



# MAGNITUDE

SUSTAINABILITY  
REPORT 2015





## About the Cover

The cover illustration highlights the magnitude of Padcal Mine site operations alongside the community it supports. Amid all the activities, social and environmental protection remain at the heart of the Company's priorities and commitment.



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# About the Report

(G4-28, G4-30)

Sustainability reporting reflects Philex Mining Corporation's (PMC's) commitment to be accountable to its internal and external stakeholders with respect to the Company's sustainability performance and future direction.

The second annual Sustainability Report of PMC covers the approach toward sustainable development and performance for the year 2015. PMC embarked on the journey of sustainability reporting in 2014 when it released the first stand-alone annual Sustainability Report to all stakeholders. For 2015, the focus was more on identifying the report's material aspects, through consultations with the team members, before submitting it for external validation.

PMC manages its relationships with key stakeholders through regular engagement to understand their areas of interest and address their concerns about operations. This report covers the most critical environmental and social issues faced by PMC through the various programs and initiatives it implements. In the 2015 report, the Company set four objectives and identified targets for the coming years. In addition, performance data for the key material aspects were collected, consolidated and disclosed in accordance with the GRI G4 Guidelines.

Community development programs implemented by PMC for its host and neighboring communities are disclosed in the annual Social Development and Management Program (SDMP) portion of the report to highlight the community and employee-related projects that were undertaken.

## Report Boundary and Scope

The 2015 report covers the operational performance of the Padcal Mine for the period January to December 2015 and highlights the following areas:

- Environmental performance focusing on rehabilitation and reforestation;
- Water management;
- Waste management and pollution control; and
- Social performance covering employees and the local communities.

## Reporting Guideline

The report is prepared in accordance with the GRI G4 Sustainability Reporting Guidelines, which encourage companies to report on practices and performance that relate to sustainability, in a manner that is transparent and uses a globally-shared framework of indicators.

## Stakeholder Feedback

PMC constantly strives to improve its sustainability-related performance as well as the reporting process. The Company welcomes feedback on how effective this Report is to meet the needs of its stakeholders. Details on how to approach the Company for any feedback are found at the end of this Report.





# Philex Mining Corporation



Operator of  
**Padcal Mine**



Gold

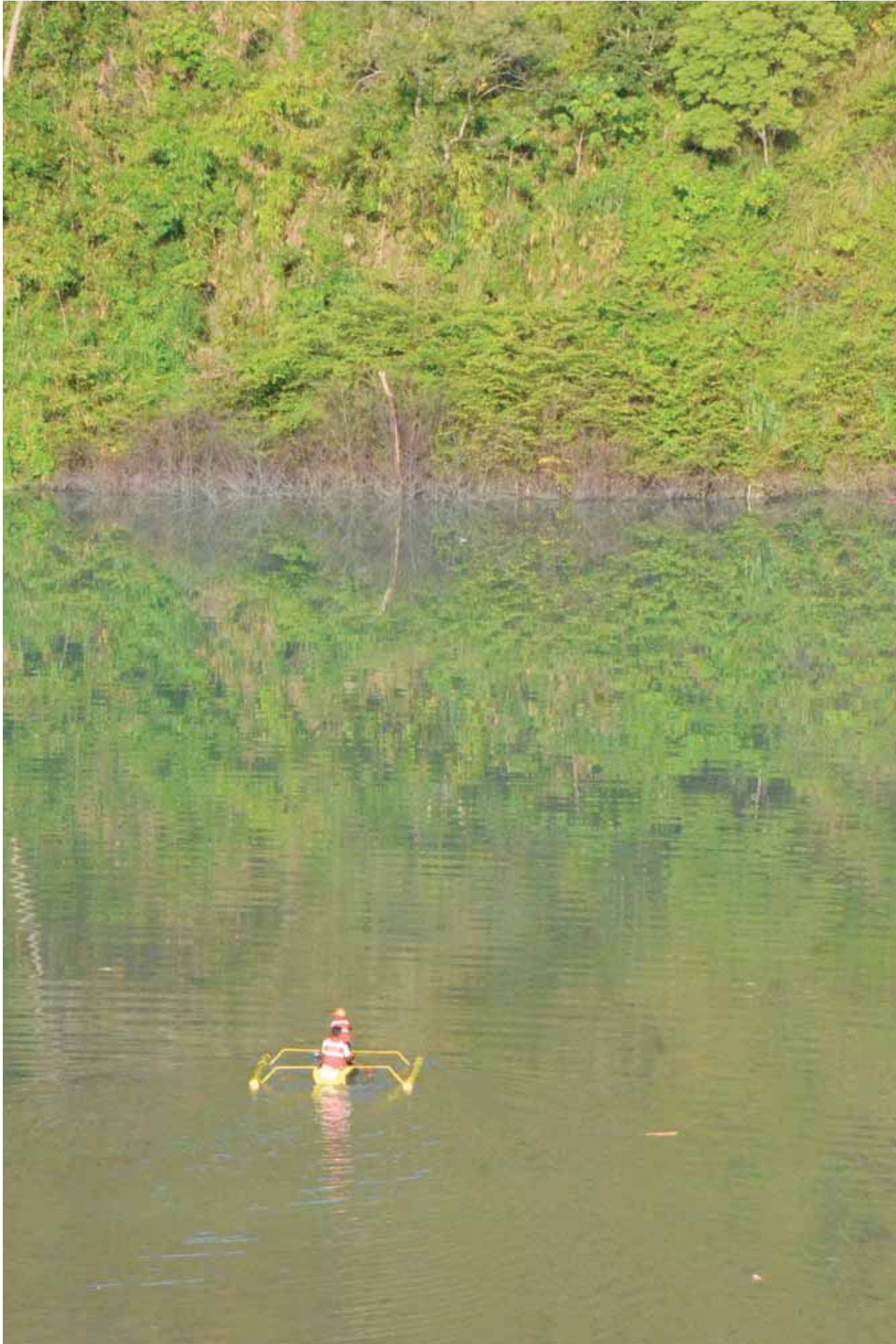


Copper



Silver







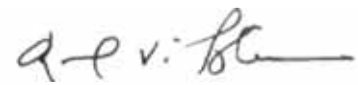
# Message from the Chairman

Philex Mining Corporation's (PMC's) commitment to excellence in delivering high quality products and a clear agenda enabled the Company to deliver a resilient performance against considerable headwinds in 2015. While ensuring the continuing success of our operations, we also recognized the need to do more and embarked on workplace safety, economic, environmental, and social sustainability efforts.

I believe that the success of the Company relies on the hard work, commitment, and engagement of our people. As such, we view workplace safety as an absolute priority for our business. I applaud the management's tireless efforts to embed a culture of safety in our employees and contractors above all else and every year, we constantly strive to put great emphasis on improving our engagement levels.

Our commitment to environmental sustainability compels us to protect, reclaim, and enhance the surroundings in which we operate. We work hard to promote environmental stewardship by complying diligently with corporate environmental policies and obligations, as well as conducting activities that ensure the conservation of nature and sustainability of the nearby communities.

Our commitment to economic sustainability, meanwhile, rests on our ability to create economic value for our shareholders, customers, employees, and society as a whole. Beyond our operational results, we are driven by the fact that our mines provide jobs to our employees locally. This means that the employees are able to improve the infrastructure and education in the surrounding communities, and subsequently generate significant returns to our shareholders.





# Message from the President and CEO

The 2015 Sustainability Report showcases how we constantly strive to make improvements in advancing Philex Mining Corporation (PMC) as a responsible industrial producer.

While last year has been a challenging period for the mining industry, both in the Philippines and around the globe, the Company's results of operations ended in a consolidated net income of PhP 775.6 million. This was higher than both 2014 (PhP 702.8 million) and 2013 (PhP 312.4 million) figures, which can largely be attributed to the Company's strict implementation of cost rationalization programs. This performance also showed PMC's unwavering commitment to provide shared value to all its shareholders and stakeholders.

One of the Company's significant operational milestones in 2015 was the declaration of additional resources and reserves for Padcal Mine and the discovery of initial resources in the surrounding area. For Padcal, additional resources of 111 million tonnes at the 800-600 meter level of the current ore body were identified, of which 20 million tonnes of reserves at the 800-700 meter level were declared in October 2015. The additional reserves extend Padcal Mine's life for two more years to 2022 from 2020.

In addition, an initial inferred resource estimate of 21.7 million tonnes was identified in the Bumolo Project that increases the possibility of another mine life extension for Padcal. This, however, will require more work to increase the quality and quantity of the initial results. Nonetheless, exploration for further resources in the Padcal Mine vicinity is being relentlessly pursued to identify new ore bodies.

It is also worth noting that most aspects of the Silangan Project's definitive feasibility study (DFS), in particular the bulk sample collection and processing pilot plant test work, were completed in 2015. The peer review and validation of other components by study partners is expected to be completed in 2016. These significant improvements provide us with more confidence and a better perspective on our way forward.

## Highlighting Environmental Stewardship

Securing the resources and infrastructure needed for our current and future operations is of critical importance to the

Company. Failure to do so could curtail our operations in the long-term and have fundamental impact on our socio-economic environment, negatively affecting communities' ability to sustain their livelihoods, health, and well-being. As such, we constantly ensure that our efforts adhere to the principles of a socially and environmentally responsible mining company.

In all our project areas, we implement environmental management programs that support the attainment of the Company's production targets in compliance with all the legal requirements, rules and regulations related to mining. This works on the principles of: (1) establishing a systematic process to ensure continuous improvement; (2) proactively managing power generation costs and utility contracts; (3) achieving sustainable improvements in energy efficiency; and (4) ensuring that own operations generate energy security over their anticipated life of mine.

The Company developed an Integrated Management System (IMS) in 2014 which, after undergoing a careful evaluation from TÜV Rheinland, resulted in two certifications: the ISO 14001 for Environmental Management System and BS OSHAS 18001 for Occupational Health and Safety Management. PMC takes pride at being the first metallic mine to be IMS-certified in the Philippines and an improvement from its ISO 14001 certification in 2002.

The Company's commitment to its environmental policy statement of protecting and enhancing the environment is embodied in its environmental expense of PhP 278 million in 2015, bringing the total to PhP 5.357 billion from 1967 to date.

## Advancing Social Development

PMC continued to uplift the socio-economic conditions of the people within its host and neighboring barangays by constantly guiding them to become more self-reliant communities. Through our annual Social Development and Management Program (SDMP) campaign, we planned, implemented, developed, managed, validated, monitored, and evaluated various Program/Projects/Activities (PPAs) under several credited areas, such as health, education, livelihood, and infrastructure support programs, in consultation and partnership with the host and neighboring communities affected by our operations.



For 2015, PMC allotted PHP 92.1 million, based on the 1.5% of the 2014 total operating costs, including PHP 26.5 million carried over from 2013 and 2014, to its SDMP funds.

To facilitate these projects, Memoranda of Agreement were forged between the Company and the Local Government Units (LGUs) of the host and neighboring barangays in March 2015. Our SDMP compliance is periodically audited by the Community Affairs Officer of MGB-CAR and the SDMP Monitoring and Evaluation Team (SMET), composed of LGUs, people's organization, community, and the Company.

The implementation of our social development projects, however, were affected by several factors, such as boundary disputes of proposed project sites, late submission of required documents, including land title, tax declaration, and certificate of registration from the beneficiaries. We are glad that most of these were already resolved or are currently being addressed.

Nonetheless, the Company sustained the implementation of health care, education, and livelihood programs supported by infrastructure projects in 2015 that have contributed to the overall improvement in the quality of life of the host communities.

### Advocating Good Governance

PMC is seriously focused on delivering results and we accept responsibility and hold ourselves accountable for our work, behavior, ethics, and actions at all times. We always aim to provide the highest performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, as well as investors.

### Transparency in Reporting

We believe in timely, accurate, and transparent reporting and last year, the maiden PMC 2014 Sustainability Report was published to celebrate not just our achievements over the past years but also to look into the different areas where we, as a Company, can be of greater influence and benefit to society and the environment moving forward.

This year, we look deeper into our approach to sustainability, together with our objectives, strategy, and performance, and focus on issues that were determined to be most important to us and to our stakeholders.

Indeed, the past two years have been challenging, but we worked hard to bring out the best from everyone and generate the most out of it. Thank you to our supporters, employees, partners, communities, and all our stakeholders who continue to support PMC as we work together toward our shared vision. I can proudly say that we are well positioned for a sustainable future, with high quality operations and a motivated workforce to maintain and enhance the strong reputation of being the face of responsible mining that PMC holds in the industry.

**Eulalio B. Austin, Jr.**  
President and CEO



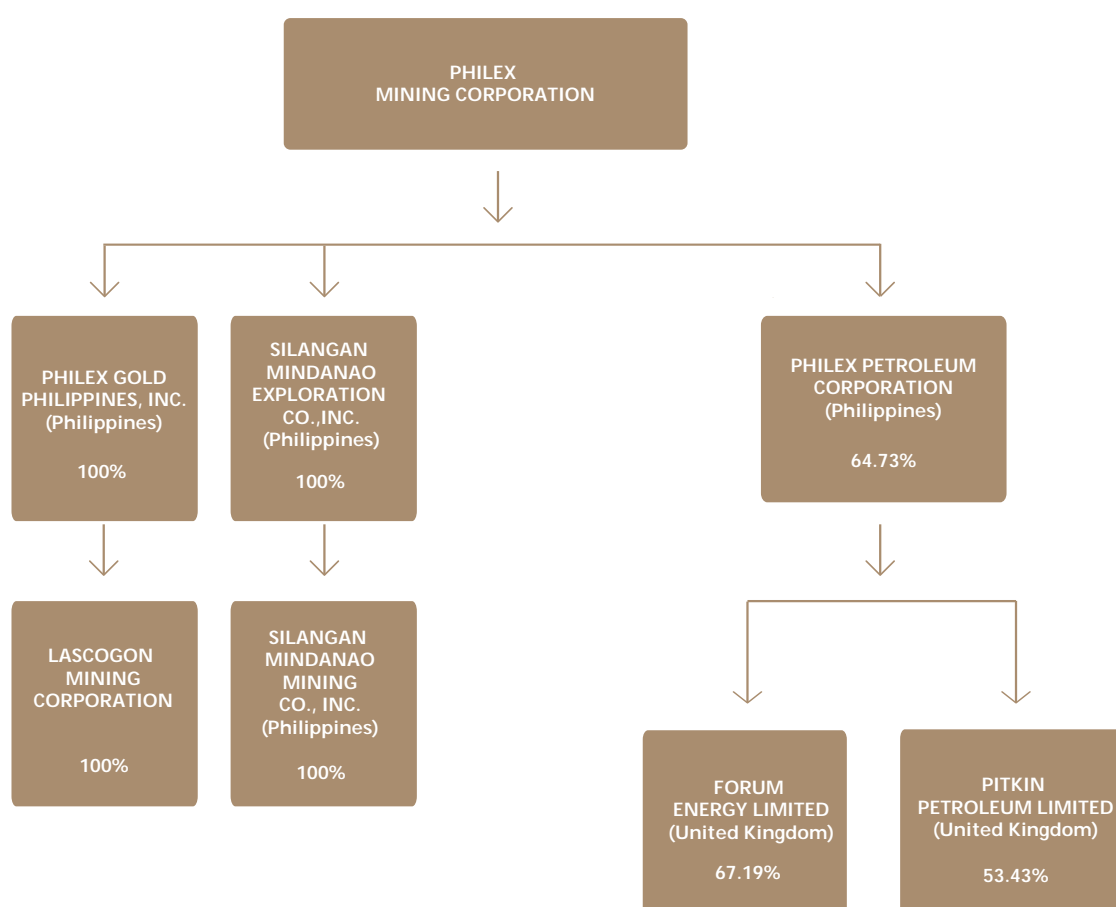


# About Philex Mining Corporation

(G4-3)

PMC and its subsidiaries fall under two main business groups: the metals business and the energy business. PMC, along with Philex Gold Philippines, Inc. (PGPI) and Silangan Mindanao Mining Co., Inc. (SMMCI) operate the metals business, while Philex Petroleum Corporation (PPC) handles the energy business.

PMC was incorporated in the Philippines in 1955 and its shares have been listed on the Philippine Stock Exchange since November 23, 1956. PMC's corporate office is located in Pasig City, Metro Manila, Philippines.



