance and suggestions, as necessary, on matters deliberated upon during Board meetings. The Advisors must possess expertise, knowledge, experience and qualities that complement the existing Board.

Advisors may attend Board meetings and Board-level Committee meetings but do not have the authority to vote on corporate matters. They are also required to accomplish an annual performance evaluation/self-assessment form as part of the Company’s corporate governance assessment and monitoring.

## **STRATEGY AND SUSTAINABILITY COMMITTEE CHARTER**

### **Purpose**

The Strategy and Sustainability Committee will assist and advise the Board of Directors in developing, assessing and overseeing major financial and investment plans and other material issues that may affect the sustainability of the Company.

### **Committee Structure**

The Committee shall consist of five members, majority of whom are Independent Directors. The Chief Executive Officer shall be a member of the Committee.

The Committee Chairman shall be appointed by the Board on the recommendation of the Nomination and Elections Committee.

The Chief Sustainability Officer shall serve as the Committee Secretariat.

### **Duties and Responsibilities**

The Committee will review and make recommendations to the Board regarding the following, as appropriate:

- a) raising and deployment of capital
- b) identification of prospects and opportunities for corporate expansion, organizational development and long-term value creation
- c) implementation of the Company's corporate strategy through corporate developments and growth initiatives, including but not limited to reorganizations, acquisitions, divestitures, joint ventures and strategic alliances
- d) environmental, social and governance matters relevant to the businesses, including Company policies, activities and opportunities
- e) impact of external developments and factors on the Company's corporate strategy and its execution, including the impacts of the changes in economic, market, industry, legal, environmental and safety regulations and technology

The Committee will also:

- a) support and advise the Board, the Chairman of the Board, the Chief Executive Officer, and management, on an as-requested basis, on the development and refinement of specific aspects of the Company's operations and corporate strategy or on other major operations and strategic issues
- b) carry out such other duties or responsibilities as may be delegated to it by the Board from time to time.

## **Procedures and Administration**

1. Meetings shall be held quarterly, or more frequently as circumstances require.
2. The Committee Chair and CSO will set meeting agendas.
3. The quorum for the Committee shall be three with a majority of non-executive directors.
4. In the absence of the Chairperson of the Committee, the remaining members may designate an acting Chairperson for the particular meeting.
5. The Committee may request any officer or employee to attend any meeting and provide pertinent information as necessary.
6. All decisions shall be taken on a majority of votes. In case a majority cannot be obtained, the Chairperson will be the deciding vote.
7. The Committee, through the CSO, will report its activities and decisions to the Board on a regular basis.
8. The Corporate Secretary will maintain minutes of the Committee meetings.
9. The Committee will annually evaluate its performance and report to the Board its evaluation.
10. The Committee will annually review this charter and recommend to the Board any amendments deemed necessary or appropriate.

## **Other Provisions**

In fulfilling its duties and responsibilities, the Committee may seek independent professional advice, should the need arise. The professional services procured will be at the Company's expense and prior approval of the Chairperson is required.

The Committee shall have access to the Company's books, records, facilities and personnel.

The Company will provide appropriate funding for the Committee's ordinary administrative expenses that are necessary or appropriate to carry out its duties and responsibilities.

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## **BOARD DIVERSITY POLICY**

We recognize the value of a diverse Board and commit to promoting diverse membership among our directors.

Consistent with our values and company policies, no director or candidate for directorship shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality or political, religious or cultural backgrounds.

The members of the Board of Directors shall be selected from a broad pool of qualified nominees, with expertise, experience, independence and skills as the main criteria. The final composition of the Board shall be based on merit and potential contribution to the Company.

To avoid groupthink and ensure optimal decision-making, the Board shall have:

- at least three (3) independent directors or one-third of the entire board, whichever is higher
- mostly non-executive members who possess the necessary qualifications to effectively participate and help secure independent judgement on corporate affairs and to substantiate proper checks and balances.

