

# 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)

3 R D F L R . D A C O N B L D G . 2 2 8 1  
 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

1 2      3 1  
 Month      Day  
 Fiscal Year

SEC 17-C  
 FORM TYPE

0 5      1 7  
 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

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

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. August 8, 2023  
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  
Address of principal office
- 1231  
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, August 8, 2023, the Board approved the following:

### 1. Consolidated Financial Statements for the period ended June 30, 2023.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIODS ENDED JUNE 30, 2023 AND 2022

June 30, 2023 (Unaudited) vs June 30, 2022 (Unaudited)

### I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as "the DMCI Group", for the periods ended June 30, 2023 and 2022.

- 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 two construction segments: building and infrastructure. It also has separate business units for joint ventures and project support (i.e., concrete production, steel fabrication and equipment rental).
- 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 largest and most modern coal producer in the Philippines. It is the only vertically integrated power generation company in the country that runs on 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 through bilateral contract quantity (BCQ) and the Wholesale Electricity Spot Market (WESM).
- DMCI Power Corporation (DMCI Power), a wholly-owned subsidiary, is the largest off-grid energy supplier 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, extracts nickel ore through surface mining and ships these directly to China and other markets. Currently a single-mine operator, it has nickel assets in Palawan (Berong Nickel Corporation) and Zambales (Zambales Diversified Metals Corporation).
- Maynilad Holdings Corporation, a 27%-owned associate, owns 93% of Maynilad Water Services, Inc. (Maynilad). The largest private water service provider in the Philippines, Maynilad holds a 25-year franchise to establish, operate and maintain the waterworks system and sewerage and sanitation services in the West Zone service area of Metro Manila and the Province of Cavite.

## CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>in Php millions except EPS</i>	April to June (Q2)			January to June (H1)		
	2023	2022	Change	2023	2022	Change
I. SMPC (56.65%)	5,765	6,110	-6%	10,879	14,630	-26%
II. DMCI Homes	1,387	1,308	6%	2,491	2,722	-8%
III. Maynilad (25%)	474	393	21%	997	712	40%
IV. DMCI Mining	250	510	-51%	723	1,009	-28%
V. DMCI Power	231	205	13%	365	337	8%
VI. D.M. Consunji Inc.	139	516	-73%	412	883	-53%
VII. Parent and others	9	(49)	118%	10	(38)	126%
<b>Core Net Income</b>	<b>8,255</b>	<b>8,993</b>	<b>-8%</b>	<b>15,877</b>	<b>20,255</b>	<b>-22%</b>
Nonrecurring Items	(12)	37	-132%	(18)	36	-150%
<b>Reported Net Income</b>	<b>8,243</b>	<b>9,030</b>	<b>-9%</b>	<b>15,859</b>	<b>20,291</b>	<b>-22%</b>
<b>EPS (reported)</b>	<b>0.62</b>	<b>0.68</b>	<b>-9%</b>	<b>1.19</b>	<b>1.53</b>	<b>-22%</b>

### Q2 2023 vs Q2 2022 Consolidated Highlights

- The DMCI Group (DMC) recorded a 9-percent drop in second-quarter net income from Php 9.03 billion to Php 8.24 billion pesos, its second highest in history. This translated to an earnings per share of Php 0.62 from Php 0.68.

Weaker earnings contribution from the mining (coal and nickel) and construction businesses accounted for the downturn, which was partially offset by the increased profit contribution from the power (on and off-grid) and water businesses.

Quarter-over-quarter, net income picked up by 8% from Php 7.62 billion (Q1 2023), and accelerated by 58% from Q2 2021 (Php 5.23 billion).

Total revenues dipped by 2% from Php 37.70 billion to Php 36.96 billion as higher electricity sales (on- and off-grid) offset the impact of weaker commodity prices (coal and nickel) and lower construction accomplishments (real estate and construction).

Total cash costs were mostly flat (-1%) from Php 22.36 billion to Php 22.22 billion as lower royalty expense offset the effect of higher direct costs for coal and nickel.

Finance income (net of finance costs) rose to Php 260 million versus a Php 156 million expense last year, mainly due to efficient SMPC cash management and higher interests from in-house financing of DMCI Homes.

Other income contracted by 29% from Php 1.25 billion to Php 888 million largely due to lower SMPC net foreign exchange gain, which dropped 63% from Php 767 million to Php 282 million.

Depreciation and amortization rose by 8% from Php 2.11 billion to Php 2.27 billion on higher coal and nickel shipments and increased SMPC capital expenditures from H2 2022 to Q1 2023.

Income taxes surged by 44% from Php 999 million to Php 1.44 billion owing to significantly higher taxable income for SCPC and SLPGC.

- EBITDA margin modestly narrowed from 41% to 40%, while net income margin slipped from 36% to 34% due to lower topline and flat cash costs. Both margins at healthy levels.
- 2023 nonrecurring items mostly pertain to Maynilad donations and net foreign exchange losses, while 2022 nonrecurring items mainly pertain to DMCI gain from land sale.
- SMPC, DMCI Homes and Maynilad accounted for 92% of core net income.
- Paid out cash dividends of Php 9.56 billion or Php 0.72 per share last April 28.

## **H1 2023 vs H1 2022 Consolidated Highlights**

- Reported net income dropped by 22% from Php 20.29 billion to Php 15.86 billion on lower contributions from the coal, nickel, real estate and construction businesses. Consequently, earnings per share fell from Php 1.53 to Php 1.19. Return on equity reached 14.9% over the semestral period.
- Total revenues retreated by 14% from Php 81.47 billion to Php 69.99 billion on lower coal and nickel selling prices and depressed construction accomplishments (DMCI and DMCI Homes), coupled with higher revenue reversals from real estate sales cancellations and fewer new real estate accounts that qualified for revenue recognition.

These declines were partially offset by higher commodity (coal and nickel) shipments and electricity sales (on- and off-grid).

- Total cash costs fell by 10% from Php 46.14 billion to Php 41.40 billion on lower royalty expense and direct costs as a result of lower construction accomplishments.
- EBITDA margin narrowed from 43% to 41%, while net income margin decreased from 39% to 35% as total cash costs fell slower than revenues. Both margins still at healthy levels.
- 2023 nonrecurring items pertain to Maynilad donations and net foreign exchange loss, while 2022 nonrecurring items relate to DMCI gain from land sale, Maynilad severance pay, donations and net foreign exchange gain.
- SMPC, DMCI Homes and Maynilad contributed 90% of core net income.
- Consolidated cash level surged by 33% from Php 28.4 billion (December 31, 2023) to Php 37.9 billion on higher collection. Debt level decreased by 2% from Php 52.6 billion to Php 51.5 billion following SMPC and DMCI Power loan payment.
- Balance sheet remained very healthy as liquidity, leverage and book value per share all improved.

## **Q2 2023 vs Q2 2022 Subsidiaries and Associate Performance**

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

Net income contribution from SMPC slightly declined from its record-setting Php 6.11 billion to Php 5.77 billion mainly due to weaker coal selling prices, which was mitigated by higher coal shipments, total generation, electricity sales and average selling prices. To further elaborate:

## Coal

- **More shipments.** Total shipments increased by 22% from 3.7 million metric tons (MMT) to 4.5 MMT on the back of recovering exports and robust beginning inventory (4.4 MMT). Foreign shipments surged by 44% from 1.8 MMT to 2.6 MMT amid flat domestic sales (1.9 MMT).

China and South Korea were the leading foreign buyers, making up 55% and 39% of total exports, respectively. Shipments to China increased by 75% from 0.8 MMT to 1.4 MMT, while shipments to South Korea grew by 21% from 0.8 MMT to 1.0 MMT. The rest of the exports went to Vietnam (3%), Brunei (2%) and Japan (1%).

Sale to own plants expanded by 14% from 0.7 MMT to 0.8 MMT on improved SCPC plant availability. External domestic sales decreased by 8% from 1.2 MMT to 1.1 MMT on lower demand from cement and industrial plants.

- **Stabilizing prices.** Semirara coal average selling prices (ASP) retreated by 23% from its all-time high of Php 5,399 per metric ton (MT) to Php 4,151 per MT, as market indices normalized from last year's record highs.