## Metals

- PMC, operator of the Padcal Mine;
- PGPI, a wholly owned subsidiary through a holding company incorporated in the Philippines, operator of the Bulawan mine;
- Silangan Mindanao Exploration Co., Inc. (SMECI), a wholly owned subsidiary incorporated in the Philippines, owner of the Silangan Copper-Gold Project;
- SMMCI, a subsidiary of SMECI.

## Energy Business

- PPC, 64.73% owned subsidiary of PMC having interests in various petroleum service contracts in the Philippines and Peru held directly and through its major subsidiaries, Pitkin Petroleum Limited ("Pitkin") and Forum Energy Limited ("Forum")



## Shareholding Structure

The Company had 44,296 shareholders as of December 31, 2015 with 4,940,399,068 common shares issued and outstanding, 39.30% owned by foreign nationals and institutions. The top 20 shareholders were as follows:

### Top 20 Shareholders

(G4-7)

Asia Link B.V.	20.71%	Philippine Remnants Co., Inc.	0.10%
Social Security System	20.59%	Manuel V. Pangilinan	0.09%
PCD Nominee Group	20.57%	Frank Pao	0.07%
Two Rivers Pacific Holdings Corporation	14.96%	Religious of the Virgin Mary-B	0.06%
Kirtman Limited	4.90%	Estate of Eudaldo Boix and Petra Hernando	0.06%
Maxella Limited	4.85%	Paulino De Ugarte &/or Elena E. De. Ugarte	0.06%
The First National Investment Company Inc.	0.25%	Carol Joan Reif	0.06%
Makati Supermarket Corporation	0.17%	Robin John Pettyfer	0.05%
Estate of Allen Cham	0.14%	Estate of Jose Tan Yan Doo	0.05%
Estate of Eudaldo Boix	0.10%	Lucio W. Yan and/or Clara Yan	0.05%



## Vision

To be a highly respected and world-class natural-resource company committed to deliver excellent value to its investors, employees, and other stakeholders.

## Mission

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







# Core Values

(G4-56)

## Corporate Responsibility

Advocates Philex Mining as a responsible mining company

Manifests core values in both professional and personal circumstances

Upholds the Philex Mining Code of Business Conduct and Ethics

## Teamwork

Listens to and considers ideas or points of view of others

Extends help while respecting the roles of others in doing the job

Acknowledges team effort in success and collective responsibility over failure

## Respect for Individuals

Practices gender and cultural sensitivity

Shows authentic concern to promote individual welfare

Examines own biases and behavior to avoid judgmental reactions

## Integrity

Practices honesty and sincerity in word and in deed

Honors commitments

Speaks up when situations warrant commendation or correction

## Social and Environmental Responsibility

Shows genuine concern towards its host and neighboring communities to improve quality of life

Supports and practices the environment, safety, and health guidelines of PMC

Actively participates in the Company's community development and environmental programs

## Work Excellence

Produces work results in a timely, accurate, and safe manner

Constantly learns, innovates, amends, and improves services and processes

Consistently delivers superior quality of work



# 2015 Awards and Recognition

## Asset Corporate Awards

Gold Award in Financial Performance, Management,  
Corporate Governance, Investor Relations, Environmental  
and Social Responsibility  
Best CEO in Mining: Eulalio B. Austin, Jr.

## 2015 PSE Bell Awards for Corporate Governance

Top 5 Awardee

## Asean Corporate Governance Scorecard Awards

Top 3 Philippine PLCs in Corporate Governance  
Top 50 PLCs in the ASEAN Region for Corporate Governance

## The Anvil Awards

Gold Anvil Award - Philex Mining Corporation Annual  
Report 2014

## Asia Corporate Excellence & Sustainability Awards 2015

Top CSR Advocates in Asia

## Philippine Mine Safety and Environment Awards

Presidential Mineral Industry Environmental Award for  
Silangan Project





#### Philippine Quill Awards

Award for Excellence: Philex Mining Corporation Annual Report 2014

Merit Award:

- 2014 Sustainability Report
- Pusong Philex

#### Asian Excellence Awards

Best Investor Relations Company

#### Corporate Governance Asia

Best Investor Relations Company

#### TUV Rheinland

Integrated Management Systems (IMS) Certification

#### Asia CEO Awards

Finalist, Executive Leadership Team of the Year







# Padcal Mine



**13,228**  
hectares

Located in Tuba  
and Itogon,  
Benguet



**PhP 2.67 B**

Spent on exploration



**580** hectares

Affected area for operations



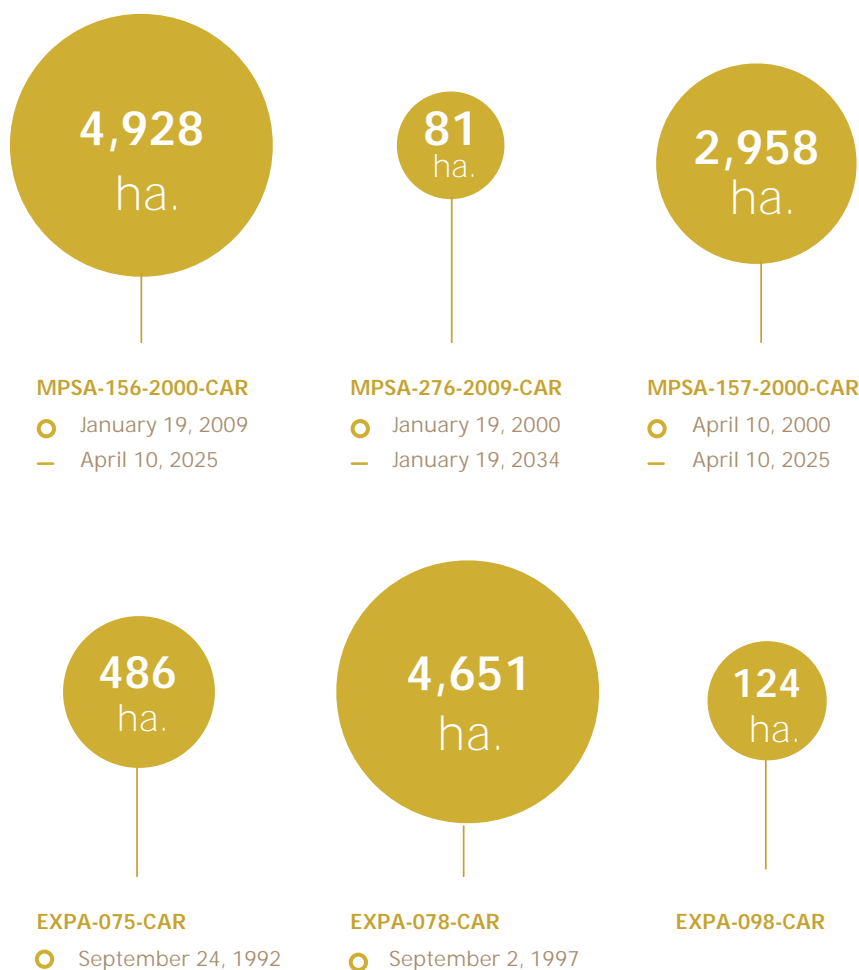
**Bumolo • Sto. Tomas II • Clifton**

Areas of exploration





## Mining Tenements



Legend: ● Date Approved — Expiration Date



**Total:**  
**13,228 hectares**

*On October 28, 2015, the declared life of mine of Padcal Mine has been extended to year 2022 from 2020 due to an additional 20 million tonnes declared proved reserves.*

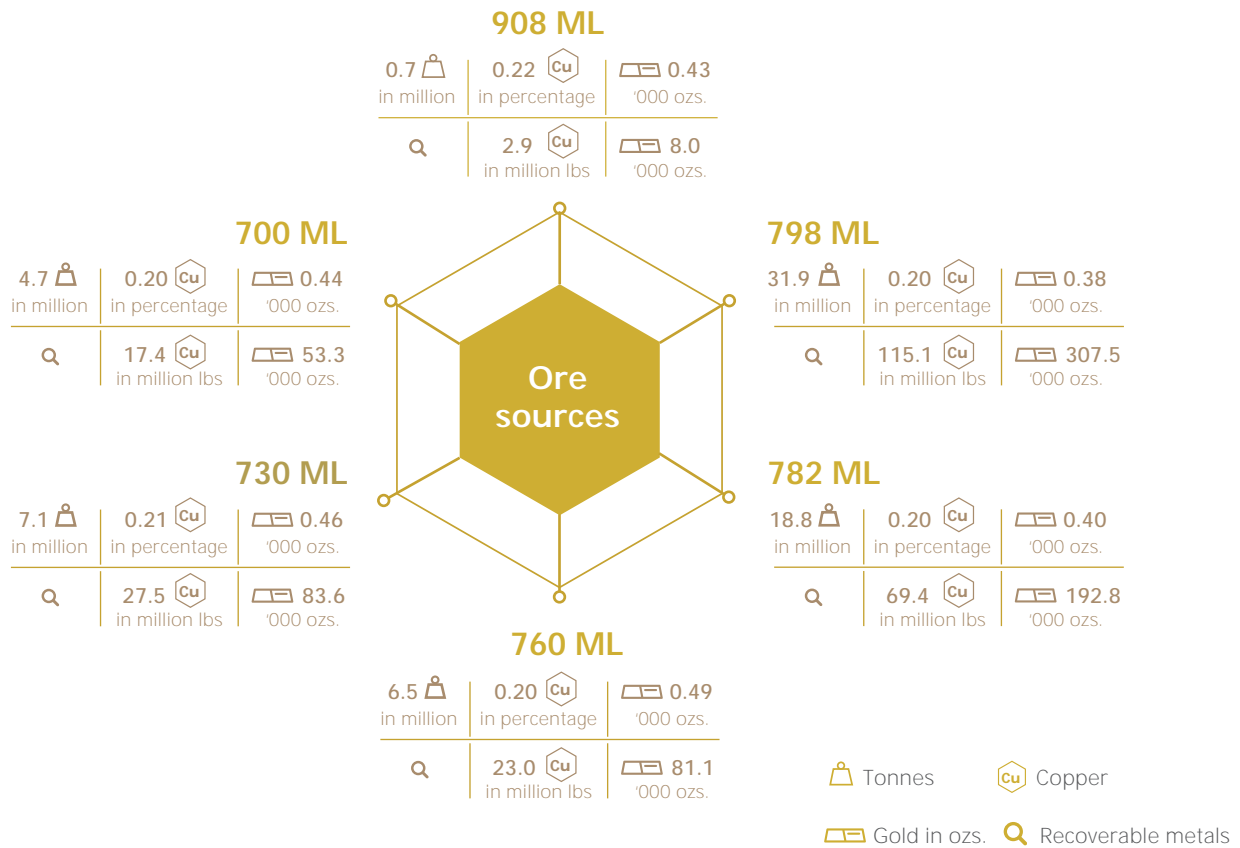
The Padcal Mine has been operating for the past 58 years and is situated in Sitio Padcal, Barangay Camp 3, Municipality of Tuba, Province of Benguet, Cordillera Administrative Region (CAR) in northern Philippines. It is the first underground block cave operation mine in the Asia Pacific region and one of the first operating mines in the country that provides the biggest source of revenue for PMC. The mine produces copper concentrates with gold and silver as by-products.

The property of PMC is located in Tuba and Itogon, Benguet, with a total land area of 13,228 hectares. Mineral Production Sharing Agreements (MPSA) cover the property's 7,967 hectares, while Exploration Permit Applications (EXPA) cover 5,261 hectares. The developed/affected area for operations is only 580 hectares, or 5% of the total 13,228 hectares covered by both agreements. This affected area includes the mine, mill, tailings facilities, residential, and other industrial areas for the operations. The Mill Concentrator Plant, the Tailings Storage Facility Nos. 1, 2, and 3, and other facilities straddle the Municipalities of Tuba and Itogon, Province of Benguet.

The Padcal Mine produces copper concentrates containing copper, gold, and silver.

(G4-4)

## Padcal Mine Proved Ore Reserves



## 2015 Goal and Achievement for Padcal Mine

### Goal

Declare additional resources and reserves for Padcal mine and resources in the surrounding area.



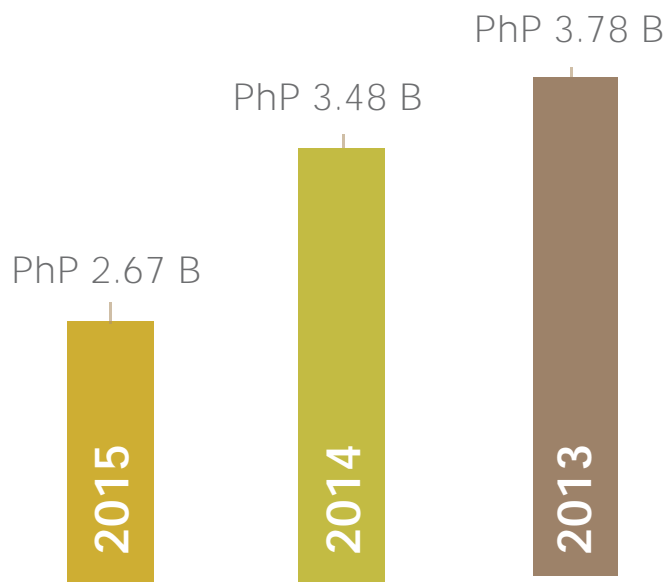
An initial inferred resource estimate of 21.7 million tonnes of copper-gold is identified in the Bumolo project.

The exploration report issued in March 2015 identified additional resources of 111 million tonnes at the 800-600 meter level of Padcal mine, of which 20 million tonnes of reserves at the 800-700 meter level were declared in October 2015. The additional mineral reserve declaration extends Padcal's mine life for two more years from 2020 to 2022.

In addition, an initial inferred resource estimate of 21.7 million tonnes is identified in the Bumolo project, which will require additional exploration works to increase its quality and quantity. Exploration activities to identify further resources along the Padcal mine vicinity are currently ongoing and aggressively pursued.



# Exploration and Development



PMC's strategy to consistently grow its business is anchored on continually exploring new opportunities for copper and/or gold resources. Exploration and development, which is equivalent to research and development for a mining company, support the Company's growth objectives and identify and deliver next generation requirements. This activity is currently undertaken by the Company's in-house team, with or assisted by consultants and other service providers, like Engineering and/or Drilling contractors.

Exploration activities within Padcal Mine and its vicinity in 2015 covered the Bumolo and Clifton projects. The two projects are within MPSA 156-2000-CAR and EXPA-078 respectively. The Bumolo Project, where drilling started last March 2015, has progressed to resource definition and is undertaking a process to increase quality and quantity of resource.







## Bumolo

The Bumolo project is a porphyry copper-gold project located approximately 1.6 km northeast of the Sto. Tomas II ore body. Surface drilling commenced on March 16, 2015 following the approval of access from landowners and supplemented the previous underground drilling campaign from 2001 to 2011.

The main target is the sub-surface extension of the mineralized diorite outcrop, which yielded average copper and gold values of 0.16% and 0.51g/t, respectively, from a 26-meter long channel sample of the outcrop.

A total of 19 drill holes, with an aggregate meterage of 6,705.5 meters, were completed in 2015. The drilling progressed to resource definition drilling in October 2015 from the initial scout drilling phase.