Directors must also have a strong understanding of construction, engineering, finance, business development and corporate governance to encourage a diversified collaboration of views and skill set within our Board.

## **INDEPENDENT DIRECTOR SUCCESSION POLICY**

We believe that the Board of Directors is responsible for directing the long-term success of our Company, and their optimal composition over time is critically important to investors and other key stakeholders. As such, robust board succession planning is necessary to establish and maintain a competent, entrepreneurial, independent and inclusive Board.

Our succession plan is intended to give assurance and confidence to all stakeholders of the Company, demonstrating that changes in leadership would be carefully planned, communicated and implemented by the Board.

This policy outlines the process for identifying and replacing Independent Directors, who are key to maintaining objectivity and broad expertise within the Board. It should be applied in conjunction with the Board Diversity Policy, Manual on Corporate Governance, By-Laws and other corporate documents of the Company.

### **Criteria**

An Independent Director (ID) shall possess appropriate skills, experience, knowledge and stature in at least one of these fields: construction, engineering, finance, law, management, corporate governance, operations or other disciplines related to the Company's businesses.

To qualify for selection, candidates should:

- Meet the independence criteria of the Securities and Exchange Commission (SEC)
- Have extensive experience and proven record of professional success and leadership
- Be of good repute and have the highest level of personal and professional ethics, integrity and values
- Be free of major conflicts of interest, in particular having no continuing operating or executive role in any company that competes with any of the Company's subsidiaries
- Be willing to commit, as well as have sufficient time, to discharge the duties of Board membership

### **Identification and Selection**

The Nomination and Election Committee shall identify, pre-screen and shortlist ID candidates, who will then be recommended to the Board for deliberation and selection.

### **Term Limits**

An Independent Director shall serve for a maximum cumulative term of nine (9) years. The cumulative period shall start from the year 2012 in accordance with the rules and circulars of the SEC.

After which, the independent director shall be perpetually barred from re-election as such in the same company, but he/she may continue to qualify for nomination and election as a non-independent director.

## PROPOSED ENTERPRISE RISK MANAGEMENT POLICY AMENDMENT

“...DMCI HI shall ensure that appropriate coordination is in place among ERM stakeholders to identify and evaluate these improvement opportunities through the regular monitoring of action plans and assessment of risk management strategies being implemented.

***Identified action plans should be monitored and assessed on a semi-annual basis.***”

## AMENDMENT TO VISION, MISSION AND CORPORATE OBJECTIVES

<p><b>VISION</b>          We are the leading integrated engineering and management conglomerate in the Philippines. Through our investments, we are able to do the following:</p> <ul style="list-style-type: none"> <li><b>D</b> eliver exceptional shareholder value</li> <li><b>M</b> otivate and provide employees with opportunities and just rewards to achieve their full potential</li> <li><b>C</b> ultivate progress in remote areas, unserved markets and growth industries</li> <li><b>I</b> ntegrate sustainable development with superior business results through principled contracting and innovative engineering</li> </ul>	<p><b>CORPORATE STRATEGY</b></p> <ul style="list-style-type: none"> <li>• We choose industries that allow us to leverage our engineering and management expertise and construction resources, while promoting development.</li> <li>• We engage and retain our employees by investing in skills development and career opportunities.</li> <li>• We pursue businesses with unrealized value that could be unlocked through innovative engineering and management.</li> <li>• We manage our businesses in accordance with relevant government standards on environment, safety, quality and corporate governance practices.</li> </ul>
<p><b>MISSION</b>          To invest in engineering and construction-related businesses that bring real benefits to people and the country.</p>	<p><b>COMPANY VALUES</b></p> <ul style="list-style-type: none"> <li>• Integrity</li> <li>• Fairness</li> <li>• Customer Focus</li> <li>• Teamwork</li> <li>• Accountability</li> <li>• Innovation</li> <li>• Sustainability (safety, environment, citizenship, governance)</li> </ul> <p style="text-align: right; color: red;"><b>To be removed</b></p>