Average Newcastle prices tumbled by 57% from US\$376.8 to US\$160.7, while average Indonesian Coal Index 4 (ICI4) receded by 27% from US\$89.0 to US\$65.1.

Semirara coal ASP performed better than the ICI4 (its main index reference), boosted by higher-grade coal shipments, which rose by 26% from 3.1 MMT to 3.9 MMT.

- **Higher cash costs.** Total cash costs grew by 5% from Php 9.42 billion to Php 9.89 billion mainly due to increased cost of sales (COS), tempered by declines in operating expenses and royalty expense.

Cash component of COS expanded by 22% from Php 5.28 billion to Php 6.45 billion because of higher shipments and lower production. Royalty expense dropped by 17% from Php 4.08 billion to Php 3.32 billion owing to lower selling prices and margins, while operating expenses fell by 10% from Php 139 million to Php 125 million mainly due to lower commission expenses billed for the period.

- **Higher noncash items.** Depreciation and amortization accelerated by 47% from Php 856 million to Php 1.26 billion mainly due to higher sales volume and capital expenditures from H2 2022 to Q2 2023. These expenses account for the noncash part of direct costs.
- **Reduced net forex gain.** Net forex gain plummeted by 77% from Php 710 million to Php 164 million on higher exports and stronger Philippine peso against the US dollar. As of end of Q2 2023, 24% of net foreign exchange gains remained unrealized.
- **Narrower margins.** Core EBITDA margin decreased from 52% to 47% on weaker topline and higher direct costs, cushioned by lower royalty expense. Consequently, standalone net income margin narrowed from 50% to 42% due to higher noncash expenses, lower other income and slightly higher taxes. Finance income from placements grew sixfold (563%) from Php 30 million to Php 199 million.
- **Higher net finance income.** Finance income (net of finance costs) increased to Php 139 million, up from a net finance cost of Php 61 million last year, as a result of better cash management.

The segment also reported the following operational highlights:

- **Reduced production.** Total production declined by 12% from 3.4 MMT to 3.0 MMT due to the onset of rains and ongoing stripping activities in Molave South Block 6 and Narra North Block 1.

The simultaneous stripping activities in Molave and Narra mines led to a double-digit rise (30%) in total materials moved from 42.7 million bank cubic meters (MBCM) to 55.7 MBCM. Additionally, strip ratio spiked by 51% from 11.7 to 17.7.

Molave mine accounted for 61% of total production, with a quarterly strip ratio of 17.0. Narra mine strip ratio stood at 19.0, an improvement from 24.51 the previous quarter (Q1 2023)

Full-year average strip ratio guidance adjusted to 12.09 from 12.32 the previous quarter. Half of total annual production is expected to come from Molave mine.

- **Double-digit inventory growth.** Total coal inventory grew by 12% from 2.5 MMT to 2.8 MMT on stable production and flat domestic sales, while higher-grade coal inventory increased by 9% from 1.5 MMT to 1.6 MMT.

Year-to-date, total coal inventory rose by 40% from 2.0 MMT to 2.8 MMT, while higher-grade coal expanded by 45% from 1.1 MMT to 1.6 MMT.

## Power

At the standalone level, power revenues climbed by 43% from Php 4.77 billion to Php 6.82 billion because of better operating and market conditions. Net income rallied by 82% from Php 1.2 billion to Php 2.19 billion, marking its highest second-quarter result ever. The segment's stellar results are attributable to the following:

- **Higher plant availability.** Overall plant availability surged by 25% from 64% to 80% on the improved availability of SCPC. With the commercial operation of Unit 2 last October 9, 2022, total average capacity expanded by 35% from 509 megawatt (MW) to 685 MW.

SCPC availability nearly doubled from 43% to 84% on lower outage days (29 days vs 103 days in 2022) while SLPGC availability declined from 85% to 75% following increased outage days (44.5 days versus 26 days in 2022).

- **Improved gross generation and sales.** Total gross generation improved by 27% from 956 gigawatt hours (GWh) to 1,212 GWh, as the improved performance of SCPC offset the lower output of SLPGC.

In turn, total power sales jumped by 22% from 900 GWh to 1,097 GWh, bulk (66%) of which was sold to the spot market.

Spot sales accelerated by 42% from 507 GWh to 720 GWh on higher overall output and higher uncontracted capacity (471.90 MW as of March 2023 vs 302.85 MW as of March 2022). Declared uncontracted capacity is net of station service, which varies from time to time.

Station service pertains to the electricity produced by the plant that is used within the facility to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for plant operation.

BCQ sales slipped by 4% from 393 GWh to 377 GWh after a slight drop (2%) in contracted capacity from 190.35 MW (March 2022) to 188.70 MW (March 2023).

- **Better selling prices.** Overall average selling prices (ASP) jumped by 17% from Php 5.30/ kilowatt hour (kWh) to Php 6.22/kWh due to higher spot sales and elevated prices (BCQ and spot).

ASP from spot sales inched higher (3%) from Php 6.91/KWh to Php 7.11/KWh, while BCQ ASP accelerated by 40% from Php 3.22/KWh to Php 4.52/KWh on improved contract prices and inclusion of pass-through provisions in signed contracts in H2 2022.

- **Ample uncontracted capacity.** At the end of Q2 2023, only 27% (188.7 MW) of the 710MW dependable capacity are contracted, bulk of which is under SLPGC (76% or 143.7MW).

Net of station service (58.7MW), which varies from time to time, the segment has 462.6MW available for sale to the spot market.

- **Minimal spot purchases.** Total spot purchases plunged by 81% from Php 245 million to Php 47 million owing to better plant availability, higher capacity and slightly lower contracted capacity (around 1.65 MW).

Most of the purchased spot power were used by SCPC to deliver contracted capacity and for start-up services. On June 7, Units 1 and 2 tripped, which lasted less than a day.

The segment was a net seller to the spot market by 715 GWh (vs 474 GWh in Q2 2022).

At the standalone level, SMPC registered a 5-percent decline in net income from Php 10.78 billion to Php 10.19 billion. Excluding net foreign exchange gains (Php 767 million in 2022 and Php 282 million in 2023), net income was largely unchanged (-1%) from Php 10.01 billion to Php 9.90 billion. No nonrecurring item was booked during both periods.

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

DMCI Homes recorded a 6-percent increase in net income contribution from Php 1.31 billion to Php 1.39 billion. Higher finance and other income offset the impact of decelerating revenues. To elaborate:

- **Lower revenues.** Total revenues fell by 9% from Php 6.50 billion to Php 5.89 billion because of higher reversals from sales cancellations from accounts that reached the collection threshold of the company (14.5% versus industry practice of 10%).

Tempering these movements were higher selling prices and the increase in newly-recognized accounts from prior-year sales that met the company threshold.

Newly-recognized accounts rose by 4% from Php 2.70 billion to Php 2.79 billion driven by Allegra Garden Place (launched 2019), Satori Residences (2018) and Alder Residences (2018).

Revenue reversals from sales cancellations picked up by 79% from Php 473 million to Php 846 million, as bulk buyers from mainland China terminated their purchase of units in Prisma Residences.

Quarter-over-quarter, total revenues recovered by 26% from Php 4.54 billion owing to lower cancellations (from Php 1.14 billion) and more newly-recognized accounts (from Php 1.87 billion).

- **Reduced cash costs.** Total cash costs decelerated by 9% in line with revenues from Php 5.18 billion to Php 4.70 billion because of lower recognized COS and operating expenses.

COS decreased slightly faster (10%) than topline (9%) from Php 4.55 billion to Php 4.11 billion on value engineering initiatives.

Operating expenses declined by 6% from Php 628 million to Php 589 million on high base effect, as the company booked higher opex last year following tax assessment and association dues for unsold ready-for-occupancy (RFO) units.

- **Flat EBITDA and wider net income margins.** EBITDA margin was flat (20%) after lower cash costs offset topline weakness. Net income margin grew from 20% to 24% owing to higher other income and net finance income, tempered by slightly higher provision for income taxes.

Other income surged by 41% from Php 421 million to Php 592 million on the back of higher forfeitures from sales cancellations and rental income.



Net finance income grew 2.7x from Php 55 million to Php 146 million because of higher interests from in-house financing amid lower recognized finance costs.