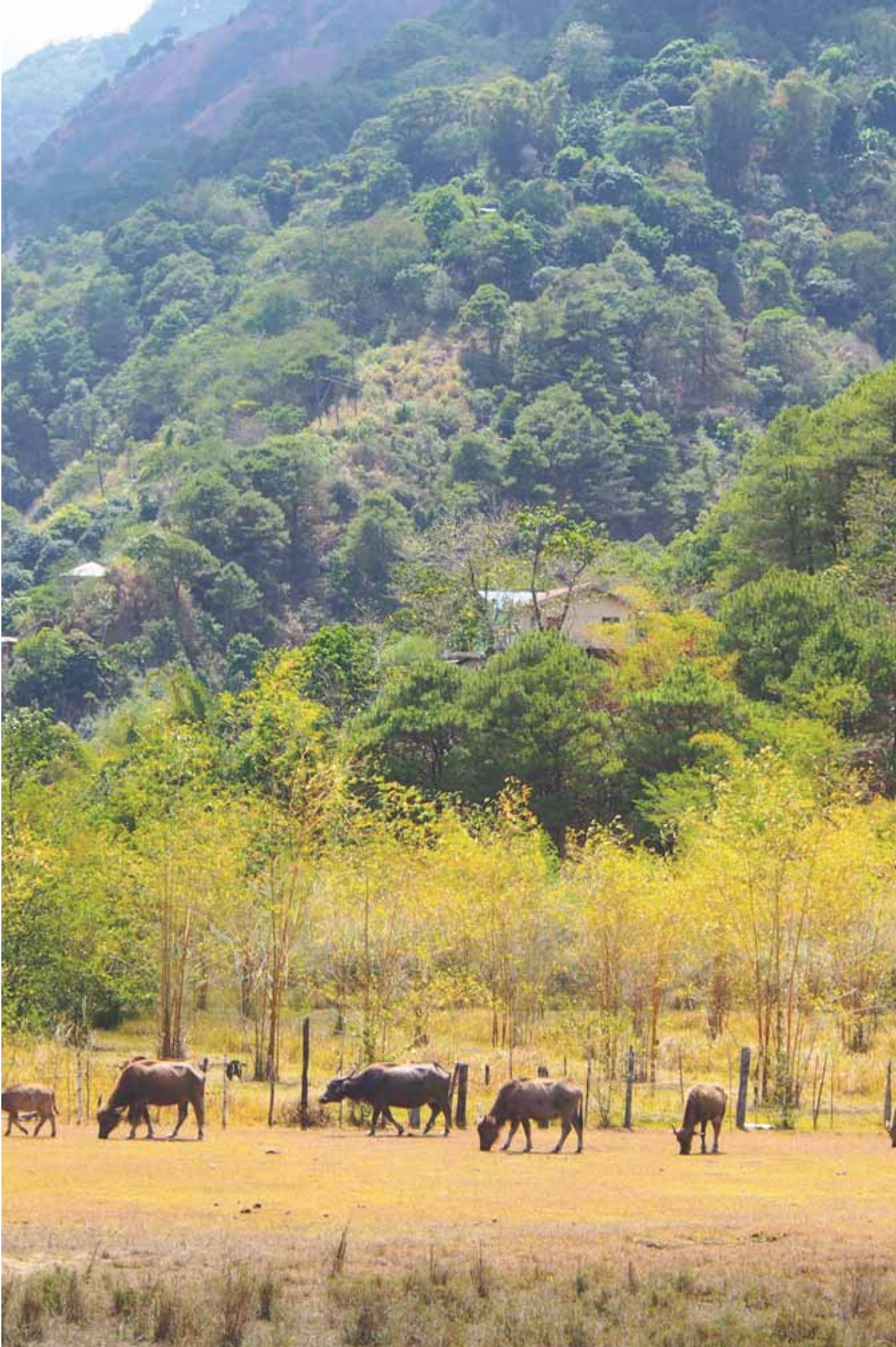
An Inferred Resource of 21.7MT at 0.21% Cu and 0.30g/t Au at 0.312% CuEq cutoff was estimated by the in-house resource team as of November 2015. Resource definition drilling will continue throughout 2016 as mineralization is still open on all sides.

## Clifton

The Clifton porphyry copper-gold prospect, on the other hand, was discovered through drilling during the 1980s at 2 kms. west of the Sto. Tomas II ore body. Re-logging of drill holes was completed in March 2015, which resulted in a better understanding of the deposit and identification of drilling targets that will advance the project to resource definition phase.

PMC is closely coordinating with the indigenous communities, LGU's, National Commission on Indigenous People (NCIP) and other stakeholders in the conduct of a Free and Prior Informed Consent (FPIC). The Company respects the rights of the IPs in all areas and, as such, exploration will only commence as soon as all stakeholders are in agreement on how to proceed, with the necessary permits approved.







# Approach to Sustainability



Adhering to **Good Governance**



Protecting the  
**Environment**



Empowering  
**Communities**



Ensuring  
**Safe Workplace**



Promoting  
**Employee Wellness**





For PMC, building a sustainable business means generating an acceptable return to shareholders, while simultaneously understanding, managing, and mitigating the impact of its mining operations on the societies and environment in which it operates.

The Company is committed to constantly improve its sustainable development performance, which is influenced by legislation, commercial requirements, external reporting frameworks, and stakeholder expectations, and guided by the following principles:



Our commitment is to ensure that we continually improve the means of livelihood of our neighboring communities.



### Adhering to Good Governance

PMC's Code of Conduct mandates that business should be conducted with ethical standards and in accordance with all applicable laws, rules, and regulations. PMC strives to act as a responsible corporate citizen and lend expertise to help engage in constructive public dialogue and informed debate on issues that are important to it as a Company, the mining industry, and the communities in which they operate.

### Promoting Employee Wellness

The Company is committed to develop the full potential of its employees. PMC respects and values each of its employees and observe the fundamental tenets of human rights, safety, and non-discrimination in the workplace. It fairly compensates employees for their contributions, provides them with meaningful performance feedback, and offers professional development and training opportunities. The Company encourages accountability and employee involvement in issues affecting the workplace to help improve work conditions and safety, as well as efficiency of its business. PMC also recognizes that best practices continue to evolve and that the Company must also learn and evolve accordingly as a business.

### Empowering Communities

PMC fully considers social, cultural, environmental, governmental, and economic factors when evaluating project development opportunities under the Social Development Management Program (SDMP). The Company interacts with residents, governments, non-governmental organizations and other interested groups in local communities, to facilitate long-term and beneficial resource development. PMC gives priority to building partnerships in entrepreneurial endeavors that contribute to enhancing local capability. As such, the employment of indigenous peoples and local community members is a priority. PMC also respects the interests of all members of the communities in which it conducts business and encourage open and constructive dialogue and interaction with them. The Company takes the responsibility to listen carefully, be responsive, and provide information that is accurate, appropriate, and timely.

## Protecting the Environment

PMC has a responsibility to preserve and conserve the environment in which it operates, encouraging wise environmental stewardship and diligently applying proven management controls to achieve this goal. Through the comprehensive Environmental Protection and Enhancement Program (EPEP), it is committed to ensure that environmental effects are being addressed adequately; controls are in place to ensure compliance with corporate environmental policies and obligations; environmental management systems are supported by adequate resources and financial provisions; plans are in place to protect the environment for future generations; and the sustainability of nearby communities is safeguarded.



Our strategy is to make production efficient, with minimum impact on the environment, while providing maximum benefit to our employees and host communities.

## Ensuring a Safe Workplace

The Company's goal is to ensure that all employees maintain good health and are free from injuries during and after their work shifts, every single day. All employees and contractors are expected to work in accordance with the safety and occupational health management protocols for the benefit of colleagues, families, communities, and business partners. Through its health and safety systems, PMC provides the equipment, training, and resources necessary to enable employees to work safely.

PMC believes that effective security controls, standards, policies, and procedures contribute to the safety and protection of our employees, assets, reputation, and the communities in which we operate.

In addition to PMC's compliance with all applicable laws and regulations, it is imperative that security functions adhere to our commitment to protect human rights and respect people. Above all, PMC respects the human rights of all individuals impacted by its operations, and does not tolerate any violations.





# Stakeholder Management

(G4-24, G4-25, G4-26, G4-27)

STAKEHOLDERS	OBJECTIVES	CONCERNS / EXPECTATIONS	MODE OF ENGAGEMENT	FREQUENCY
Shareholders/ Investors	Attract investors by providing higher dividends year on year	<ul style="list-style-type: none"> <li>Higher financial returns</li> <li>Minimum risks related to business and expansion</li> </ul>	<ul style="list-style-type: none"> <li>Annual stockholders' meeting</li> <li>General board meeting</li> <li>One-on-one investor meeting</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Monthly</li> <li>On Demand</li> </ul>
Regulators	Regularly evaluate the performance of operations	<ul style="list-style-type: none"> <li>Inaccurate disclosures</li> <li>Non-compliance to standards</li> </ul>	<ul style="list-style-type: none"> <li>Annual / Quarterly / Monthly</li> <li>Reports</li> <li>Audits</li> <li>Taxes / Certification processes</li> </ul>	As necessary
Local Government Unit	Build partnership to ensure community building	<ul style="list-style-type: none"> <li>Environment Management and Socio-Economic Development</li> </ul>	<ul style="list-style-type: none"> <li>SDMP/CDP</li> <li>Community meetings</li> <li>FGD</li> <li>One-on-one visit</li> <li>Annual / Monthly / Quarterly Monitoring Reports</li> </ul>	Continuing
Employees	Practice Company standards	<ul style="list-style-type: none"> <li>Focus on work life balance</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement programs</li> </ul>	As needed
Host Communities	Seek support to ensure smooth operations of the mine	<ul style="list-style-type: none"> <li>Socio-economic development of the communities</li> </ul>	<ul style="list-style-type: none"> <li>SDMP</li> <li>Community meetings during the projects</li> </ul>	Once a year
Customers	Provide quality products and retain long-term relationships with the customer	<ul style="list-style-type: none"> <li>Accessibility and convenience</li> <li>Account security</li> <li>Speedy services</li> <li>Better benefits</li> <li>Financial advice</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>Relationship teams</li> </ul>	As necessary
Suppliers	Closely work in the operations and follow Company procedures and guidelines	<ul style="list-style-type: none"> <li>Transparency in accreditation</li> <li>Integrity of bids</li> <li>Timeliness of payments</li> </ul>	<ul style="list-style-type: none"> <li>Accreditation process</li> <li>Annual meetings with security agencies</li> </ul>	As necessary
Partners	Ensure adequate support is provided in delivering our products	<ul style="list-style-type: none"> <li>Transparency in disclosures</li> <li>Alignment of advocacies</li> </ul>	<ul style="list-style-type: none"> <li>Corporate events/forums</li> </ul>	As necessary
Media	Ensure brand and reputation of the Company are not compromised	<ul style="list-style-type: none"> <li>Product brief/details</li> <li>Transparency</li> <li>Factual information</li> <li>Timely release of announcements</li> </ul>	<ul style="list-style-type: none"> <li>Press release</li> <li>Personal interviews</li> <li>Official media statements</li> <li>Public advisories</li> <li>Press conferences</li> </ul>	As necessary
Industry Associations	Provide best practices which can be implemented in the Company	<ul style="list-style-type: none"> <li>Sharing of industry standards and best practices</li> </ul>	<ul style="list-style-type: none"> <li>Regular industry meetings</li> </ul>	As scheduled



# Materiality Assessment

(G4-18)

In 2015, PMC identified the issues that are material to operations and important to our stakeholders. During this process, stakeholders' views and concerns were considered, based on the expectations and learnings from engagements with them over the last two years.

PMC regularly holds consultation and dialogues with key stakeholders, such as regulatory bodies, communities, employees, local government units, stockholders, and investors, to understand their expectations and key concerns regarding

PMC and its operations. The outcome of this exercise was the identification of material issues in the following areas: Social Development and Management Program, Environmental Protection, Legal Compliance, Employment Practices, Corporate Governance, and Financial Returns.

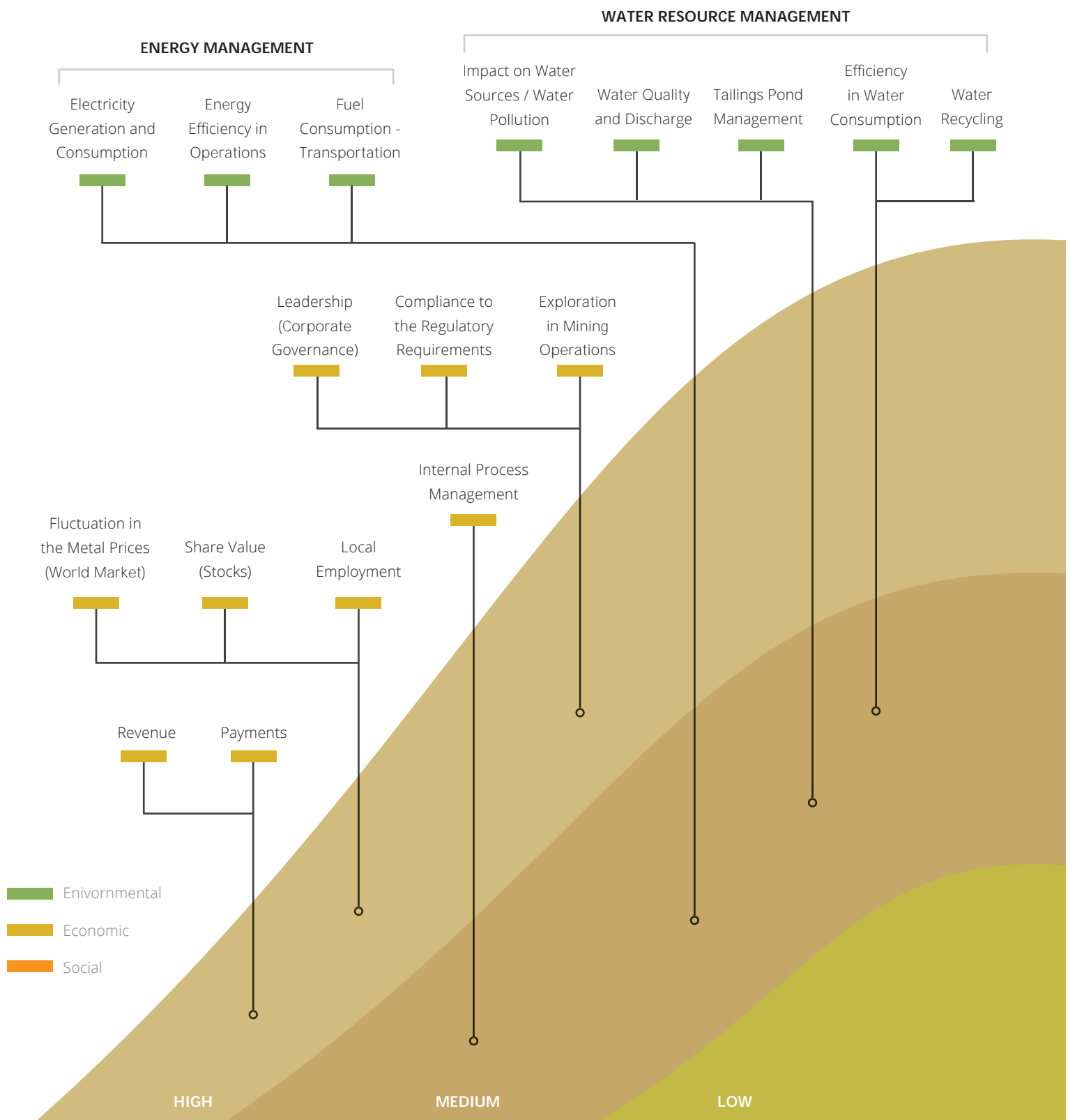
PMC follows the four-step Materiality Analysis process as recommended by the Global Reporting Initiative (GRI) to determine and prioritize the material aspects.

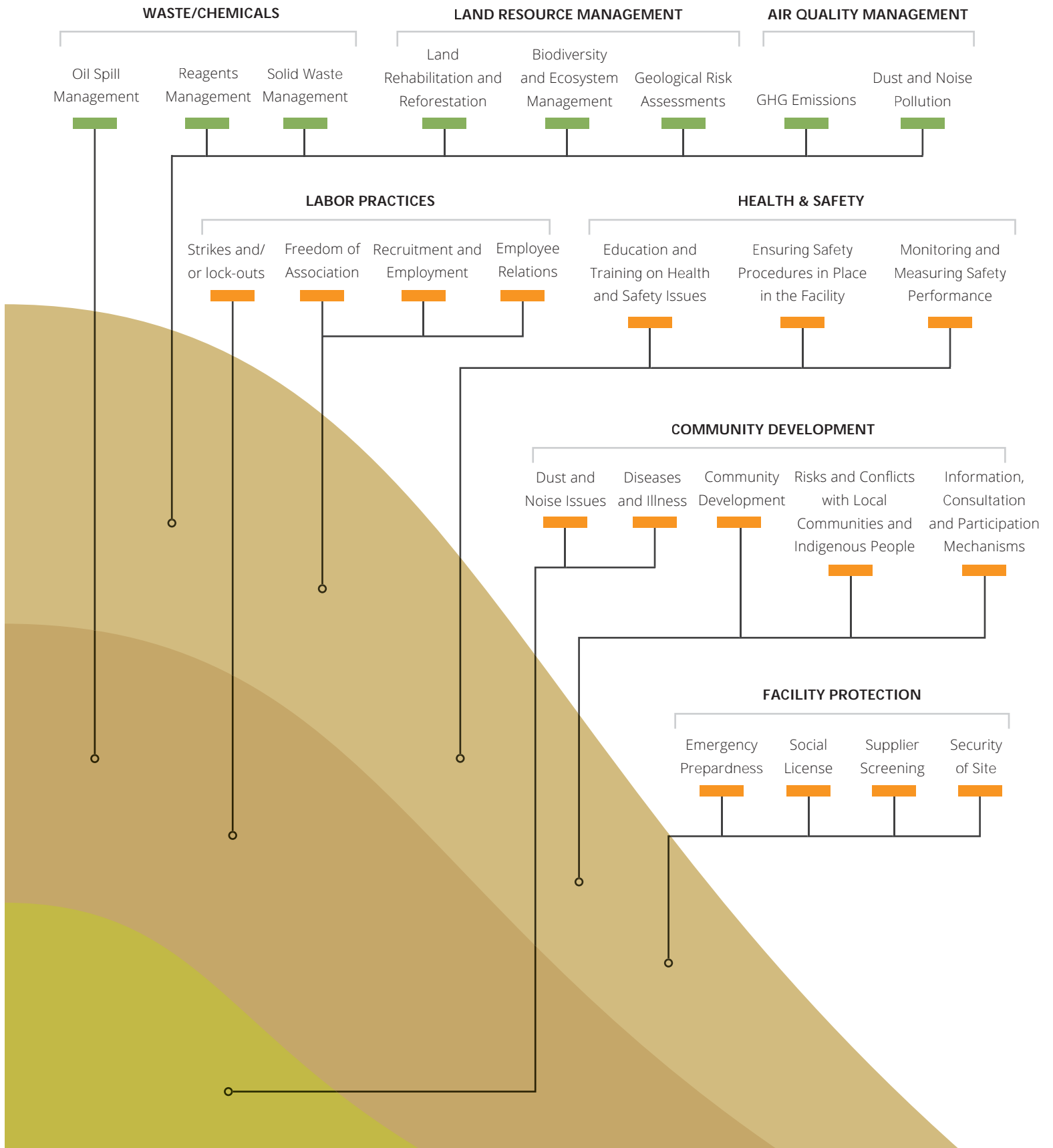




# Material Issues on Sustainability

(G4-19)









# Business Risks and Controls

(G4-2, G4-EC2)

Risks in mining operations pose threats to the lives of people, the mines and other facilities, property, environment, and the business as a whole. PMC is exposed to these risks during exploration, development, and production, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions that may occur in the drilling and removal of materials.



## Health Safety and Wellness

### RISKS

Being situated in a typhoon belt and disaster-prone country, PMC encounters several challenges in its daily operations. It is exposed to typhoons, landslides, and earthquakes for almost the whole year, which could disrupt the Company's business operations. PMC identifies and manages these risks to reduce the additional costs associated with such and provides tools to ensure a safe work environment for the workers at all times.

### CONTROL

PMC has designed the Padcal tailings storage facilities (TSFs) to line safety zones in cases of cave-ins. In the event of an overtopping of TSF, workers are trained to adopt emergency procedures.



A warning system has also been installed to alert its workers in cases of landslides, major earthquakes, and potential cave-ins.



All blasting and drilling activities are well-planned to ensure employee safety.



PMC also makes sure that its staff and visitors comply with underground safety standards, such as wearing the proper gear and carrying the correct equipment.



PMC also employs a highly trained underground rescue team to assist in case of emergency.





## Environmental and Natural Events

### RISKS

There are several environmental issues, governed by Philippine laws and regulations, which PMC faces throughout the mining life cycle.

While the Company complies with all the environmental regulations, there are uncontrollable events that can adversely affect operations and impose additional costs on the Company. Moreover, natural disasters, such as earthquakes, floods, and landslides, can also hinder Company operations due to their potential to damage facilities and surrounding infrastructure, block access to its mining assets, and injure its employees and workers, which may result in a suspension of its operations for an unpredictable period of time.

### CONTROL

PMC carries out environmental risk assessment for the mining operations to evaluate, identify and prioritize risks for management's attention, specifically with respect to putting appropriate controls in place to achieve an acceptable level of risks.



## Social License to Operate

### RISKS

Social license to operate remains a major risk for the Company. The presence of anti-mining sectors, whether in social media or other platforms, pose risks as several anti-mining campaigns portray mining operations as a risk with zero benefits to local communities.

### CONTROL

To mitigate these risks, local communities are empowered to decide on the approval of mining activities in the area, even as this prolongs the negotiations with the surface owners and local residence. PMC fully cooperates with the regulators to ensure that it complies with the safety and environment protection standards in all aspects of its operations. It is also involved in LGUs' community development programs on health, education and alternative learning systems, construction of community infrastructure, and livelihood projects. Furthermore, it has been actively raising people's awareness on the positive impact of mining.

## Volatile Metal Prices

### RISKS

The Company's revenue largely depends on the world market prices for gold and copper. If world market prices for gold and copper fall and remain below the production costs for a sustained period of time, PMC will incur losses, which can lead to suspension of its mining and exploration activities.

### CONTROL

These price risks are mitigated through constant evaluation of the advantages and disadvantages of hedging a portion of the annual production and constant management of costs and expenses.



## Exploration and Development of Mineral Deposits

### **RISKS**

PMC encounters significant risks during the exploration and development phases of its operations. Among others, the Company spends on locating and establishing mineral reserves, developing metallurgical processes, and constructing mining and processing facilities at a particular site, without the assurance that the properties explored can produce commercially viable mines. There is also no guarantee that a discovered mineral deposit can be developed profitably.

### **CONTROL**

These risks are managed through the delineation of the economically mineable reserves, provision of access to required development capital, securing, and maintaining title to its exploration and mining tenements, and obtaining all consents and approvals necessary for the conduct of its exploration activities. The Company also involves a competent team of legal and technical personnel who are assigned to handle such matters.

Also, before embarking on exploration and land development, the Company secures permits, licenses (including Exploration Permit Application [EXPA] and Mineral Production Sharing Agreements [MPSAs]), operating royalty agreements with third-party claim owners, and land access agreements. Such approvals and agreements require a substantial increase in equipment and operating costs to secure. Above all, consent must be given by the Indigenous Peoples (IPs) before PMC can explore or pursue development of its mining tenements in areas where IPs have ancestral domain title. To address these risks, the Company employs a team of legal and operations personnel, who apply the necessary due diligence to obtain ownership of mining and surface rights and enforce the Company's rights over its mining properties.

## Pricing Environment

### **RISKS**

The current regime regulates all industries, including the local mining industry, by controlling the flow of operations and investment into the sector. The government seeks to employ a higher tax take from local mining industries, resulting in delayed commencement of major projects in the country due to the altered risk-reward equation.

### **CONTROL**

To manage these risks, the Company continuously collaborates with the government, directly and indirectly, through the Chamber of Mines of the Philippines (COMP). PMC also supports responsible mining practices by strictly complying with the reportorial and documentary requirements of Extractive Industries Transparency Initiative (EITI) as promoted by the COMP. The Company's tax payments are also made public to ensure transparency of operations. Additionally, the Company is well-represented in the government and public, through regular presence in public forums and dissemination of information on the positive effects of mining through various media.





# Economic Responsibility



**PhP 9.36 B**

Total operating revenues



**PhP 5.67 B**

Revenue from Gold



**PhP 3.45 B**



Revenue from Copper





# Economic Impact and Control Strategies

(G4-EC-DMA)

Aspects	Impact	Material Issues	Control Strategies
<b>Financial Performance</b> 	<ul style="list-style-type: none"><li>• Profits and loss</li></ul>	<ul style="list-style-type: none"><li>• Revenue</li><li>• Payments</li><li>• Fluctuation of world metal prices</li><li>• Explorations</li><li>• Ore production and reserves</li></ul>	<ul style="list-style-type: none"><li>• Financial revenue management</li><li>• Operational expense management</li><li>• Monitoring of ore reserves</li></ul>
<b>Supply Chain Management</b> 	<ul style="list-style-type: none"><li>• Environmental, social and technical risk in supply chain</li></ul>	<ul style="list-style-type: none"><li>• Environmental issues</li><li>• Social issues</li><li>• Technical expertise</li></ul>	<ul style="list-style-type: none"><li>• Ensure compliance with social and environmental standards</li><li>• Review technical expertise of supply chain</li></ul>

# Revenue and Earnings

(G4-9, G4-EC1)

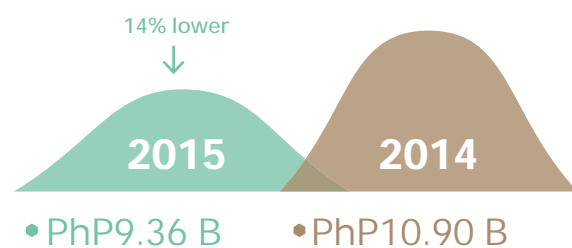
PMC works toward maximizing its earnings and reducing its operating costs to create meaningful value for the Company's shareholders, while also bringing development to the host communities throughout all economic and social classes. Only through creating this shared value with the stakeholders and stockholders that the Company becomes sustainable.

The Company operated for a full year in 2015 and 2014, producing higher volumes of metal as compared with the operations in 2013. Total tonnes milled from the Padcal Mine for 2015 reached 9.2 million tonnes, with gold production rising to 107,887 ounces in 2015 from 105,008 ounces in 2014.

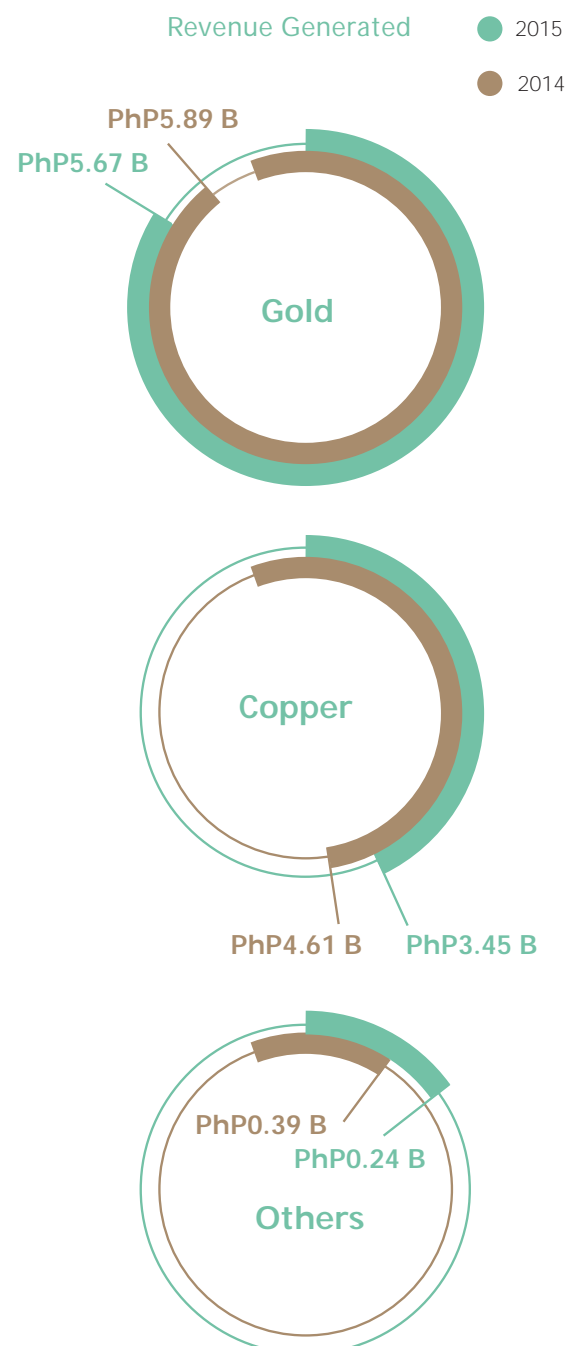
This resulted to an increase in gold revenues, amounting to PhP5.670 billion, comprising 61% of the total, in 2015 from PhP5.889 billion in 2014 and PhP5.582 billion in 2013.

Copper production totaled 34.1 million pounds from 35.4 million pounds in 2014 due to lower tonnage, despite improved metal recovery. Coupled with unfavorable copper prices in 2015, copper revenues amounted to PhP3.45 billion in 2015, accounting for 37% of the total, from PhP4.62 billion in 2014 and PhP4.58 billion in 2013.

The total operating revenues for 2015 and 2014 are as follows:



Other revenues, which came mostly from sales of silver and petroleum products, made up the remaining 2% of the Company's 2015 revenues. Revenue from silver, oil and gas came in PhP242.0 million compared with PhP393.9 million in 2014 and PhP300.4 million in 2013 due to the steep decline in crude oil prices from US\$105.8 per barrel in 2014 to US\$53.8 per barrel in 2015 and the normal decline in production in Galoc oil field Phase II project, at 2.4 million barrels from a high of 2.8 million barrels in 2014.





## Market Slowdown

There has been a continuous decline in gold prices in the world market since the latter part of 2012, which resulted in an average of USD1,297 per ounce in 2013, USD1,270 per ounce in 2014, and USD1,147 per ounce in 2015. Similarly, realized copper prices were also down for the same period, with an average of USD3.27 per pound, USD2.98 per pound and USD2.29 per pound, respectively.

To protect PMC's revenues from fluctuating metal prices and foreign exchange volatility, the Company entered into metal and foreign currency hedging contracts in the form of forwards, purchased put options, and sold call options in the previous years. These transactions were included in the computation of the realized metal prices and realized foreign exchange for the Company's metal production during the respective reporting periods.

At the end of 2015, no outstanding gold hedging contracts were recorded. The first quarter of monthly gold production (3,000 ounces) in 2015 had been covered after the Company entered into gold collar hedging contracts in December 2014 at a strike price of USD1,200 per ounce for the put options and USD1,210 per ounce for the call options.

In 2014, the mark-to-market (MTM) gains on these outstanding gold hedges amounted to PhP7.8 million, recorded under equity, with the recognition of potential derivative asset. MTM gains or losses are reversed and actual gains or losses, if any, are realized and recorded through revenue upon maturity of the hedge. In May 2015, the Company concluded hedging contracts covering 3,000 ounces per month starting May to September 2015 at a strike price of USD1,200 per ounce for the put options and USD1,230 per ounce for the call options. These contracts were designated as cash flow hedges and matured in December 31, 2015, with a total net realized gain of PhP29.1 million in 2015.

## Our Market

(G4-8)

PMC ships 60% of its annual production of copper concentrates from its Padcal Mine to Pan Pacific Co., Ltd. (Pan Pacific), an integrated Japanese copper producer jointly established by JX Nippon Mining and Metals Corporation and Mitsui Mining & Smelting Co., Ltd. in 2000.

Pan Pacific processes the concentrates through its smelter plants and produces products, such as refined copper, precious metals, and sulfuric acid. It is one of the largest buyers of copper concentrates in the world, with its smelting plants having an annual capacity of 1.5 million tonnes. The remaining 40% is shipped to Louis Dreyfus Metals.

A total of 14 copper concentrate shipments were made in 2015 compared with 15 shipments in 2014 from Padcal Mines' full year production.





# Supply Chain

(G4-12)

PMC's supply chain starts from the procurement of raw materials, used as inputs for products prepared for transportation, storage, processing, and usage. The processes, as well as the issues and impact on operations, should be well understood in order to have an organized supply chain management.

The Company's Supply Chain Management function is a shared responsibility across the organization and covers the sourcing of machinery and equipment, as well as maintenance, repair, and operating (MRO) supplies. It is also responsible for maintaining the various medium- to long-term supply chain agreements and inventory management strategies with major mining and original equipment manufacturers (OEMs). The major mining consumables sourced locally include ball mill liners, explosives, lime, fuel and lubricants, and timber, while imported materials comprise of copper flotation reagents, grinding balls, and off-the-road (OTR) tires. To ensure adequate supply at all times, the Company implements quality and performance evaluation of the mining consumables as well as outsourcing and inventory management strategies.

The Company's power requirement is currently sourced from TeaM (Philippines) Energy Corporation under a two-year electricity supply contract expiring on December 31, 2015. The National Grid Corporation of the Philippines provides the transmission lines to deliver power to the mine. In addition to this, Padcal Mine has the capacity to self-generate standby electricity, principally for underground mine use in case of supply interruptions, using power generating sets run by bunker fuel. Diesel fuel and gasoline are used mostly for the load, haul, dump (LHD) equipment, the low-profile trucks mostly acquired from Sandvik Tamrock, Atlas Copco, and Volvo used underground, and for the mine's transportation fleet.