The company also reported the following operational highlights:

- **Weaker sales.** Total units sold contracted by 15% from 1,512 to 1,289 as high interest rates and elevated inflation kept buyers cautious. Residential units sold fell by 15% from 834 to 711, while parking slots receded at the same rate (15%) from 678 to 578.

Top selling projects include Allegra Garden Place, Sage Residences, Verdon Parc and The Erin Heights.

- **Better selling prices.** Average selling price (ASP) per unit jumped by 11% from Php 6.23 million to Php 6.92 million, while ASP per square meter rose by 13% from Php 115,000 to Php 131,000. The increase is mostly attributable to the launch of smaller-cut units in prime locations (Makati City and Mandaluyong City) over the past twelve months.
- **Lower sales value.** Total sales value slipped by 6% from Php 5.70 billion to Php 5.37 billion largely due to lower units sold, cushioned by better ASP.
- **Easing cancellations.** Sales cancellations for units still awaiting revenue recognition slightly dropped year-on-year from 16.5% to 16.2%. However, on a year-to-date basis, the decrease is more pronounced, from 19.1% to 11.7%.
- **Higher unbooked revenues.** Unbooked revenues grew by 6% from Php 61.5 billion to Php 65.2 billion mainly due to low base effect as the company ramped up its post-pandemic project launches in H2 2022.
- **More inventory.** Total inventory accelerated by 35% from Php 47.5 billion to Php 64.2 billion, bulk (73%) of which are pre-selling units.

Pre-selling inventory surged by 42% from Php 33.0 billion to Php 46.9 billion following the launch of Fortis Residences (a joint venture project), Sage Residences, The Calinea Tower and Mulberry Place 2.

RFO inventory jumped by 18% from Php 14.6 billion to Php 17.3 billion with the completion of The Orabella, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

Quarter-over-quarter, total inventory declined by 2% from Php 65.5 billion owing to the absence of project launches.

- **Additional land bank.** Total land bank grew by 2% from 217.4 hectares to 221.0 hectares, following the acquisition of a 2.3-hectare property in Mindanao.  
  
Bulk (51%) of the land bank is located in Metro Manila, followed by Luzon (44%), Visayas (3%) and Mindanao (2%).
- **Increased capital spending.** Capital expenditures (capex) reached Php 3.7 billion, a 2-percent uptick from Php 3.6 billion. 93% of capex was spent on construction activities. The rest was used to acquire new equipment and additional land.

At the standalone level, DMCI Homes generated Php 1.41 billion in net income, up by 6% from Php 1.32 billion last year. No nonrecurring item was booked during both periods.

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

Reported net income contribution from associate Maynilad improved by 16% from Php 399 million to Php 462 million due to the combined effect of improved billed volume, customer mix and average effective tariff, tempered by higher cash costs and other expenses.

Excluding nonrecurring items, core net income contribution accelerated by 21% from Php 393 million to Php 474 million.

To further explain:

- **Stronger topline.** Revenues improved by 20% from Php 5.91 billion to Php 7.09 billion on higher billed volume, better customer mix and increased average effective tariff.
- **Higher cash costs.** Cash costs grew faster (34%) than topline (20%) from Php 1.91 billion to Php 2.55 billion due to the franchise tax, cross-border water purchases, higher utilities spending, repairs and maintenance, and increased chemical costs for its Putatan water treatment plant.
- **More finance costs.** Net finance cost (less finance income) surged by 22% from Php 529 million to Php 643 million largely due to new borrowings to refinance a US Dollar denominated loan for the Metro Manila Waster Water Management Project (MWMP).
- **Better profit margin.** Standalone net income margin widened from 27% to 31% owing to better topline and lower depreciation, offsetting higher cash costs.

Depreciation and amortization dropped by 39% from Php 1.24 billion to Php 754 million mainly attributable to the effectivity of the company's legislative franchise under Republic Act 11600, which extended its service concession assets by ten years (from 2037 to January 2047), beginning January 2022. The company adjusted the concession asset effective in Q4 2022 following acceptance of the franchise in March 2022.

- **Uptick in billed volume.** Billed volume grew 1% from 135.4 million cubic meters (MCM) to 137.5 MCM mainly due to improved supply in southern Metro Manila, reactivation and reconnection of delinquent accounts and easing COVID-19 restrictions.

Even with the uptick, billed volume for the period is still 1% below the pre-pandemic level of 139.2 MCM (Q2 2019).

- **Improved customer mix.** Non-domestic customers accounted for 18.2% of billed volume (from 17.0%) indicating industrial demand recovery. Consequently, revenues attributable to domestic customers decreased from 83.0% to 81.8%.
- **Adjusted tariff.** Average effective tariff recovered by 15% from Php 42.38 to Php 48.55 because of better customer mix and the staggered implementation of the Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment last January 1, 2023.

The company also reported the following operational highlights:

- **Increased Production.** Total water production rose by 2% from 191.0 MCM to 194.8 MCM mainly due to cross-border water purchases and activation of the new water treatment plant, amid lower raw water releases from Angat dam.
- **Higher water losses.** Increased production led to higher average non-revenue water (NRW) from 29.1% to 29.4%, while end-of-period NRW rose from 28.5% to 30.2%.

- **Expanded coverage.** Water service coverage stood at 94.7% (from 94.4%), with served population growing by 3% from 10.0 million to 10.3 million. Sewer service coverage expanded from 24.1% to 25.7%, as served population surged by 10% from 2.4 million to 2.6 million because of accelerated wastewater infrastructure spending.

At the standalone level, reported net income grew by 34% from Php 1.63 billion to Php 2.18 billion. Excluding nonrecurring items, core net income soared by 35% from Php 1.66 billion to Php 2.23 billion.

Nonrecurring expense nearly doubled (92%) from Php 29 million to Php 56 million largely due to donations and foreign exchange losses. 2022 nonrecurring items pertain to severance pay and donations.

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

DMCI Mining reported a 51-percent drop in net income contribution from Php 510 million to Php 250 million mainly due to lower selling prices and higher costs, as outlined below:

- **Lower revenues.** Revenues fell by 11% from Php 1.22 billion to Php 1.08 billion because of lower selling prices and foreign exchange gain from the US\$/Peso appreciation, cushioned by the increased in shipments of ore.
- **Increased cash costs.** Cash costs rose by 38% from Php 400 million to Php 550 million because of higher shiploading, fuel consumption and labor costs, following increased shipments.
- **Higher non-cash costs.** Depreciation and amortization accelerated by 69% from Php 130 million to Php 220 million due to increased ZDMC shipments being amortized against its available reserves.
- **Narrower margins.** EBITDA margin thinned from 67% to 49%, while net income margin narrowed from 45% to 23% because of higher cash costs and depreciation relative to selling price.

The company also reported the following operational and financial highlights:

- **More shipments.** Total shipments rebounded by 33% from 367,000 wet metric tons (WMT) to 487,000 WMT, mainly driven by the 87-percent increase in ZDMC shipments from 260,000 WMT to 487,000 WMT. BNC accounted for 29% of total shipments last year.
- **Weaker selling prices.** Average selling price (ASP) decreased by 22% from US\$ 63/WMT to US\$49/WMT on the absence of higher-grade nickel ore shipments, lower average nickel grade sold (from 1.39% to 1.35%) and retreating market indices.

Average monthly Q2 LME Nickel price pulled back by 23% from US\$ 29,029/ton to US\$ 22,393/ton, while the Philippine FOB price for 1.50% grade plunged by 41% from \$ 66/WMT from \$ 39/WMT.

- **Doubled productions.** Total production more than doubled (111%) from 248,000 WMT to 523,000 WMT after ZDMC secured the necessary Environmental Compliance Certificate (ECC) to raise its annual production to two million metric tons (effective January 2023).
- **Higher stockpile.** Total ending inventory likewise doubled (101%) from 65,000 WMT to 131,000 WMT, driven by a 150-percent increase in ZDMC stockpile from 44,000 WMT to 110,000 WMT. BNC stockpile stood at 21,000 WMT, which is below the standard shipment size of 50,000 WMT.
- **Healthy cash position.** Ending cash balance slightly declined from Php 1.1 billion to Php 1.0 billion, while debt level stood at Php 350 million. The company also capitalized Php 118 million for its Palawan exploration activities over H1 2023, decreasing its cash balance.