The Padcal Mine's cable-haul conveyor system carries the ore from under the ground to the mill. The Company is able to maintain its conveyor system through its partnership with Prince ACE Corporation, a Philippine company that works closely with Conveyor Design Engineering (Australia) and JV Industries (Australia). While the Company already employs experts on drilling activities and equipment, it still employs drilling contractors, such as Quest Exploration Drilling (Philippines), Inc., DrillCorp Philippines, Inc., and MDGI Philippines, Inc. for exploration and also engages local and foreign consultants to provide technical assistance on specific engineering projects.







# Environmental Responsibility

 **714,646** cu.m water consumed

 **30.31** kw/tonne energy intensity

 **2,062** mWh electricity saved



**ISO 14001**  
Certified Mine Site





# Environmental Impact and Control Strategies

(G4-EN27, G4-EN DMA)

Aspects	Impact	Material Issues	Control Strategies
<b>Land Resources</b> 	<ul style="list-style-type: none"><li>• Damage of ground and vegetation in areas directly affected by the mining operations.</li></ul>	<ul style="list-style-type: none"><li>• Land rehabilitation and reforestation</li><li>• Biodiversity and ecosystem management</li><li>• Geological risk assessments</li><li>• Energy management</li><li>• Fuel consumption</li><li>• Waste management</li></ul>	<ul style="list-style-type: none"><li>• Reforestation and forest protection</li><li>• Surface subsidence control and area backfilling</li><li>• Progressive rehabilitation of affected slopes and other vicinities of mine operations</li><li>• Energy optimization</li><li>• Waste management</li></ul>
<b>Water Resources</b> 	<ul style="list-style-type: none"><li>• Prevention of water resources pollution</li><li>• Management of effluents and wastes from operations</li></ul>	<ul style="list-style-type: none"><li>• Efficiency in water consumption</li><li>• Impact on water sources</li><li>• Water quality and discharge</li><li>• Water recycling</li><li>• Oil spill management</li><li>• Tailings pond management</li></ul>	<ul style="list-style-type: none"><li>• Water quality monitoring</li><li>• Mill housekeeping</li><li>• Used oil depository area</li><li>• Spillage control</li><li>• Wastewater management</li><li>• Disposal of used oil and lubricants to DENR accredited waste treaters</li></ul>
<b>Air Quality</b> 	<ul style="list-style-type: none"><li>• Change in atmospheric air quality</li></ul>	<ul style="list-style-type: none"><li>• GHG emissions</li><li>• Dust and air pollution</li></ul>	<ul style="list-style-type: none"><li>• Air quality monitoring</li><li>• Installation of blowers and ventilation system inside the mine</li><li>• Used oil depository area</li><li>• Installation of dust collector</li><li>• Installation of dynaflow fume hood</li></ul>
<b>Noise</b> 	<ul style="list-style-type: none"><li>• Heavy noise due to mining operations</li></ul>	<ul style="list-style-type: none"><li>• Noise pollution</li></ul>	<ul style="list-style-type: none"><li>• Restricted working hours</li></ul>

# Quick Review of Our Performance

Indicator	2015	2014	Change
Total spending for Environmental Protection and Enhancement Program (EPEP) (million PhP)	269.8	433.1	Decreased
Total spending on Land Resource Management (million PhP)	103.6	104.3	Decreased
Total spending on Water Resource Management (million PhP)	199	337.3	Decreased
Total spending on Air Quality Management (million PhP)	0.858	2.7	Decreased
Rehabilitation			
• Area Rehabilitated (hectares)	100	400	Decreased
• Number of seedlings planted in rehabilitated area	166,700	218,987	Decreased
National Greening Program			
• Total Seedlings Planted	204,858	218,987	Decreased
Resource Consumption			
• Electricity Consumption (mWh)	278,790	280,852	Decreased
• Energy saved due to conservation programs (kWh)	166,700	218,987	Decreased
• Energy Intensity (kWh/tonne)	30.31	29.54	Increased
• Energy Generated by Genset and Power Plant (mWh)	28.8	96.1	Decreased
• Water Consumption (cu.m)	714,646	647,581	Increased
Effluents and Waste management			
• Total GHG emission Scope 1 (tCO <sub>2</sub> )*	7.6	25.3	Decreased
• Total GHG emission Scope 2 (tCO <sub>2</sub> )	168,166	169,409	Decreased
• Volume of Solid Waste generated & disposed	306 tonnes	5,568 cu.m	-
• Volume of wastewater discharged (cu.m)	95,991.41	14,572,313	Decreased

*\*Scope 1 accounts to power generated by the Company owned powerplant only.*



PMC is dedicated to advance mineral resource development while remaining true to its commitment of acting with responsibility and transparency in all its projects.

The Company strives to significantly reduce the adverse effects of its operations to the environment by complying with the country's laws and other requirements on environmental safety. Along with these, environmental awareness is strongly advocated and promoted in the workplace.

## Environmental Policy

PMC, as a socially and environmentally responsible Filipino Company striving for excellence in mineral resource development, is committed to the continued improvement of its operations to minimize adverse environmental impacts, by complying with applicable legislations and other requirements, and promote environmental awareness and commitment among its workers at all levels.

The Company's Environmental Management System (EMS) helps to address the consequences of mining operations, including land disturbance, water pollution, tailings pond management, air pollution, waste handling and disposal, and conduct reforestation and rehabilitation programs to restore the mine site to its original state.



The Company's ISO 14001 Certification for EMS strengthens strategies in environmental management through the following:

1



### Communication

to all stakeholders of PMC's environmental management commitment, through its Environmental Policy and Environmental Objectives. The Company commits to meet the environmental targets year on year while ensuring that the communication of environmental performance to all stakeholders is done through the Annual Sustainability Report.

2



### Documentation and Monitoring

of the standard procedures and guidelines on environmental management. PMC has a monitoring procedure in place to ensure strict adherence and easy access by all employees.

3



### Emergency Preparedness and Response

to natural disasters and emergencies. This helps the Company to identify, prevent, and respond to any situation by formulating and implementing effective proactive measures.



PMC achieved its Environmental Management System (ISO 14001) re-certification in 2015 by TÜV Rheinland.

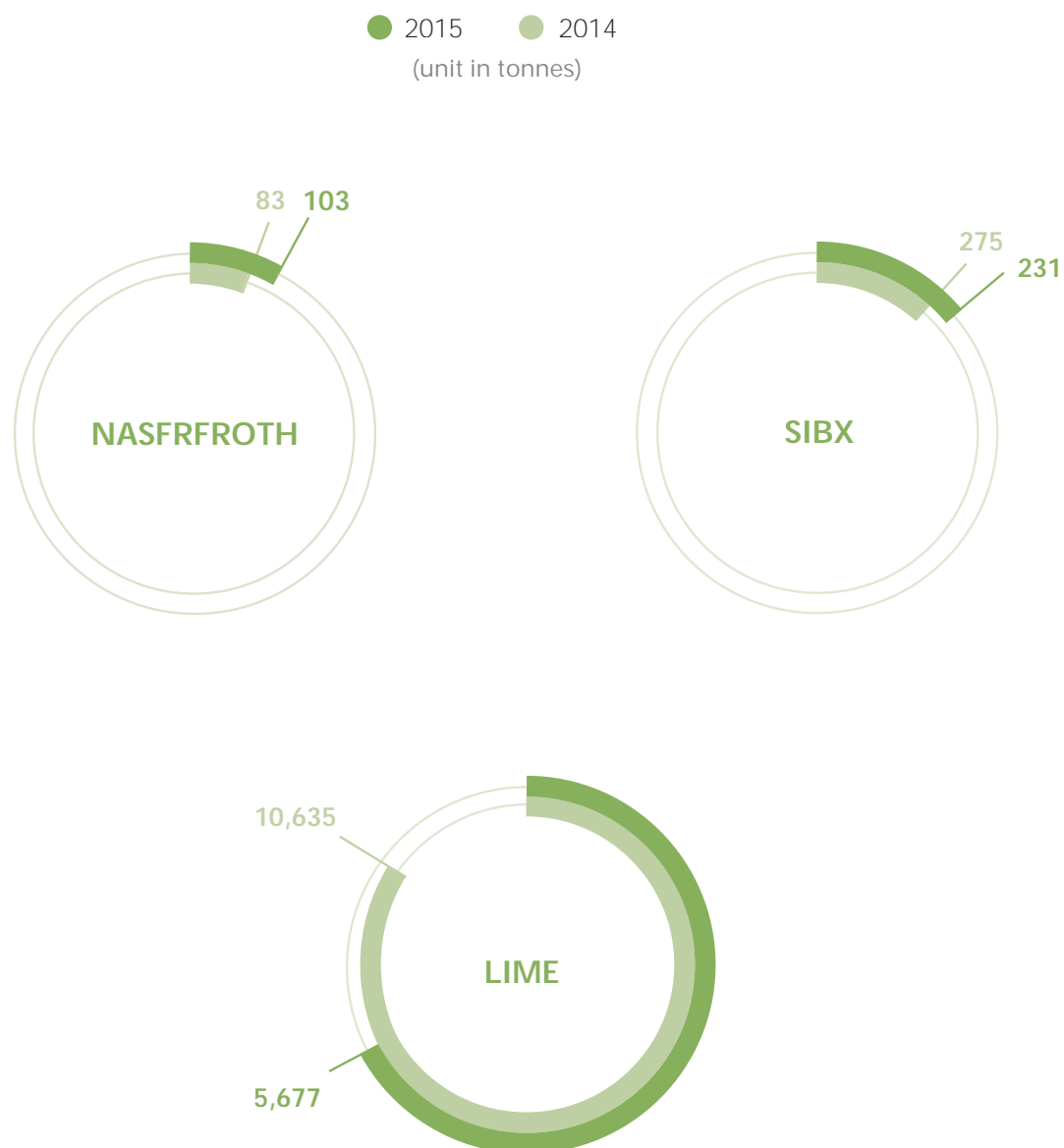


# Biodegradable Reagents

(G4-EN1)

PMC produces copper concentrates containing gold, copper, and silver. Through the use of biodegradable reagents, the Company is able to chemically separate the minerals and recover the required materials (gold, copper, and silver) extracted from Padcal Mine.

The table below shows the reagents PMC uses and the amount of consumption, in tonnes and dosage in grams/tonnes for each reagent per year.





# Energy Optimization

(G4-EN3, G4-EN5, G4-EN6)

A sustainable energy supply is crucial to ensure continuous operations and business growth. Several factors, including rising electricity demand and costs, local generation issues, transmission of power, and political and regulatory uncertainties, affect PMC's capacity to ensure energy supply.

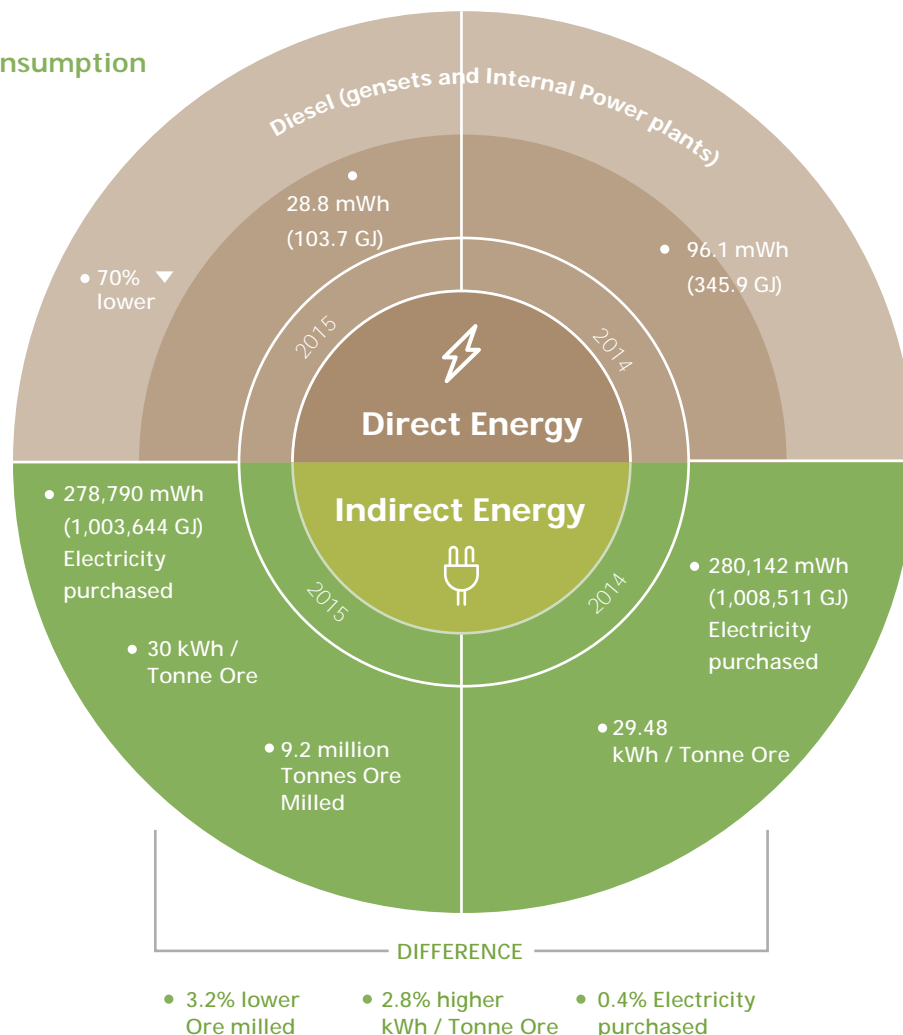
These risks are addressed by constantly improving the energy efficiency of operations, negotiating fair long-term contracts with energy providers, and using alternative and various sources of power. In 2015, PMC consumed a total of 278,790 mWh of purchased electricity, which was 0.4% less than the previous year due to the various energy savings programs implemented by the Company.

The significant users of energy for PMC are the mining operations, milling processes, and residential areas. Almost

99.9% of the total electricity consumed came from external sources, while electricity generated internally through generator sets accounted for only 0.01%.

The Padcal Mine sources electricity from the Sual Coal-Fired Power Plant, delivered through the transmission lines of the National Grid Corporation of the Philippines (NGCP). Along with the generated electricity from Sual Coal-Fired Power Plant, Padcal Mine also relies on PMC-owned Banget Power Plant, which operates two diesel engine-driven electric generating sets with a total site capacity of 7 MW. These generator sets will only be used during power shutdowns, scheduled or unscheduled, in the national grid, to run equipment used in maintenance operations and supply basic necessities such as water, lighting, and ventilation blowers.

## Electricity Consumption



### Monthly Electricity Consumption by Area

Month/mWh	Mill Operations	Mine Operations	Tailings Pond	Residential Areas	Other Loads	Total
<b>January</b>	17,315	6,368	216	875	453	25,227
<b>February</b>	14,684	5,510	28	775	407	21,405
<b>March</b>	16,477	6,153	33	768	415	23,845
<b>April</b>	16,582	6,078	98	692	364	23,814
<b>May</b>	16,900	6,143	130	771	406	24,351
<b>June</b>	15,875	5,619	50	717	341	22,602
<b>July</b>	16,828	6,027	147	813	358	24,173
<b>August</b>	15,546	5,896	99	831	418	22,789
<b>September</b>	15,051	5,962	75	801	357	22,246
<b>October</b>	14,885	5,727	58	749	340	21,760
<b>November</b>	16,093	5,802	107	765	337	23,105
<b>December</b>	16,170	6,004	144	795	362	23,474
<b>2015</b>	192,404	71,290	118	9,352	4,560	278,790
<b>2014</b>	190,990	73,026	3,111	10,154	3,573	280,853





In the event the national grid is unable to meet power demand, NGCP requires distribution utilities and electric cooperatives to curb their energy consumption to compensate for the needed power supply. To complement this, PMC also conducts its Power Load Shedding Program, which started in 2014, by cutting down electricity supply at the residential areas for almost two hours daily. This program resulted in a savings of 384,938 kWh in 2015.

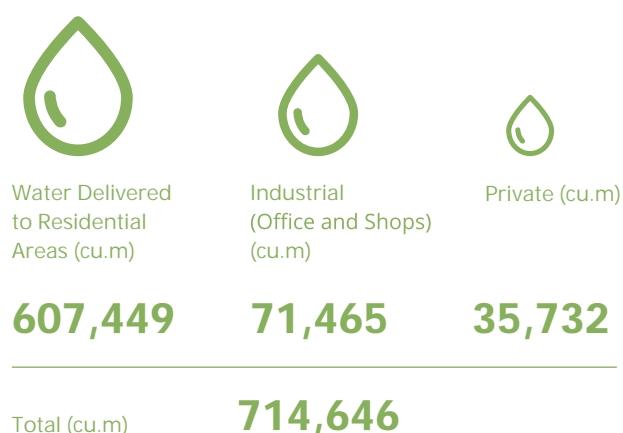
### Electricity Savings through Power Load Shedding Program

Month/kWh	No. of days of Implementation	kWh Saved (Average of 2 hrs 30 mins of PLS Implementation)	Total kWh Saved (No. of days x KWHr Saved)	Total Amount Saved (PhP 6.35/ KWHr)
<b>January</b>	4	2,264	9,056	57,514
<b>March</b>	15	2,264	33,965	215,678
<b>April</b>	21	2,264	47,551	301,950
<b>May</b>	18	2,264	40,758	258,814
<b>August</b>	13	2,264	29,436	186,921
<b>September</b>	26	2,264	58,873	373,843
<b>October</b>	26	2,264	58,873	373,843
<b>November</b>	24	2,264	54,344	345,085
<b>December</b>	23	2,264	52,080	330,707
<b>TOTAL NO. OF DAYS</b>	170	20,379	384,938	2,444,355

# Water Conservation

(G4-EN8, G4-EN9, G4-EN22, G4-EN26)

PMC is cognizant that water is a valuable resource at every stage of its operations. Padcal Mine operations obtain its raw water from three major sources located in Banget and Padcal areas, which include the Smith Tunnel Water Reservoir and the Banawel Pumping Station, that supply an average of 1,700 cubic meters of water per day. In terms of consumption, approximately 85% of water is consumed by more than 8,273 residents in the Padcal Mine, while 10% is allocated for industrial use and the remaining 5% is distributed to paying private establishments.



In 2015, despite the significant increase in mine production, the Company maintained overall water consumption of operations at 714,646 cu.m due to improved water recycling system, including reuse and treatment processes.

The dry season, which lasts from March to May, poses a major challenge for Padcal Mine's water management. One of the initiatives to promote efficient water management is the installation of tailings cyclones in the mill operations for ore processing. This technology will help increase the use of recycled water in mill operations from 10,000 tonnes per day to 16,000 tonnes per day, thereby reducing the overall consumption of fresh water. PMC conducted a simulation of tailings cyclones in 2015 and projected a 23% savings on water usage for mineral processing, translating to an expected power savings of 11,983 kWh per day or approximately PhP 77,170,982.

Currently, the Company is in the process of procuring 16 tailings cyclones and expects to start installation by May 2016.



One of the initiatives to promote efficient water management is the installation of tailings cyclones in the mill operations for ore processing. This will translate to savings of approximately PhP 77.2M.



# Biodiversity and Reforestation

(G4-EN11, G4-EN12, G4-EN13)

Daily mining operations directly and indirectly affect the land conditions and the living organisms around the affected areas. Effective land management is one of PMC's key strategies in maintaining its commitment to a sustainable and responsible business environment.

PMC occupies a total land area of 13,228 hectares in Padcal, of which 7,967 hectares of land are under various Mineral Production Sharing Agreements (MPSAs) and 5,261 hectares are covered by Exploration Permit Applications (EXPAs). PMC strongly upholds its commitment to environmental regulatory compliance by providing a detailed Environmental Impact Statement (EIS), explaining the Company's concrete plan in alleviating the harmful effects of its mining operations on plant and animal species.

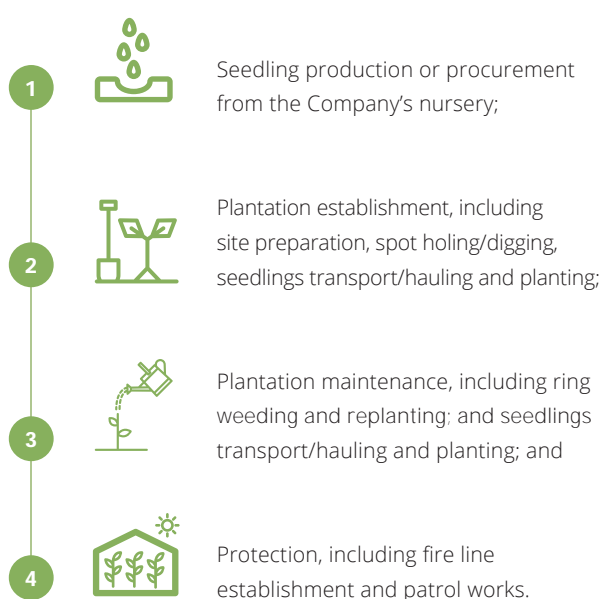
At the early stage of every project, PMC initiates an Environmental Work Program to devise a blueprint for solutions to potential environmental issues and for progressive rehabilitation of affected parcels of land. During the operation phase, projects include an Environmental Impact Assessment and Enhancement Program as a key activity in implementing the program.

While actively taking measures to mitigate environmental impacts, the Company simultaneously develops 580 hectares (5% of the total hectares covered by MPSAs and EXPAs), which includes the mine, mill, tailings facilities, subsidence, residential and institutional areas.

PMC spent a total of PhP7.5M in 2015 compared with PhP6.7M in 2014 for its several reforestation and forest protection efforts. Furthermore, it is actively supporting the government's National Greening Program by planting a total of 166,700 seedlings, covering 100 hectares, on top of donating a total of 1,910 seedlings.

The Company also partners with local communities by signing a three-year contract to implement a reforestation program to secure 90-100% survival rate of the plants. It seeks to engage the local community and empower them to closely maintain and protect the plantations within their area.

The reforestation program of PMC follows this four-step procedure:



In 2015, the Company's Forestry Section was able to propagate 11,206 seedlings (potted and bare-root assorted seedlings) in the forest nursery.

Among the seedlings produced were:



Benguet pine  
Gmelina  
Caliandra  
Ipil-ipil

Antsoan dilao  
Guava  
Coffee





Other fruit-bearing trees were also purchased from outside nurseries to augment the requirements for the agro-forestry projects. Engineering structures were also constructed to closely monitor the status of the land and check if these were affected by the deterioration of active gullies, landslides, and road banks, among others. The structures were installed to prevent the disposition of sediments in the river.

### The following were the reforested areas in 2015:

**New Plantation Area:** NPC Watershed Area, Catcatbal, Ampucao, Itogon (100 hectares): Contractors start to plant at the onset of the rainy season after the soil gained an essential level of moisture. Along with this, slope stabilization, by means of wattling structures, is being enforced, especially in the critical eroding slopes near the residential and industrial areas.



Second Year  
Reforestation Project  
for **175 hectares**



Third Year project  
Reforestation Project  
for **80 hectares**



Third Year project of  
Agroforestry Project  
for **75 hectares**

These activities were implemented during the last quarter of 2014 and the first semester of 2015.



## Slope Stabilization

The Company's mine site is located in steep slopes in high elevation areas and, as such, soil erosion has been one of its primary concerns. To address this, PMC undertakes measures for slope stabilization, which include planting of vegetation on the eroding slopes, during the rainy season.

In addition, as a part of this program, excavated materials from the benches are used as backfill materials, with additional benches constructed to serve as catch areas for loose debris that usually fall down from the slopes during the wet season.

The construction of benches includes, but is not limited to, the following activities:

- 1 Excavations and/or benching works at the Albion Slope on a down slope direction. This is a progressive slope stabilization measure while providing in-situ materials for backfill;
- 2 Deepening of the drainage canal along the Lower Albion Slope to maintain an effective and easy drainage of run-off coming from the pit floor. Excavated materials will serve as in-situ backfill;
- 3 Provision of wide benches (at least 12 meters wide) in two locations of the Albion Slope, which serve as catch basin for materials that may be eroded by run-off during rains, resulting in the protection of the main drainage canal below; and
- 4 Continued benching works at the Pokis slopes, (particularly at the Pokis A, Pokis B1, Pokis B2).

## Effluents and Waste Management

(G4-EN15, G4-EN16)

Electrical power consumption contributes significantly to the greenhouse gas (GHG) emissions of the mining operations. The operations are linked to the national grid for electricity supply, and have varying GHG emission factors, which can significantly affect the level of emissions. Since the Philippine grid has relatively lower sources of renewable energy, the GHG emission factor is normally higher.

Padcal Mine runs electric generator sets, which consume significant quantities of diesel fuel. While generator sets are only used during power shutdowns of NGCP or the Sual Power Plant, the process still requires burning of fuels, which results in the release of more GHGs.

### Scope 1

Major Activity



Power Generation by Power Plants and Genset

GHG Emission (tCO<sub>2</sub>)\*



### Scope 2

Major Activity



Purchased Electricity

GHG Emission (tCO<sub>2</sub>)\*\*



Evidence of dust emission is observed from Padcal Mine's crushing plant facility. This dust emission is reduced by employing a dust suppression system, using air and water to act as suppressors of dust. Vehicles and other equipment also emit dust during mineral production and transportation and these are controlled through regular preventive maintenance.

PMC also conducts regular gas measurement and monitoring in the working areas to check if these levels comply with the maximum allowable concentration of gases according to the Occupational Safety and Health Standard regulations.

\*Emission factor from SEAI Climate Change Action plan

\*\*Emission factor for Luzon grid, from Department of Energy, Philippines

Ambient air quality monitoring tests are regularly conducted inside (industrial and administrative areas) and outside (community) the mill plant throughout the year.

Latest results showed that particulate matters released in the air ranged from 24 µg/m<sup>3</sup> (Good) to 418 µg/m<sup>3</sup> (Acutely Unhealthy) in the industrial areas, while those released outside the mill plant ranged from 31 µg/m<sup>3</sup> (Good) to 300 µg/m<sup>3</sup> (Very Unhealthy). It is therefore recommended that wearing of PPEs, such as dust mask, be always observed whenever on these premises.



## Station 1

Mill Plant

	CO <sub>2</sub> , ppm	SO <sub>2</sub> , ppm	NO <sub>2</sub> , ppm
min	362	0	0.061
max	405	0.18	0.181



## Station 2 & 3

Outside Mill Plant / Community

	CO <sub>2</sub> , ppm	SO <sub>2</sub> , ppm	NO <sub>2</sub> , ppm
min	325	0	0.036
max	389	0.20	0.127

Under the Company's personal protective equipment (PPE) policy, employees are required to wear safety gears, such as respirators and goggles, in all working areas. In addition to this, the underground operations are also installed with a ventilation system that is regularly maintained and sustained to ensure good air quality in various working areas.

PMC's annual expenditure on dust control and dust collection activities amounted to PhP0.86M, which covered costs of purchasing of gas/air monitoring devices and the maintenance of handheld-type dust-collecting equipment at the laboratories. The three units of filter bags, dust collectors, and dust blower purchased in 1998 and 2010, respectively, were replaced recently, due to frequent clogging of nozzles and the duct system, to allow a more efficient dust collection system and cleaner air in operations.

## Effluent Management

PMC put in place water management systems implemented according to regulatory requirements and with due consideration to the aquatic environment and downstream users. PMC constantly ensures that offsite discharges will not adversely affect the environment through its water quality monitoring systems and allocated PhP199.0M on waste resource management initiatives in 2015 for this purpose.

The Padcal Mine operations discharged a total of 31.2 million cubic meters of water to TSF 3 in 2015 compared with 59.0 million cu.m in 2014. Around 37% of water discharged comes from mill tailings, while 31% are from water tributaries (from springs and creeks) and another 32% from the underground drainage.

In its effort to ensure that water flowing through the rivers is clear of sediments, the Company's storage facility is designed with a catch basin that serves as a reservoir, combining mill tailings from the offset dike and the water discharged from the 745ML drainage tunnel and the tributaries. PMC also operates a decantation process to filter out undesired particles from its discharged waste water. The effluents flow through the spillway and down to the Maligaboy and Baloy Creeks, and eventually to the Agno River in Benguet Province.

PMC acquires samples of its upstream and downstream discharges in parts of the spillway every week to monitor water quality. These samples are regularly checked to see if the quantity of the effluents meets the standards set by the Mines and Geosciences Bureau and the Environmental Management Bureau. In 2015, the Department of Environment and Natural Resources classified the Company's effluent standard set as Class "A" freshwater and the concentration of effluent sample collected from sampling stations falls within the Water Quality Criteria (WQC).





	Sampling Areas				DENR Standards***	
	Abstracted Water/ Salangan**	Spillway	Spanish Culvert	Balog Creek**	DAO 35**	DAO 34
<b>TSS</b>	10.75	10.76	12.20	12.40	50	50
<b>Arsenic</b>	0.01	0.01	0.01	0.01	0.1	0.05
<b>Cadmium</b>	0.006	0.006	0.006	0.006	0.02	0.01
<b>Chromium*</b>	0.02	0.02	0.02	0.02	0.05	0.05
<b>Copper</b>	0.01	0.01	0.01	0.01	0	1
<b>Lead</b>	0.048	0.047	0.05	0.048	0.1	0.05
<b>Mercury</b>	0.0001	0.0001	0.0001	0.0001	0.005	0.002

\* Hexavalent Chromium

\*\* Parameters for these sampling stations are checked against DAO 35

\*\*\* Department Administrative Order

## Waste Management

(G4-EN23)

The Sanitary Landfill Facility at TSF 2 undergoes preventive maintenance periodically to ensure that it operates in accordance with the Environmental Compliance Certificate (ECC) No. CAR-0702-014-213 issued by the EMB-CAR. PMC generates less than 15 MT of domestic waste per day, which falls under Category 1, while all residual wastes go to the landfill.

Underground garbage and scrap metals, timbers, and spare parts, among others, are transported to designated depository areas/scrapyard. In addition, waste drums are provided in all working areas around the site to encourage proper waste disposal among workers. Broken glass wares and other solid waste found in storage facilities are collected, while non-biodegradable waste are segregated by garbage collectors and sold to outside buyers.

PMC's various operations produce oil and lubricants that require proper disposal. The Company sees to it that all these used materials are collected and shipped to the Banget sludge pond and oil depository area, prior to delivery to DENR accredited buyers.

Meanwhile, suspected polychlorinated biphenyl (PCB)-contaminated-insulating oils, generated from retro-fitting of transformers, are contained in sealed drums and stored at the depository area for proper discarding in accordance with the DENR laws, rules, and regulations under RA 6969 Toxic Substances and Hazardous and Nuclear Waste.

The wastes produced by Padcal Mine in 2015 were classified under the following:

- Used Oil – 17,870 liters
- Medical waste (X-ray solution, dental solution) – 867 liters
- Busted Fluorescent bulb – 353 kgs.
- Solid Waste – 306 metric tonnes



## Environmental Initiatives

(G4-EN31)

PMC spent a total PhP269.8M to implement the activities under its 2015 Annual Environmental Protection and Enhancement Program (AEPEP). This was lower than the PhP337.7M spent in 2014 due to the maintenance of TSF 3 and Albion Creek in the said year.

A considerable portion of this amount was spent for the maintenance of the TSF 3, in order to mitigate the high risk of its negative impact to surrounding communities and the environment.