- **Lower capital expenditures.** Committed capital spending declined by 8% from Php 90 million to Php 83 million on lower machinery spending in ZDMC, tempered by Palawan exploration activities.

At the standalone level, reported net income dropped by 35% from Php 1,085 million to Php 708 million. No nonrecurring item was recognized during both periods.

## V. DMCI Power Corporation (DMCI Power)

Core net income contribution rose by 13% from Php 205 million to Php 231 million on higher revenues and lower fuel costs. To elaborate:

- **Better topline.** Total revenues went up by 4% from Php 1.98 billion to Php 2.06 billion on the combined effect of higher generation, increased dispatch, slightly offset by the weaker selling prices.
- **Higher generation.** Total gross generation improved by 10% from 119.6 GWh to 132.0 GWh due to the commercial operation of a hybrid plant in Masbate and the deployment of a rental diesel plant in Palawan.
- **Increased dispatch.** Total energy sales increased by 11% from 113.5 GWh to 126.3 GWh on higher gross generation and stronger demand across all service areas. Palawan accounted for 44% of total sales, followed by Masbate (33%) and Oriental Mindoro (23%).

Palawan sales expanded by 23% from 44.9 GWh to 55.3 GWh with the addition of a 6MW rental diesel generator. Masbate dispatch rose by 5% from 39.7 GWh to 41.4 GWh, while Oriental Mindoro posted a 2% uptick from 29.0 GWh to 29.5 GWh.

- **Lower ASP.** Average selling prices (ASP) decreased by 6% from Php 17.4/KWh to Php 16.3/KWh on lower fuel costs.  
  
Bunker costs fell by 12% from Php 50.2 to Php 44.4 per liter, while diesel costs declined by 12% from Php 60.6 to Php 53.6 per liter.
- **Increased cash costs.** Total cash costs grew by 3% from Php 1.63 billion to Php 1.68 billion due to higher generation, tempered by lower fuel costs.
- **Higher finance costs.** Finance costs more than doubled from Php 10 million to Php 23 million following the commercial operation of the 2x4.17 MW hybrid diesel plant in Masbate and higher cost of borrowing.
- **Better margins.** With the slightly slower growth in cash costs, EBITDA margin expanded from 17% to 19%. Consequently, net income margin slightly widened from 10% to 11%.

The company also reported the following operational highlights:

- **Additional installed capacity.** Total installed capacity expanded by 17% from 136.4 MW to 159.8 MW following the synchronization of a 15 MW thermal plant in Palawan last June 26. Commercial operation is targeted for August 2023.

With this, Palawan is now the biggest market of the company, accounting for 49% of installed capacity, followed by Masbate (39%) and Oriental Mindoro (12%).

- **Changes in market share.** Palawan market share widened from 51% to 55% on higher dispatch while market share in Oriental Mindoro declined from 29% to 27% on better availability of renewable plants in the area. The company remains the sole power provider in Masbate.

At the standalone level, reported net income soared by 12% from Php 205 million to Php 231 million. No nonrecurring item was recognized during both periods.

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

Core net income contribution from DMCI sank by 73% from Php 516 million to Php 139 million, mainly due to weaker topline and thin margins. To elaborate:

- **Lower revenues.** Total revenues dropped by 23% from Php 5.32 billion to Php 4.21 billion on slower construction accomplishments due to delay in key infrastructure projects, coupled with fewer projects.  
  
Bulk (78%) of the revenues came from building and infrastructure projects, while joint ventures and project support accounted for the rest.
- **Slower decline in cash costs.** Total cash costs fell by 14% from Php 4.39 billion to Php 3.77 billion on account of a higher revenue base due to the finalization of more accounts last year.
- **Thinner margins.** EBITDA margin narrowed from 18% to 10%, while net income margin dropped from 10% to 3% on topline weakness and higher cash costs.

The company also reported the following operational highlights:

- **Declining order book.** Year-on-year, order book fell by 12% from Php 43.7 billion to Php 38.4 billion on anemic construction demand, continued slowdown in project awarding and rescoping of North South Commuter Railway Project Contract Package 02.

Newly-awarded projects include DLSU Laguna University Hall, Dinapigue causeway projects and part of South Commuter Rail Way Package CPS-02 (joint venture), which have a combined value of Php 11.3 billion.

At the standalone level, reported net income fell by 127% from Php 650 million to Php 216 million.

## Outlook

Asynchronous global economic recovery, stickier inflation and geopolitical instability pose significant risks for the DMCI Group, as its profitability largely hinges on commodity prices, industrial activities and consumer income.

Management sees rough patches ahead for the construction and real estate businesses as demand continues to taper because of high interest rates, tight credit standards and excess supply. Both also face declining topline and rising costs.

To sustain margins and maintain profitability, DMCI and DMCI Homes will employ value engineering, capital discipline and cost reduction measures until market conditions show marked improvements.

Normalizing commodity prices and unfavorable weather conditions are expected to limit coal and nickel production in the second semester of 2023. SMPC and DMCI Mining are banking on their robust stockpile, competitive pricing and efficient operations to weather these headwinds.

The utility businesses (DMCI Power, SCPC, SLPGC and Maynilad) are likely to fare better this year owing to higher production and sales.

However, management expects a decline in electricity spot prices for the remainder of the year because of easing demand-supply margins. Off-grid rates should slow down on lower fuel costs while dispatch could contract on higher availability of renewable energy plants.

Overall, the DMCI Group expects a sluggish FY2023 because of high base effect and multiple headwinds. But it remains confident in its ability to deliver shareholder value and capital returns given its existing synergies and strong balance sheet.

**2. Amendments to Existing Policies / Adoption of New Policy (see attached):**

- a. Amendments
  - a) Code of Business Conduct and Ethics
  - b) Climate Change Policy
  - c) Policy on Health, Safety, General Welfare and Development of Employees
  - d) Eco-Design Policy
  - e) Human Rights Policy
  - f) Board Charter
  - g) Insider Trading Policy
- b. New Policy
  - a. Biodiversity Policy

**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

August 8, 2023



## CODE OF BUSINESS CONDUCT AND ETHICS

### INTRODUCTION

DMCI Holdings, Inc. (the “Company”) is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated to promote and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

This Code of Business Conduct and Ethics (the “Code”) sets forth the Company’s business principles and values which shall guide and govern all business relationships of the Company, its directors, officers and employees in carrying out their duties and responsibilities effectively.

Individuals and entities, including suppliers, consultants, and other business partners, who work on behalf of or provide goods and services to the Company, are expected to uphold its commitment to integrity, as outlined in the Code. Non-compliance with the Code may result in appropriate consequences, including termination of contracts.

### PRINCIPLES AND VALUES

**Accountability** – The Company shall take full responsibility for all its business decisions, actions/inactions, and conduct, and shall perform its duties and functions with utmost responsibility, integrity, honesty, loyalty and efficiency. The Company’s principal objective is to enhance economic value to all its stakeholders - employees, customers, shareholders and business partners – by making the most efficient use of

resources and meeting its environment, community, and social obligations.

**Transparency and Disclosure** - To ensure transparency, the Company's annual reports should disclose full, fair, accurate, timely and reliable accounting information prepared in accordance with applicable standards; consider substance over form in the presentation of accounts; disclose and discuss all material risks; disclose and explain the rationale for all material estimates; show manner of compliance, or explain deviations, if any, with applicable corporate governance codes; discuss goals, plans, and progress; and provide access to the register of shareholders showing beneficial ownership. In addition to annual disclosures, the Company shall comply with all applicable disclosure requirements. Disclosures should be timely and adequate to enable investors, third party analysts, or rating agencies to assess the quality of corporate governance and the true financial condition of the Company.

## **STANDARDS OF BUSINESS CONDUCT**

**Observance of Law** – Directors, Executive Officers and Employees must carry out their duties with professionalism and in accordance with ethical standards. They must conduct business in accordance with the law, the charter of the Company, and a high standard of commercial morality. They shall at all times act with loyalty to the Company, ensuring that its goals, strategies, policies and practices are moral, proper, and legal. They must be prepared to dissociate themselves from the Company in the event that despite their efforts, ethical and legal standards are being seriously compromised. They should refer to the Company's statements of best practice as part of their decision-making process.

**Conflict of Interest** – Directors, Executive Officers and Employees owe a fiduciary duty to the Company that requires them to act in the best interest of the Company. Actual and potential conflicts of interest should be avoided or otherwise identified, disclosed, and explained in sufficient detail to enable valid judgments to be made on their adverse impact. The persons who are conflicted should not participate in the discussion and decision on the issue in question, nor be entitled to vote on any resolution where they are conflicted. Related party contracts should be disclosed in



the annual report.

**Compliance** - All Directors, Executive Officers and Employees should strive to identify and raise potential issues before they become problems and should ask about the application of this Code whenever in doubt. Any Director, Executive Officer or Employee who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Compliance Officer. The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.

**Fair Dealings** - The Company does not seek competitive advantages through illegal or unethical business practices. Each Director, Executive Officer and Employee should endeavor to deal fairly with the Company's customers, service providers, suppliers, and competitors. No Director, Executive Officer or Employee should take unfair advantage of anyone through manipulation, concealment, abuse of privilege information, misrepresentation of material facts, or any unfair dealing practices.

**Intellectual Property Rights** – The Company's corporate identity and intellectual property are among its valuable assets and are essential to maintaining its competitive advantage. Each Director, Executive Officer and Employee must comply, to the extent permitted by law, with the exclusivity of the methods, processes, systems, business strategies that they develop while performing their responsibilities in the Company. Publications, documentations, information or resources available in connection with the Company, whether or not patentable or protectable by copyright, trade mark or trade secret, are owned by the Company. Employees are responsible to protect the Company's intellectual property and must report to the Legal Counsel any unauthorized use of the Company's trademarks, copyrights, patents and trade secrets.

**Confidentiality** – Directors, Executive Officers, and Employees must observe the confidentiality of non-public information and not disclose it to any other person without the authority of the Board. A Director, Executive Officer or Employee who

has a special allegiance to a particular shareholder may not disclose confidential information to that particular shareholder without the authority of the Board.

**Corporate Opportunities** - Each Director, Executive Officer and Employee owes a duty to advance the Company's legitimate interests when the opportunity to do so arises. He may not: (a) receive or seek to receive a benefit from opportunities that are discovered through his involvement with the Company (including, without limitation, his use of the Company's property, information, or his position); or (b) compete with the Company, directly or indirectly, for business opportunities in the areas (or lines) of business in which the Company is engaged or in new areas (or lines) of business in which the Company has disclosed its intent or plans to engage.

**Fair Competition** – The Company is committed to promoting fair competition and adhering to all laws and regulations designed to prevent anti-competitive behavior. We prohibit any actions or agreements that could lead to violations of these laws, such as price-fixing, dividing markets, rigging bids, or establishing monopolies. Directors, Executive Officers and Employees are expected to refrain from any conduct that could compromise fair competition. They are also required to report any potential violations of antitrust laws immediately.

Failure to comply with this policy may lead to disciplinary measures, including termination of employment and potential legal repercussions. The Company strives to uphold the highest ethical standards and promote healthy, competitive markets in our business practices.

**Anti-Money Laundering** – The Company strictly prohibits any involvement in money laundering activities, which involve the processing or concealing of illicit funds through its business operations. Employees are required to stay vigilant, identify, and report any suspicious activities that may suggest money laundering. Non-compliance with this anti-money laundering policy may lead to legal action and termination of employment.

**Monitoring of Compliance with the Code** - All directors, officers and employees are required at the end of each year to complete and sign a checklist confirming they have read and understood the Company's Code and Policies. This signed checklist should be submitted to the Chief Compliance Officer. Upon receipt, the Officer will issue a certificate confirming compliance with the Company's Code and Policies.

Furthermore, directors, officers and employees are encouraged to regularly participate in training sessions that cover the principles and standards of the Company's Code.

The Company has established a designated helpdesk hotline to answer queries of directors, officers, employees and suppliers on the application of the Code.

**Compliance Helpdesk Hotline:**

**Chief Compliance Officer**

**Tel (632) 888 3000**

**Fax (632) 816 7362**

The Internal Audit team is tasked to evaluate the systems established to ensure compliance with the Code and governance processes.

Any violation of the code and policies by directors, officers and employees can also be reported under the Company's Whistleblower Policy Reporting Channel.



## CLIMATE CHANGE POLICY

DMCI Holdings recognizes the significance of climate change, a global issue affecting human health, food security, water resources, biodiversity, and economies. We are aware of our contribution to climate change and are committed to mitigating our environmental impact.

We also view climate change alongside social considerations because we believe that positive social impact is just as important as environmental impact.

While the nature of our businesses precludes us from significantly reducing our carbon footprint, we believe that we can make meaningful contributions towards addressing the reality of climate change by:

- Enhancing the knowledge, capacities and readiness of our employees and other relevant stakeholders on climate change adaptation and mitigation;
- Encouraging our subsidiary companies to develop and implement environmental stewardship programs in their host communities;
- Adopting energy-efficient technologies and energy conservation practices across the DMCI group;
- Partnering with stakeholders and supporting programs/projects on climate change research, mitigation, adaptation, preparedness and resilience;
- Monitoring and reporting our greenhouse gas emissions and climate change mitigation activities; and
- Considering climate risks and opportunities and integrating them in our business strategy and risk management.



## **POLICY ON HEALTH, SAFETY, GENERAL WELFARE AND DEVELOPMENT OF EMPLOYEES**

### **I. Introduction**

DMCI Holdings Inc. (the “Company”) is committed to improving the health and safety performance of the Group, including the employees of its subsidiaries. The Company recognizes the benefits of health and safety to the organization and that committed to a high level of safety makes good business sense.

The Board shall periodically review the policies, requiring each subsidiary board to formulate its respective policies relating to health, safety and welfare of its employees.

The Company is committed to continually improving the health and safety of its employees. Therefore, the Company endeavors to ensure that all regulations and codes of practice relative to health and safety are being complied with.

The Board has full responsibility in the implementation of this Policy. The development of the appropriate policy systems are the responsibility of the board and management teams of its subsidiaries.

Therefore, the Company has adopted the following programs for health and safety, and general welfare of the employees:

### **Health and Safety Policy Statement**

- Coverage under a health care maintenance program/insurance
- Coverage under a group term life and accident insurance
- Provide annual physical examinations, free medical consultations and health facilities
- Wellness facilities such as gym, basketball and badminton courts

- Engage employees to participate in sports and recreation programs
- Involve employees in the planning, management and implementation of health and safety programs and initiatives by seeking their input and encouraging their participation
- Every subsidiary should aim for the highest safety standards in the workplace, prioritize health and safety programs, and develop action plans to ensure the wellbeing of their employees. A measuring program of the results and performance for health and safety must be established and implemented to monitor the effectiveness of each programs.

### **General Welfare and Development Policy**

- Annual team building and socialization events to promote camaraderie and positive interaction among employees and subsidiaries
- Support employees to their participation on clubs and organizations outside the Company to be able to further develop their skills and maintain contacts with colleagues in the industry.
- Provide in-house and outsourced trainings and seminars
- Provide performance-based profit-sharing mechanisms that directly align rewards and incentives to employees with the financial results of the company. Also, a part of our performance-enhancing incentive is to ensure that deserving and senior professional employees are allotted representation in the board of directors of our major operating subsidiaries.

All managers are expected to actively support the board in the development and proper implementation of the company's above Policy. The Management must ensure that the necessary resources of staff, facilities and finance are provided to implement this Policy.



## **ECO-DESIGN POLICY**

We believe in designing products and services that address customer needs while promoting inclusive growth and environmental stewardship.

Through value engineering, continuous innovation and rational use of natural resources, we are able to assure our customers of technical integrity, product durability, energy efficiency and material efficiency in our end products and services.