Environmental Expenditure (PhP, million)	2015	2014
<b>Land Resource Management</b>		
1. Reforestation and Forest Protection	7.5	6.7
2. Maintenance and Protection of Bamboo Plantations / vegetation at TSF 1	0.072	0.078
3. Subsidence Area Operations	86.0	95.0
4. Garbage Collection/Hauling from Mine Camp to Sanitary Landfill	2.6	2.2
<b>Water Resource Management</b>		
1. Tailings Storage Facility No. 3 Operations and Maintenance	128.5	278.0
2. Tailings Storage Facility No. 2 Maintenance	21.2	10.1
3. Tailings Storage Facility No. 1 Maintenance	6.9	8.8
4. Improvement of Waste Oil Depository Area at Banget	1.5	-
5. Albion Creek Protection	4.9	36.0
6. Water / Sediment / Fish Tissue Lab Analysis and Purchase of Equipment	3.0	3.0
7. Bathymetric Survey of National Power Corporation (NPC) at San Roque Dam Reservoir	1.5	1.0
<b>Air Quality Management and Monitoring</b>	0.858	2.7
<b>Final Mine Rehabilitation and/or Decommissioning Plan (FMRDP) – updating and preparation</b>	2.0	-
<b>Total</b>	<b>269.8</b>	<b>337.7</b>





# Social Responsibility



**2,089**  
Total no. of  
employees



**OHSAS 18001**  
Certified Company



**PhP 122.8M**  
allocated budget for  
2015 SDMP




**76% allocated SDMP budget**  
was utilized by end of 2015









# Social Impact and Control Strategies

(G4-SO DMA)

Aspects	Impact	Material Issues	Control Strategies
Employee Relations and Safety 	Dissatisfied employees in the workplace due to weak employee engagement	<ul style="list-style-type: none"><li>• Recruitment and employment</li><li>• Employee relations</li><li>• Freedom of association</li><li>• Training and development</li><li>• Human rights</li></ul>	<ul style="list-style-type: none"><li>• Labor practices and decent workplace</li><li>• Competitive compensation and benefits</li><li>• Collective bargaining</li><li>• Skill development</li><li>• Equal opportunity and human rights</li></ul>
	Unsafe working environment	<ul style="list-style-type: none"><li>• Health and safety</li><li>• Emergency response</li></ul>	<ul style="list-style-type: none"><li>• Development of Central Safety, Health, and Environment Council</li><li>• Education and training on health and safety</li><li>• Measuring and monitoring safety performance</li></ul>
Community Well-being 	Growth and development of communities	<ul style="list-style-type: none"><li>• Community inclusion for program development</li><li>• Disease and illness</li><li>• Education and literacy</li><li>• Social inclusion</li><li>• Socio-cultural activities</li><li>• Indigenous people's rights</li><li>• Emergency preparedness</li></ul>	<ul style="list-style-type: none"><li>• SDMP implementation approach</li><li>• Allocation of ASDMP fund</li><li>• SDMP focus area – health, education, livelihood and public infrastructure</li><li>• SDMP programs – implementation and evaluation</li></ul>

## Quick Review of our Performance

Indicator	2015	2014
Total number of employees	2,089	2,375
Total number of employees from local communities (Cordillera Autonomous Region)	1,044	1,036
Number of employees under Collective Bargaining Agreements	1,902	2,054
Number of employees in Health & Safety Committee	117	117
Safety Incidence Rate (%)	6.89	12.01
Number of employees who have attended safety training programs	3,391	2,224
Total Training Hours	35,880	38,560
Total Social Development and Management Program budget (PhP million)	<b>92.1</b>	<b>74.8</b>
Community Investments (PhP million) on:		
 Health	9.2	8.2
 Education	23.7	22.3
 Livelihood	57.5	8.2
 Public Infrastructure / Socio Cultural		
Total Annual Social Development and Management Program budget (PhP million)	<b>5,341</b>	<b>6,320</b>



# Labor Practices and Decent Work

PMC believes that its skilled, hardworking, and committed people have been instrumental to the Company's success all these years and has continued to sustain this culture of inclusivity. The Company encourages transparency, professionalism, and accountability among its workers and ensures that major decisions are well communicated to all its employees. The Company likewise conducts its business with respect for all human rights and the dignity of its people, as set out in Philippine labor laws. Activities are conducted fairly and honestly, rejecting any form of discrimination. PMC also works to promote health, safety and environmental awareness, along with a wide range of learning and professional development opportunities, to help employees achieve their full potential.

## Demographic Profile

(G4-EC6)

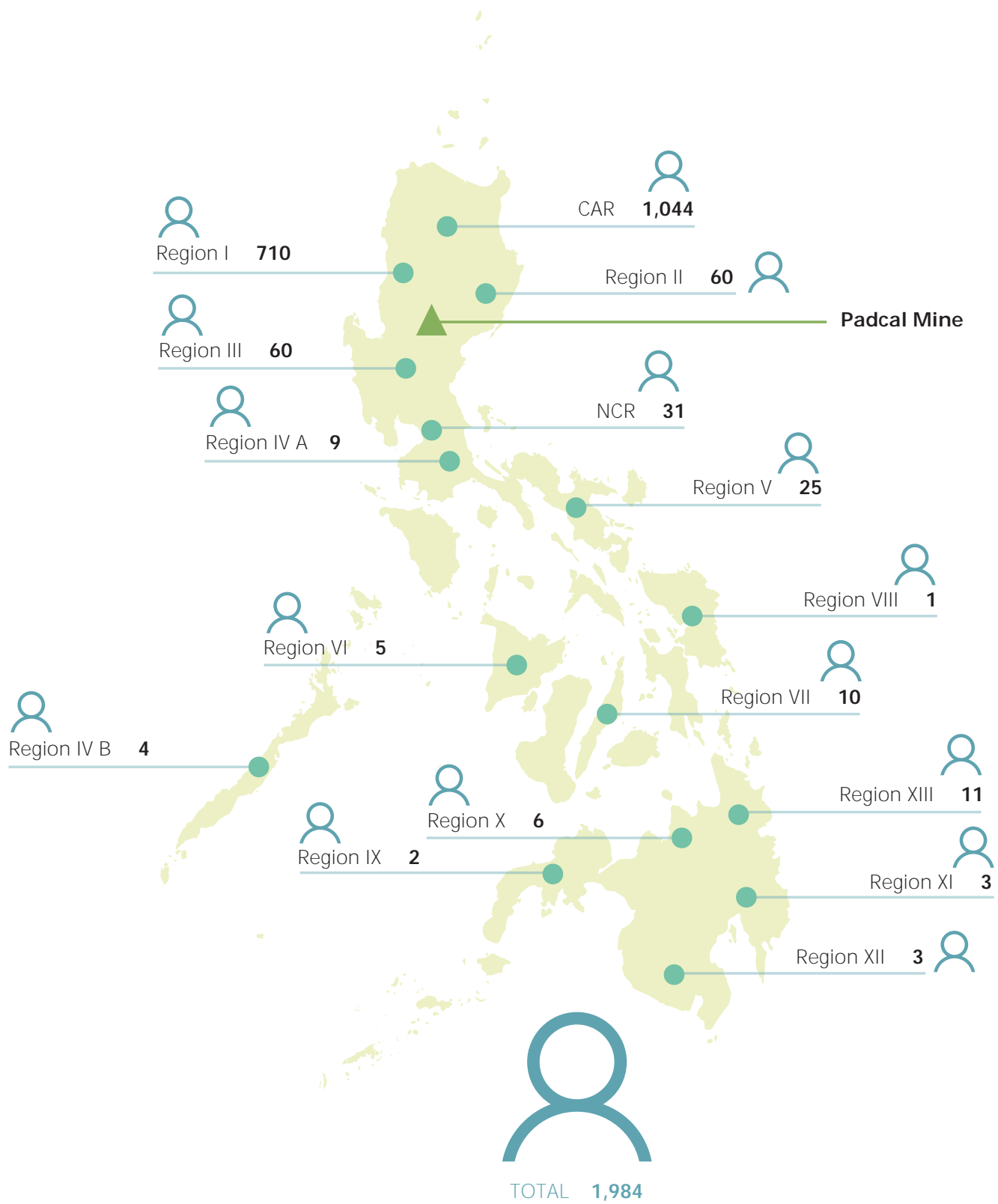
As of 2015, PMC has a total of 2,089 full-time regular employees, 1,984 of which are from the Padcal Mine while 105 are assigned in the Pasig Head Office. In terms of nature of work, 1,622 are in operations while 385 provide support-service functions.

The Company has set out hiring guidelines that prioritizes local residents to work in its mine site and promotes job creation in communities where it operates. Since the Padcal Mine is located in Benguet province in northern Philippines, approximately 55% of the employees originate from Regions 1 and 2 and the Cordillera Administrative Region (CAR).



## Employee Breakdown by Region (Padcal Mine)

(G4-10)









## Employee Turnover

(G4-LA1)

The average employee tenure in PMC is 15 years, with employees averaging 42 years of age. Employee turnover from 2014 to 2015 totaled 483, of whom 444 were separated due to the Manpower Rightsizing Program (MRP) implemented by the Company.

Type of separation	21-30	31-40	41-50	51 - up	Total
Deceased	2	2	1	-	5
Mandatory Retirement	-	-	-	10	10
MRP	6	8	37	393	444
Optional Retirement	-	-	-	2	2
Resignation (Regular)	14	4	1	-	19
Separated for cause	-	2	1	-	3
<b>Total</b>	<b>22</b>	<b>16</b>	<b>40</b>	<b>405</b>	<b>483</b>

Type of separation			Total
Deceased	-	5	5
Mandatory Retirement	3	7	10
MRP	18	426	444
Optional Retirement	-	2	2
Resignation (Regular)	1	18	19
Separated for cause	-	3	3
<b>Total</b>	<b>22</b>	<b>461</b>	<b>483</b>

## Compensation and Benefits

(G4-EC5, G4-LA2)

PMC is committed to provide its employees with an excellent working environment and constantly strives to increase retention among employees by rewarding them for their contribution through a comprehensive benefits and incentive program.

The Company offers a compensation package that includes a base salary with comprehensive benefits, reviewed and adjusted regularly and appropriately. In fact, PMC offers above-industry daily wage rates for regular and full-time employees in the Cordillera Autonomous Region (CAR). In addition, job levels and positions are identified after a careful assessment of the applicant's qualifications and experience.

### Comparative Daily Wage Rate (In Php)

Area	Regular
PMC - Padcal Mine	<b>611</b>
Government Mandated (CAR)	<b>285</b>

A host of attractive benefits are awarded to regular employees, on top of those mandated by law, which includes paid vacation and sick leaves, free housing and utilities, rice subsidies, free medical consultations and medicines, as well as personal protective equipment (PPE) gear and free transportation to work, among others.

On the other hand, temporary employees also enjoy certain benefits, such as free PPE, free transportation to work, service incentive leaves and access to the Company's hospital.

PMC has a retirement benefit plan in place, wherein retired employees are afforded with financial security, even after their serviceable term with the Company ends. This plan is defined with a specific amount of retirement benefits based on several factors, such as age, years of service, and compensation.

## Collective Bargaining Agreement

(G4-11)

Guided by the Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, PMC allows its employees to exercise their rights to freedom of association and collaborative bargaining.

Three labor unions listed below represent approximately 91% of the total employees during the Collective Bargaining Agreement (CBA) negotiations. These unions are the following:

- I The Philex Rank-and-File Employees Union-Association of Labor Unions, for rank-and-file employees of Padcal Mine, comprising nearly 70% of its workforce;
- II The Philex Mines Supervisory Employees Union-Association of Professional Supervisory Office Technical Employees Union, for supervisors; and
- III The PMC Pasig Employees Union for the Pasig rank-and-file employees.

Through the CBAs, the following needs of the employees are addressed:



Medical, dental and hospitalization



Group life insurance and accident protection plan



Personal protective equipment



Professional development benefits, job enrichment and safety seminars

During the past five years, there were no major labor disputes from any of the Company's unions has been recorded.

### Number of Employees under CBA

Position/ Level	Temporary	Non- Members	Union Members	Total
Rank & File	28	103	1,297	1,428
Supervisor	5	34	435	474
<b>Total</b>	<b>33</b>	<b>137</b>	<b>1,732</b>	<b>1,902</b>





## Health and Safety

The Company adheres to a Site Safety Policy and is committed to the highest levels of health and safety precautions across its operations to ensure every stakeholder's safety, espousing loss prevention as a way of life. PMC strives to maintain a sound and safe working environment to prevent injury, illness, property damage and loss to processes, in compliance with all relevant legislations and particular focus on the preservation of the environment.

PMC has adopted safety and health management programs to allow it to undertake projects safely and without endangering the health of employees, host communities, indigenous people and those directly or indirectly affected by its mining activities.

Among the efforts to improve the existing Padcal Mine's health and safety management system is the education of and training for its employees, accompanied by an internal review of the Company's policies and procedures that promote safety. The standard guidelines and procedures provide procedures to all employees on their key roles and responsibilities as well as PMC's commitment toward health and safety, emergency preparedness and response solution. PMC's Occupational Health and Safety Management System (OHSAS 18001) certification, on the other hand, guides the Company in actively promoting consciousness and awareness on health and safety among employees.

The Company has a warning system installed to signal workers in cases of landslides, major earthquakes, and potential cave-ins. To prevent the latter, underground blasting activities and drilling activities are carefully planned to ensure employee safety.

Before entering the mine site, all PMC employees and visitors are oriented about Company rules on underground safety standards, which include wearing the appropriate gear and carrying the proper equipment. Employees also undertake periodic training on underground mining safety and survival, with a group of highly-trained, Company-formed underground rescue team to assist in cases of emergency.



The Company's program on employees' health, safety, and welfare include a retirement plan, medicine allowance and assistance, free hospital services, free housing, educational assistance for employees' dependents, rice subsidy, life and accident insurance, recreation, sports and entertainment, gasoline and transportation allowance, and bereavement assistance, among others.

PMC has created the Central Safety, Health, and Environment Council (CSHEC) tasked to closely monitor its safety performance and maintain a culture that prioritizes safety. The council, composed of 117 members, plays a crucial role in reviewing and recommending corporate policies and programs, as well as monitoring activities, that impact on the Company's overall health, safety, and environmental performance.

## Joint Management-Worker Health and Safety Committees

(G4-LA5, G4-LA6, G4-LA7)

PMC acknowledges the dangers inherent to the mining business. To address this, the Company has instituted safe working guidelines and provided trainings to employees that resulted in a steady year-on-year decline in overall accident frequency.

In 2015, Padcal Mine recorded 4 Lost Time Accident-Fatal (LTA-F) and 7 Lost Time Accident-Non Fatal (LTA-NF), compared with 1 LTA-F and 100 LTA-NF the previous year. The increase (from 1 to 4 LTA-F) in the LTA-F was associated with the environmental hazards caused by typhoon Lando during in October 2015.

In particular, the movement of earth mass/landslide was caused by the heavy rainfall from typhoon Lando, which resulted in two work-related fatalities. One fatality was due to cardiac arrest while another was attributed to negligence.

Nonetheless, PMC constantly reviews and strictly implements, along with other initiatives, its safety policies and procedures to avoid injuries and eliminate accidents in the workplace and achieve its goal of “zero-harm” record. The Company also hires third-party consultants to evaluate its existing safety performance and identify risk areas as well as possible areas for improvement.

Council Membership	Ratio per group	Percentage per group	Percentage Against Total Members
Resident Manager	1 of 1	100.0%	0.9%
Assistant Resident Manager	1 of 1	100.0%	0.9%
Division Managers	5 of 5	100.0%	4.3%
Group Managers	7 of 7	100.0%	6.0%
Department Managers	27 of 29	93.0%	23.0%
Asst. Dept. Managers	55 of 59	93.0%	47.0%
Supervisors	4 of 524	0.8%	3.4%
Union (Supervisory)	2 of 2	100.0%	1.7%
Rank and File	2 of 1,721	0.1%	1.7%
Union (Rank and File)	2 of 2	100.0%	1.7%
Contractors	8 of 20	40.0%	6.8%
Community Officers	3 of 3	100.0%	2.6%





## Safety Training Programs

(G4-LA10)

	Defensive Driving Orientation	230
	Fire Safety Seminar for (2014 – Puroks, 2015 – Employees)	83
	Accident/Incident Investigation and Analysis Seminar	89
	Extremities Injury Prevention/ Worksite Organization Seminar	284
	Hot Work and Fire Watch Seminar	371
	Overhead Crane Maintenance and Operation Seminar	17
	National Disaster Consciousness Month Awareness Orientation	330
	Underground Emergency Management	242
	First Aid Training	183
	Mine Rescue Seminar	93
	Barangay Emergency Response Training	90
	Surface Safety Orientation	1,301

## Safety Performance



Year	Incidence Rate (%)	Frequency Rate (%)	Severity Rate (%)	No Lost Time Accident
2015	6.89	1.43	3,159.07	43
2014	12.01	0.31	946.02	100

# Training and Development

(G4-LA9)



Recognizing the importance of human capital to achieve its short- and long-term goals, the Company continues to invest in its people through various programs and initiatives.

In 2015, all employees participated in a formal performance review process to discuss each employee's development plan. These plans may include participation in additional training sessions and career development programs.