When developing and designing our new products, we consider these environmental factors:

- Enhancing product safety and lifespan
- Saving resources like water and energy for users
- Ensuring safer disposal and minimizing waste
- Providing affordable options for our customers without compromising quality and efficiency
- Encouraging the reuse or repurposing of resources, materials and waste to promote sustainability



## HUMAN RIGHTS POLICY

We recognize and value the dignity of every individual. In the conduct of our business and activities, we strive to promote and protect human rights as defined by the United Nations Universal Declaration of Human Rights (UDHR). We are also committed to avoiding actions or partnerships that could violate or contribute to the violation of human rights.

This policy reflects our commitment to uphold our responsibilities towards our employees, stakeholders and the communities within which we operate. We expect our directors, officers and employees to comply with the principles and commitments outlined in this policy.

**Fair and Safe Employment Practices** - We ensure fair and safe employment by offering equal opportunities in recruitment, hiring, job assignments, training, promotions, benefits and career development. We also provide fair pay and prioritize hiring local talent.

We are committed to creating a work environment that prioritizes health, safety and well-being by taking proactive measures to prevent accidents, injuries and occupational illnesses.

Issues related to the workplace are resolved in accordance with relevant labor laws and regulations. Employee inputs are likewise considered in the resolution process, with the aim of fostering a workplace that promotes their welfare.

**Non-discrimination and Equality** - We respect the inherent dignity and rights of all individuals, regardless of race, ethnicity, social origin, gender, sexual orientation, religion, nationality, age, disability, civil status or any other characteristic. Discrimination and harassment of any form are strictly prohibited within our



organization.

**Prohibition of Child and Forced Labor** - We strictly prohibit the use of child labor, forced labor, human trafficking, or any form of exploitation within our organization. We will adhere to all applicable labor laws and will take appropriate actions against any violation of this policy.

**Freedom of Expression and Privacy** – We respect and support our employees' rights to freedom of thought, expression and privacy. We will protect their personal information and respect their private lives, while also promoting a culture of openness and dialogue within the company.

**Reporting and Grievance Mechanism** - We encourage open communication and provide accessible channels for reporting any human rights concerns or violations. We investigate all reported grievances promptly and impartially, taking appropriate action to address the issues.

Employees reporting concerns or violations in good faith will be protected from retaliation, in line with our commitment to foster a culture of openness, integrity, and accountability.

***Compliance Helpdesk and Reporting Hotline:***

***Chief Compliance***

***Officer***

***Tel (632) 888 3000***

***Fax (632) 816 7362***



## BOARD CHARTER

### INTRODUCTION

#### Complementary to Law and Articles

The Board Charter (the “Charter”) governs the relationship between the board committees and the board of directors as provided in the charters of the committees which were approved and adopted by the board.

The Charter is intended to complement or supplement the Corporation Code of the Philippines, the Corporation’s articles of incorporation and by-laws, issuances of the Securities and Exchange Commission (SEC), Philippine Stock Exchange, Inc. (PSE) and other applicable laws, rules and regulations.

#### SECTION 1: BOARD COMPOSITION

- 1. Number of Directors** – The Corporation’s Board is composed of nine (9) directors, three (3) of whom shall be Independent Directors, who are elected by the stockholders.<sup>1</sup>
- 2. Positions** - The membership of the Board may be a combination of executive and non-executive directors (which include independent directors). The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.<sup>2</sup>
- 3. Committees** - The Board shall constitute the proper committees to assist it in good corporate governance. Pursuant to the Corporation’s Manual on Corporate Governance, the Board must have the following committees: (a) Audit and Related Party Transaction, (b) Board Risk Oversight, (c) Corporate Governance (with functions of Nomination and Election and Compensation and Remuneration), (d) Executive Committee, and ( e) Strategy and Sustainability Committee.
- 4. Board Profile** – The Board, in consultation with the Corporate Governance Committee (**CG**), shall be responsible to review the profile of its size and composition, considering the nature of its business and subsidiaries, and the desired expertise and background of the board members.

---

<sup>1</sup> Manual on Corp. Governance 3.1

<sup>2</sup> Manual on Corp. Governance 3.1

- 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.

For this purpose, an "independent director" shall mean a person who apart from his fees and shareholdings, is independent of management and substantial shareholders free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.<sup>3</sup>

## **SECTION 2: ELECTION OF THE BOARD**

- 1. Nomination of Directors** - Candidates for the Board of Directors shall be nominated by a stockholder of the Corporation. Pursuant to the Corporation Code, any stockholder who holds at least one (1) share of stock shall be entitled to nominate and elect a candidate for Board position. The stockholder shall submit a nomination letter to the Board of Directors together with the written consent of the nominee at least 60 days before the scheduled date of the annual stockholders' meeting. The Board shall endorse the nomination to the CG Committee (which functions as the Nomination and Election Committee) who shall then review and pre-screen the qualifications of each candidate in accordance to the qualifications and disqualifications set in the Corporation's By-Laws and Manual on Corporate Governance. The CG Committee must ensure that these qualifications are aligned with the corporate strategic direction of the Corporation. The shortlist of candidates shall be disclosed in the Definitive Information Statement to be distributed to the stockholders.
- 2. Manner of Election** – A majority of the outstanding shares of stocks in person or represented by proxy, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors. A person who holds at least one (1) common share of stock of the Corporation is eligible to be nominated and elected as a director.<sup>4</sup>
- 3. Term of Office** – The elected members of the board of directors shall hold office for one (1) year, until their successors are elected and qualified.<sup>5</sup>
- 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

---

<sup>3</sup> Amended By-Laws Article IV

<sup>4</sup> Amended By-Laws Article III

<sup>5</sup> Amended By-Laws Article III

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. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.<sup>6</sup>

- 5. Resignation** - Any director of the Corporation may resign at any time by giving written notice to the Chairman of the Board and the Corporate Secretary of the Corporation. The resignation of any director shall take effect as of the date of its acceptance by the Board of Directors.<sup>7</sup>

### **SECTION 3: BOARD MEETINGS**

- 1. Regular Meetings** - Regular meetings of the Board of Directors shall be held every quarter on such date, time and at principal office or such place as may be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Vice Chairman, the President and Chief Executive Officer, or a majority of the Board of Directors of the Corporation.<sup>8</sup>

The Corporate Secretary shall schedule all regular board and committee meetings at the start of the financial year.

- 2. Board Attendance** – Each director must attend at least 75% of all the board meetings held during the year<sup>9</sup>.
- 3. Organizational Meetings** -The Board of Directors shall meet for the purpose of organization, election of officers and the transaction of other business, as soon as practicable after each annual election of directors or on the same day, and if practical at the same place at which regular meetings of the stockholders are held.<sup>10</sup>
- 4. Notice of Meetings** – Notice of either regular or special meetings shall be sent to each director at least five (5) business days before the date of meeting. The notice of meeting shall include the time and place of the meeting and the agenda subjects to be discussed. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion

---

<sup>6</sup> SEC Memo Circular No. 4 S-2017

<sup>7</sup> Amended By-Laws Article III Section 11

<sup>8</sup> Amended By-Laws Article III Section 7

<sup>9</sup> ACGS E.3.3

<sup>10</sup> Amended By-Laws Article III Section 6

on the agenda for future Board meetings should advise the Chairman well in advance of such item.<sup>11</sup>

- 5. Quorum** - A quorum at any meeting of the directors shall consist of two-thirds of the number of directors fixed in the Articles of Incorporation, provided, however that an independent director shall always be in attendance.<sup>12</sup> However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but deliberately and without justifiable cause, fails to attend the meeting. Resolutions of the Board of Directors shall be decided upon by at least 2/3 of the members of the board.<sup>13</sup>.

**6. Conduct of the Meetings –**

- a. **Board of Directors** - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman, or in the absence of the latter, the President and Chief Executive Officer, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Corporate Secretary shall act as secretary of every meeting, and if he is unable to do so, the Chairman of the meeting shall appoint a secretary of the meeting.<sup>14</sup>
- b. **Board Committees** - Members of the Board Committees should attend committee meetings at least twice a year, except for the Audit Committee which should meet at four times (4) times every year.
- c. **Board Meeting Materials** – The board of directors must be provided meeting materials at least five (5) business days in advance of the board meeting<sup>15</sup>.

- 7. Executive Sessions** – The independent and non-executive directors must meet separately at least once during the year without any executives present.<sup>16</sup>

- 8. Minutes of the Meetings** – Minutes of the meeting shall be taken and recorded by the Corporate Secretary and signed by the Chairman of the Board or the person who were appointed to take notes during the meeting.

---

<sup>11</sup> Amended By-Laws Article III Section 8

<sup>12</sup> Amended By-Laws Article III Section 9

<sup>13</sup> ACGS E.3.4

<sup>14</sup> Amended By-Laws Article III Section 10

<sup>15</sup> ACGS E.3.5

<sup>16</sup> ACGS E.3.6

- 9. Attendance in Board Meeting** - The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors should always attend board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings<sup>17</sup>.

The Chairman, Chief Executive Officer or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate. Directors are encouraged to attend all annual meetings of shareholders.

#### **SECTION 4: BOARD DUTIES AND RESPONSIBILITIES**

The Board of Directors is responsible to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, the stockholders and other stakeholders.

To ensure a high standard of best practice for the Corporation, its stockholders and stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities, aside from such powers prescribed in the SEC Code of Corporate Governance, the Corporation's Manual on Corporate Governance, By-Laws and other applicable laws:

- a. Formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.<sup>18</sup>
- b. Review of the mission and vision statement of the Corporation at least once a year or whenever deemed necessary<sup>19</sup>.
- c. Review, monitor and oversee the implementation of the corporate strategy at least once a year.
- d. Adopt, implement and monitor compliance with the Company's Code of Conduct.
- e. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
- f. Review, evaluate and approve, on a regular basis, long-range plans for the Company

---

<sup>17</sup> New Manual on Corporate Governance 2.4

<sup>18</sup> New Manual on Corporate Governance 2.1

<sup>19</sup> ACGS E.1.5

- g. Established committees as prescribed in the SEC Code of Corporate Governance and the Corporation's Manual on Corporate Governance.
- h. Review and approve the Company's budget and forecasts
- i. Conduct annual performance assessment of the Chairman, President/CEO and the board members.
- j. Evaluate and approve major resource allocations and capital investments.
- k. Review the Corporation's material controls and risk management systems.

## **SECTION 5: THE CHAIRMAN OF THE BOARD**

The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.
  - i. The roles of the Chairman and the CEO should, as much as practicable, be separate, to foster an appropriate balance of power, increased accountability and better capacity for independent decision making by the Board. A clear delineation of the functions between the Chairman and the CEO shall be made upon their election.
  - ii. If the positions of the Chairman and CEO are unified, proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.<sup>20</sup>.

Likewise, the Chairman of the Board shall exercise the following functions:

---

<sup>20</sup> New Manual on Corporate Governance 2.2

- a. To preside over all the meetings of the Board of Directors and the stockholders;
- b. To initiate the development of corporate objectives and policies and formulate long range project, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- c. To suggest additional functions or duties to any of the officers of the Corporation;
- d. To exercise such powers as may be incidental to his office and perform each duty as the Board of Directors may assign to him<sup>21</sup>.

The Chairman of the Board may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s) of the Corporation, subject always to their supervision and control.

## **SECTION 6: THE PRESIDENT AND CHIEF EXECUTIVE OFFICER**

The President and Chief Executive Officer, elected by the Board from among its members, shall have administration and direction of the day-to-day business affairs of the Corporation. He/she shall exercise the following functions:

- a. To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman or the Vice-Chairman;
- b. To have general management and supervision of the business affairs and property of the Corporation;
- c. To ensure that the administrative and operational policies of the Corporation are carried out under his/her supervision and control;
- d. Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;
- e. To oversee the preparation of the budgets and the statements of accounts of the Corporation;
- f. To prepare such statements and reports of the Corporation as may be required of him/her by law;
- g. To represent the Corporation at all functions and proceedings, when authorized by the Chairman of the Board or the majority of the Board of Directors;
- h. To render annual reports to the Board of Directors and to the stockholders;
- i. To perform such duties as incident to his/her office or as entrusted to him/her by the Chairman of the Board, or Board of Directors;
- j. To sign certificates of stock along with the Corporate Secretary<sup>22</sup>.

---

<sup>21</sup> Amended By-Laws Article V Section 2

<sup>22</sup> Amended By-Laws Article V Section 4



In addition to the duties imposed by the Board and responsibilities provided by the Corporation's By-Laws, the President has the following duties:

- a. Determines the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;
- b. Communicates and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- d. Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
- e. Directs, evaluates and guides the work of the key officers of the Corporation;
- f. Manages the Corporation's resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of the Corporation; and
- i. Serves as the link between internal operations and external stakeholders.<sup>23</sup>

## **SECTION 7: THE CORPORATE SECRETARY**

- 1. General Access** - The Corporate Secretary assists the Board. He/she must be available to provide his/her services to the Board.
  
- 2. Responsibilities** – The Corporate Secretary sees to it that the board follows correct procedures and that the board complies with its obligations under law and the company's articles of incorporation. The following are the responsibilities of the Corporate Secretary under the provisions of the Corporation's By-Laws and the New Manual on Corporate Governance:
  - a. The Corporate Secretary shall record all the votes and proceedings of the meeting of Stockholders and of the Board of Directors in a book kept for that purpose.
  - b. He/she shall have charge of the corporate seal of the Corporation. He/she shall keep at the principal office of the Corporation the stock and transfer book and therein keep a record of all the stock, the names of stockholders alphabetically arranged with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any installment, a statement of every alienation, sale of transfer of stock made, the date thereof and by and to whom made.

---

<sup>23</sup> New Manual on Corporate Governance 5.4

- c. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation.
- d. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- e. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- f. Advises on the establishment of board committees and their terms of reference;
- g. Informs members of the Board, in accordance with the by-laws, of the agenda of their meeting at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h. He/she should attend all stockholders and board meetings.
- i. The company secretary shall assist the Chairman of the board in organizing the board's activities including providing information, preparing an agenda, reporting of meetings, evaluations and training programs.
- j. He/she shall perform such other duties as may be properly delegated to him/her<sup>24</sup>.

## SECTION 8: BOARD COMMITTEES

1. **The Committees** - The board may appoint committees from among its members to perform specific tasks. The board shall establish the following committees<sup>25</sup>:

- a. audit and related party transaction
- b. board risk oversight
- c. corporate governance (with functions of the nomination & election and remuneration and compensation committee)

The board may, from time to time, establish or maintain additional committees as necessary or appropriate.

2. **Committee Reporting** – Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware.
3. **Committee Charters** - The Charters shall indicate the roles and responsibilities of the committee, its composition and how it should perform its

---

<sup>24</sup> Amended By-Laws Article V Section 10 and New Manual on Corporate Governance 1.4

<sup>25</sup> New Manual of Corporate Governance, Item 3

duties. It will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

## **SECTION 9: COMPENSATION OF BOARD MEMBERS**

Each director shall receive a reasonable per diem for his attendance at every meeting of the Board. Subject to the approval of the stockholders owning at least a majority of the outstanding capital stock, directors may also be granted such compensation (other than per diems) provided however, that the total yearly compensation of directors, as such directors, shall not exceed ten (10%) percent of the net income before income tax of the Corporation during the preceding year<sup>26</sup>.

The form and amount of Directors' compensation will be determined and approved by the Compensation and Remuneration Committee in accordance with the policies and principles set forth in its charter, and the Compensation and Remuneration Committee will conduct an annual review of Directors' compensation. The remuneration report will differentiate between executive and non-executive compensation.

Likewise, the company and its subsidiaries do not grant personal loans, guarantees or the like to board members.

## **SECTION 10: DIRECTORS' TRAINING AND DEVELOPMENT PROGRAM**

1. **Induction Program** - Upon his or her election, each board member shall participate in an induction program that covers the company's strategy, general financial and legal affairs, financial reporting by the company, its compliance programs, the Code of Business Conduct and Ethics, any specific aspects unique to the company and its business activities, and the responsibilities as a board member.

The Company shall provide a comprehensive orientation or training for first-time directors with minimum hours required by the SEC. (As amended on August 13, 2018)

2. **Continuing Education Program** - In order to facilitate the Directors' fulfillment of their responsibilities, the management must provide the following:
  - a. Annual review to identify areas where the board members require further training or education
  - b. Educational programs supplemental to the initial orientation to explain the Company's business operations

---

<sup>26</sup> Amended By-Laws Article III Section 13

- c. Access to, or notice of, continuing educational programs that are designed to keep Directors abreast of the latest developments in corporate governance matters and critical issues relating to the operation of public company boards.
  - d. Periodic visits to operating units, plants and mine sites.
3. **Costs** - The costs of the induction course and any training or education shall be paid for by the company.

## **SECTION 11: ANNUAL PERFORMANCE EVALUATION OF THE BOARD AND KEY OFFICERS**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Corporate Governance Committee shall solicit comments from all Directors and report annually to the Board. The annual performance assessment must be divided into four sets:

- a. Board Appraisal
- b. Director Appraisal
- c. Committee Appraisal
- d. Chief Executive Officer Appraisal

The NOMELEC shall conduct an annual review of the performance of the board as well as the performance of individual board and the CEO. The process and the criteria in conducting the board, committees, and the CEO assessment will be formulated by the Corporate Governance Committee.

In addition, the Chief Compliance Officer, Chief Risk Officer and the Chief Audit Executive will be evaluated by its respective board committees.

## **SECTION 12: SUCCESSION PLANNING FOR MANAGEMENT**

The Board will evaluate potential successors and approve management succession strategies and plans for the President/CEO and other executive officers of the Company. The President/CEO should at all times, make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **SECTION 13: OTHER PROVISIONS**

- 1. **Conflict of Interests** – A board member must report immediately to the Chairman any conflict of interest or potential conflict of interest and shall report all relevant information on this matter under the provision of the Code of Business Conduct and Ethics.

- 2. Holding and Trading Securities** – Board members are required to report any holding or trading of Company’s securities within five (5) trading days to the PSE and SEC. Board members shall be refrained to trade the company’s securities during a black out period in compliance with PSE Disclosure Rules and Insider Trading Policy.
- 3. Report on Change of Ownership** – Board members shall notify the Chief Compliance Officer within one trading day of all changes in his beneficial ownership, direct and indirect, of the Corporation’s securities, under the provisions of the PSE Disclosure Rules and SEC Implementing Rules and Regulations.
- 4. Confidentiality** – No board member shall, during his or her membership, disclose any information of a confidential nature regarding the business of the company. He/she shall not use the confidential information of the Corporation for his/her personal benefit.

#### **SECTION 14: CHARTER REVIEW**

This Charter must be reviewed by the Board of Directors at least once a year or as often as deemed necessary. Any amendments and revisions to this Charter must be reviewed and approved by the Board prior to dissemination to the board members and posting it to the Corporation’s website.



## INSIDER TRADING POLICY

### 1. Purpose

1.1 This Policy on Insider Trading (“the Policy”) sets out the implementing rules and guidelines for Directors, Officers and all other employees of DMCI Holdings, Inc. (the “Company”) and its subsidiaries, whether owned directly or indirectly, whenever they are conducting securities transactions (buying and/or selling) of the Company’s shares of stock in the market.

### 2. Policy

2.1 The Policy requires that Covered Persons as defined in Section 3, who have knowledge, from time to time, of material information concerning the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company’s shares of stock, cannot buy or sell either personally or on behalf of others while in possession of such material nonpublic information. Covered persons must not disclose or disseminate material, nonpublic information about the Company to other persons, either within or outside the Company, except on a reasonable need to know basis that furthers a legitimate business purpose of the Company.

The restriction periods in Section 5 should be observed in the conduct of buying or selling the Company’s shares of stock.

### 3. Covered Persons

3.1 For the purpose of this Policy, an “insider” will be defined as follows:

- Members of the Board of Directors and the Corporate Secretary of the Company and its subsidiaries;
- Key Officers as defined in the by-laws of the Company and its subsidiaries, whether owned directly or indirectly, who are or may be in possession of material non-public information about the Company because of their responsibilities.
- Consultants and Advisers of the Company;
- Any person who possesses material non-public information regarding the Company is an Insider for so long as the information is not publicly known. Any employees can be an Insider from time to time, and would at those times be subject to this Policy.
- Members of the immediate families of Directors, Key Officers and all other Covered Persons who are living in the same household as the abovementioned Covered Persons.

## 4. Material Information

4.1 Information, whether positive or negative, is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of shares of stock of the Company and/or if the information is price sensitive. Such material information includes:

- Financial results
- Adjustments of reported earnings
- Projections of future earnings or losses
- News of a pending or proposed merger
- Change in the corporate structure such as a re-organization
- Acquisition/Divestitures/Joint Ventures
- Dividend declaration and changes in dividend policy
- Stock splits
- New significant equity investments or debt offerings
- Significant litigation exposure
- Solvency problems which may arise from litigation, final judgments, loan defaults and losses of major clients or contracts
- Major changes in key senior management positions
- Public or private sale of Company shares
- Plans to repurchase securities or go to the public with a new issue
- Other significant developments or changes in the Company which may affect the share market price

## 5. Restriction Periods

5.1 Directors, Key Officers and all Covered Persons are strictly prohibited from trading the Company shares during the period within which a material non-public information is obtained and up to two (2) full Trading Days after the price sensitive information is disclosed.<sup>27</sup>

5.2 In both instances of disclosures, office bulletins for Restriction Periods pertaining to the above will be issued by the Office of the Compliance Officer.

## 6. Compliance

6.1 When in doubt, Key Officers and Covered Persons should consult the Office of the Compliance Officer prior to trading of the Company's shares, regardless of when they would like to perform such transactions, in order to determine if the trade will or will not violate this Policy.

6.2 Certain staff personnel may at certain times or from time to time possess material non-public information about potentially market-affecting activities. The staff should consult the Legal Department about any plan to trade on shares if they have knowledge or believe to have knowledge of such material non-public information, to ensure compliance with this Policy.

---

<sup>27</sup> PSE Disclosure Rule Section 13.2

## **7. Reporting Policy**

7.1 Directors and Key Officers as defined in the by-laws are required to report their trades of the Company's shares within **five (5)** trading days to the Office of the Compliance Officer for eventual compliance reporting to the SEC and Phil. Stock Exchange.

7.2 All other Covered Persons are required to report their trades to the Office of the Compliance Officer on a quarterly basis.

## **8. Consequences of Non-Compliance**

8.1 Violation of this Policy shall be subject to disciplinary action under the Company's Code of Conduct and applicable HR/Legal implementing guidelines, without prejudice to any civil or criminal proceedings which the Company or regulators may file for violation of existing laws.

Insider Trading under the law may be subject to penalty for damages or fine and/or imprisonment. Please refer to Section 61 of the Securities Regulation Code to secure information on the penalties/damages that may arise in violation of the Insider Trading Law.

Unlawfully disclosing or "tipping" material, nonpublic information about the Company to other persons who then trade (buy and/or sell) while in possession of the information may give rise to claims against the person tipping the information.

## **9. Review**

9.1 This Policy will be reviewed at least annually or after each use. Any need for change will be reported to the Board of Directors for approval.





## **BIODIVERSITY POLICY**

DMCI Holdings values biodiversity as integral to planetary health and community wellbeing. This policy outlines our commitments to protecting biodiversity through conservation, mitigation, afforestation and reforestation across our organization.

Our directors, officers, employees and suppliers are required to comply with this policy.

### **Biodiversity Commitments**

We pledge to avoid operations in critical biodiversity areas, like protected reserves, minimizing our impact and supporting conservation efforts there. Our conservation and offsetting initiatives will prioritize native species, habitats, and biodiversity hotspots, aiming to rehabilitate and restore degraded ecosystems.

We are also committed to implementing afforestation and reforestation initiatives for developing, restoring and expanding forest ecosystems.

### **Biodiversity Education and Awareness**

We will foster a culture of biodiversity awareness and environmental responsibility by educating our employees, host communities and stakeholders about the value of biodiversity, the threats it faces, and the importance of biodiversity conservation.

### **Collaboration and Partnerships**

We will collaborate with the government, non-government organizations (NGOs), academic institutions and other stakeholders to enhance our knowledge, resources and expertise for better biodiversity conservation.

### **Continuous Improvement**

We will continuously seek opportunities to improve our biodiversity conservation efforts.