In addition, each employee received, on average, 16 hours of various training and development sessions, which were

designed and implemented at the operations level to support local requirements. The training and the platform used (online or in person) is crafted based on the needs of each department and the employee.

All newly hired employees are also required to complete a 40-hour training orientation program that is focused on safety, productivity, and policies. Other important topics such as the Code of Conduct of Employees and Human Rights aspects are integrated in the course of the training orientation.



# Equal Opportunity and Human Rights

(G4-SO1, G4-SO2)

PMC is committed to foster effective governance, adherence to law, and a culture of ethics and compliance throughout the organization. The Company provides equal opportunities to all and values the dignity and the basic human rights of every individual recognized under the Philippine Constitution and the Universal Declaration of Human Rights. All the activities involved in the Company's operations are in accordance with best practices in mineral exploration and development, environmental stewardship, health and safety, and community relations.

## Workplace Ethics Policy

PMC conducts its business fairly, honestly, responsibly and with due regard for the dignity and human rights of every individual, in accordance with applicable laws in jurisdictions in which the Company operates, including those that guarantee protection of human rights and labor laws that promote the rights of workers and employees.

The Company recognizes that human capital remains as its most valuable asset and, as such, is committed to fostering, cultivating, and preserving a culture of diversity and inclusivity. The collective sum of its diversity, in terms of background, race, ethnicity, religion, gender, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talents, represent a significant part of PMC's culture, reputation and achievements.

The Company's view on child labor is well-aligned with the International Finance Corporation's (IFC's) mandate, where child labor is defined as "any work by children that is economically or likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development." In compliance with this directive, PMC does not allow children to work in any capacity within the Company and will not knowingly employ a person who is under the legal age of employment, or where that employment would contravene the IFC definition of child labor.

## Human Rights Policy

PMC is a Filipino Company that values the dignity of every individual and the basic human rights recognized under the Philippine Constitution and Universal Declaration of Human Rights. In all its endeavors, the Company is committed to respect human rights and conduct its activities in a manner that is consistent with applicable laws and best practices in mineral exploration and development, environmental stewardship, health and safety, and community relations.

The indigenous communities' agreement to a Mineral Production Sharing Agreement for the Company's continued mining operation on the 98 hectares of land under IP domain is subject to certain conditions, such as the IPs will benefit from social assistance and aids that include employment and livelihood opportunities. On top of this, PMC also implemented land rehabilitation efforts, through tree planting programs and slope stabilization, and provided technical assistance on infrastructure projects that resulted in an overall improvement of land for the IPs.

In 2015, there were no reported incidents of any human rights violations involving IPs and other stakeholders.







# Community Development

## Social Development Management Program Implementation

PMC conducts an Annual Social Development Management Program (SDMP), which aims to improve the socio-economic conditions of the residents in the host and neighboring communities where it operates. In relation to the SDMP, PMC has adopted the following strategies and approaches:

### 1 Program and Identification Planning

An annual planning and community forum with various stakeholders were held to understand and address issues related to Company operations and initiatives. Community leaders were allowed to facilitate the planning workshop in their respective areas and results of these workshops will be used by the Company for business growth and initiatives to enhance conditions in the communities.

### 2 Coordination and Resource allocation

PMC coordinates with concerned local government units and national government agencies to gain their support, in terms of the necessary technologies and required resources.

### 3 Implementation and Support

PMC sponsors programs aimed at capacity-building of the communities. This enables community members to participate in governance and become active partners in the development of their respective areas.

### 4 Monitor and Evaluation

PMC constantly monitors and evaluates all the community projects, for possible disputes and adverse effects on the community, throughout the entire phase of their implementation.

PMC is closely engaged with the communities who are directly and indirectly affected by its mining operations. Along with the government and other key stakeholders, the Company ensures that its daily activities positively enhance the lives of the people residing near the sites and improve the condition of the society as a whole. By actively collaborating with local communities, the Company seeks to build an environment of mutual trust and respect and create opportunities aligned with their interests.

## Community Development Goals and Objectives

PMC aims to improve the socio-economic conditions of the host and neighboring communities by ensuring their maximum participation in the implementation and sustainability of community development programs.

## Computation of 2015 SDMP Fund

Each year, PMC allocates 1.5% of its total operating cost on social contributions for the local communities as mandated by the government. In 2015, PMC allocated Php 92.0M based on the total operating cost for 2014. This is on top of the carry-over budget of Php 27.0M from the SDMP from 2013-2014.

PMC accomplished 76% of the projects under the allocated budget on the SDMP programs for the year 2015, while 92% of the backlogs from 2013 and 2014 were completed. From the remaining 8%, 4% is still currently being implemented and the other 4% is still undergoing deskwork processing.

Several factors have contributed to the delayed implementation of some projects, which include, but not limited to, issues on boundary dispute of proposed project sites and late submission of required documents, such as land title, tax declaration, and certificate of registration. These issues are currently being resolved and unfinished projects in 2015 will be carried over to the 2016 ASDMP. Compliance is periodically audited by the Community Affairs Officer of MGB-CAR as well as the SDMP Monitoring and Evaluation Team (SMET) composed of representatives from LGUs, people's organizations, the community, and the Company.

Total Operating Cost for 2014

**PhP8,183.2 million**

Required SDMP Fund

**1.5% of Total Operating Cost**

**PhP122.7 million**

Social Development and Management Programs (SDMP)

**PhP92.1 million (75%)**

Information Education and Communication (IEC)

**PhP18.4 million (15%)**

Development of Mining Technology and Geosciences (DMTG)

**PhP12.3 million (15%)**

## Social Development Management Program Implementation Approach

In 2015, the Company continued to focus its social contributions to health care, education, and livelihood. These initiatives were supported by infrastructure projects and have contributed to the improvement of the quality of life of the host communities. Key focus of PMC under each of the community development pillars are as follows:



### Health and Sanitation

Provision of basic health services and other health benefits such as free hospitalization, medical missions, emergency response, health profiling and education, among other things;

**82%**

Percentage Accomplished

PhP9.2 million

Annual budget (2015)

PhP7.6 million

Expense to date



### Education

Improvement of the quality of education through scholarship assistance and teaching and learning enhancement programs;

**62%**

Percentage Accomplished

PhP23.8 million

Annual budget (2015)

PhP14.8 million

Expense to date



### Livelihood and Development

Enhancement of small, medium enterprises and businesses to increase their household incomes such as skills training, goat raising, provision of seed capital for aquaculture, and other projects;

**75%**

Percentage Accomplished

PhP57.5 million

Annual budget (2015)



### Support to Public Infrastructure

Development of infrastructure in the community which include improvements to roads, bridges, canal and water systems, concrete walls, and electric power.

PhP43.1 million


Expense to date


Total Budget **PhP118.6 million**

Expense to Date **PhP89.9 million**

Percentage Accomplished **76 %**





SDMP Pillars/ Programs	Project Title/ Description	2015	Impact/Beneficiaries	2014
 <b>HEALTH</b>				
Hospitalization	Delivery of basic health services to the residents within the host and neighboring communities	5,341 beneficiaries of the host and neighboring communities at the Sto. Niño PMC Hospital	6,320 beneficiaries of the host and neighboring communities at the Sto. Niño PMC Hospital	
Socialized Health Care	Distribution of Philhealth insurance to the host and neighboring communities	273 indigent families received PHIC	183 indigent families received PHIC	
Financial Assistance	Provision of financial assistance to the indigenous families within the host and neighboring communities	Financial assistance extended to 11 indigent patients with special medical cases	Financial assistance extended to 39 indigent patients with special medical cases	
Support to Barangay Health Centers	Provision of PPEs for the Barangay Health Workers (BHW), medical equipment and supplies, capitalization for the Botika ng barangay and seed capital for iodized salt retailing station, to the host and neighboring communities	Conducted simultaneous trainings for 99 BHWs and Barangay Nutrition Scholars	43 BHWs received the PPEs for their safety during duty, 200 residents from SALBA benefit the medical equipment and supplies used in the health center to cater the needs of the community	
Emergency Response Team	Conduct of training on emergency response program and provision of preparedness equipment to the host and neighboring communities	Conducted emergency response training for 75 participants from Tuba and Itogon BLGU and identified emergency responders and students	Conducted training on the emergency response preparedness to the midwives, BHWs and tanods in barangay Dalupirip and Ampucao; and provided equipment to use by the community in case an incident happen	
Enhancement of BHWs	Empowerment of the BHWs to address the health needs of constituents to the host and neighboring countries	Conducted simultaneous trainings for 99 BHWs and Barangay Nutrition Scholars from Tuba and Itogon		
Support to Health Center	Improvement of health center in Torre camp 3	Awarded assistance to 4,211 residents in Torre and Camp 3 proper	Improved the health center in Torre Camp 3 to accommodate patients from the community	
Access to Potable Water	Rehabilitation of water pipeline in Sitio Sta Fe and provision of plastic hose in Salangan	Rehabilitated the water pipeline to benefit 336 pupils and 166 residents	Rehabilitated the water pipeline for the 72 residents in Sitio Sta Fe and provided plastic hose for the 24 residents in Salangan barangay Ampucao	

SDMP Pillars/ Programs	Project Title/ Description	2015	Impact/Beneficiaries	2014
 <b>EDUCATION</b>				
Scholarship Program for College and High School Students	Granting of full scholarship to the qualified and deserving college and high school students from the host and neighboring communities	Provided full scholarship to the 224 high school students from our host and neighboring communities	Provided full scholarship to the 124 college and 100 high school students from our host and neighbouring communities	
Subsidy for High School Students and Elementary Pupils	Provision of subsidy for the high school students and elementary pupils from the host and neighboring communities	Sponsored for 1,309 pupils in Saint Louis High School and Philex Mine Elementary School	Sponsored 142 high school students and 263 pupils enrolled in Saint Louis High School and Philex Mine Elementary School, thus, 70% of the total school expenses shouldered by the Company	
Technical Vocational Scholarship	Provision of full scholarship to the deserving students from our host and neighboring communities enrolled in vocational courses	Provided full scholarship to the 14 female scholars enrolled in vocational courses	Provided full scholarship to the 15 students enrolled in vocational courses	
Special Program for Employment of Students	Assistance to students intending to pursue their education by providing employment during summer	Trained 51 students by providing employment opportunities in Philex Mines		
Financial Assistance to College Students	Provision of financial assistance to college students from the host and neighboring communities who failed to avail the full scholarship program of the Company	Provided financial assistance to 51 trained students	Provided financial assistance to the 23 college students thus, 75% of the total school expenses shouldered by the Company	
Teaching and Learning Enhancement Program	Conduct capability building and enhancement trainings and seminars to the teachers and day care workers; provision of financial support to the teachers, day care workers and school activities within the host and neighboring Elementary Schools and Day Care Centers	Conducted enhancement programs by providing assistance to school activities benefitting 5 high school and 14 elementary schools	Conducted capability building and enhancement trainings and seminars to the teachers and day care workers, and provided financial support to the teachers, day care workers, and to the school activities in the 20 Elementary Schools and 5 Day Care Centers	
Improvement / Construction of School Facilities	Construction and improvement of school buildings, teacher's quarter and provision of learning equipment to the host and neighboring Elementary schools	Constructed classroom building to benefit 399 pupils and also rehabilitated the library benefitting 394 students	Constructed and renovated 8 Elementary Schools and 1 High School buildings, 2 teacher's quarters and provided learning equipment to 10 Elementary schools	





(G4-EC7, G4-EC8)

SDMP Pillars/ Programs	Project Title/ Description	2015	Impact/Beneficiaries	2014
<div>  <b>LIVELIHOOD</b> </div>				
Work Appreciation Program	Conduct of training to the newly graduates students for their actual work exposure	This training aims to expose the graduates to their actual work, A total of 54 newly graduates trained under this program	This training aims to expose the graduates to their actual work, A total of 114 newly graduates trained under this program	
Enhancement of the Existing Income Generating Projects	Donation of seed capital, technical assistance and site development for various income generating projects within the host and neighboring communities	Provided assistance to local farmers benefitting 300 residents	The Company developed, enhanced and provided seed capital to the existing livelihood programs like goat raising, aquaculture, mushroom production and loom weaving	
Production Assistance to Pasiday Botanical Growers Association	Provision of assistance for the production of Pasiday Botanical Growers Association	Assistance provided to 15 members of the association		
<div>  <b>PUBLIC INFRASTRUCTURE</b> </div>				
Improvement of Building and Facilities	Construction of Loading Platform	Construction of loading platform to benefit 3,018 pupil residing in Calew, Dalupirip Community		
Improvement of Barangay Hall	Improvement of Barangay Hall	Providing financial support toward in improvement of Barangay Hall to benefit 6,685 residents residing in Ampucao Proper		
Farm to Market Road	Construction of all weather and safe farm to market road	Concreted a total of 1400 meters road; concreted 3,451.35ML road pavement; 1287ML pathway concreting; construction of 75.53 cubic meters of wall; 79.92 cubic meters of slope protection for road and building protection and flood control. These projects addressed the problem on transportation during rainy season	Concreted a total of 3,249.50 meters road; constructed 250 drainage canal; 16.55 road spill way; 2,134.5 meters pathway and foot trail in 12 areas and 856.86 cubic meters slope protection for road and building protection and flood control. These projects addressed the problem on transportation during rainy season	
<b>OTHER PROGRAMS</b>				
Support to Churches	Improvement and provision of financial assistance to the different churches within our host and neighboring communities	Provided financial assistance to 9 churches in support to the construction and improvement of their respective churches benefitting 1,044 residents	Provided financial assistance for the improvement of the following churches: St Jude Chapel; St Francis Church; Immaculate Conception Church; Freebelievers in Christ Fellowship Inc.; Balucoc Church; and Lubnac-Klondykes Basic Ecclesial Community	



*There's life in mining.*

# GRI Content Index

'In Accordance' - CORE



(G4-32)

General Standard Disclosure		Page No.	External Assurance
G4-1	Statement from the most senior decision-maker of the organization	8	No
G4-2	Description of key impacts, risks, and opportunities	31	No
G4-3	Name of organization	11	No
G4-4	Primary brands, products, and/or services	19	No
G4-5	Location of organization's headquarters	Back Cover	No
G4-6	Number of countries of operation	Philippines Only	No
G4-7	Nature of ownership and legal form	12	No
G4-8	Markets served (geographic breakdowns)	39	No
G4-9	Scale of reporting organization	38	No
G4-10	Number of employees by employment contract	62	No
G4-11	Percentage of employees under collective bargaining	64	No
G4-12	Describe organization's supply chain	40	No
G4-13	Report any significant changes in the reporting period	No Changes	No
G4-14	Report precautionary approach principle by organization	None	No
G4-15	Externally developed EES charter and principles	None	No
G4-17	Entities included in the Financial Report	The entities included in the financial report are all the subsidiaries of PMC whereas this report covers the operations of Padcal Mine only.	No
G4-18	Explain process for defining report content and aspect boundaries	28	No
G4-19	List all identified material aspects in process of defining report content	29	No
G4-20	For each material aspect, report aspect boundary (within)	78	No
G4-21	For each material aspect, report aspect boundary (outside)	78	No

(G4-20, G4-21)

Category	Aspects	Relevant Section	Material Concerns	Within Organization	Outside Organization	Relevance Outside the Organization
Environment	Energy & Water Consumption	Environmental Responsibility	Energy & Water Conservation	✓		
	Land Protection		Land Rehabilitation & Protection, Compliance	✓		
	Geological Risk Assessment		Land Risk	✓		
	Waste Water Discharge		Tailings Management	✓		
	Pollution		Land and Air Pollution	✓		
Society	Community Development	Community Protection	Health & Sanitation Education Livelihood & Development Public Infrastructure	✓		
Employee	Employee Relations	Social Responsibility	Labor Management, Freedom to Association, Local Employment	✓		
	Health & Safety		Employee Safety & Wellness	✓	✓	Ensure safety of contractual workers
	Human Rights		Child Labor, Forced Labor	✓	✓	
Economic	Financial Growth	Economic Responsibility	Higher Revenues	✓		
	Metal Prices	Business Risks & Control	Volatile Metal Prices	✓		
	Supplier Management	Supply Chain	Technical, Environmental and Social Risks in Supply Chain	✓		Ensure minimum risks in supply chain



General Standard Disclosure		Page No.	External Assurance
G4-22	Any statements from previous report have been restated and reason for restatement	None	No
G4-23	Significant changes in scope and aspect boundaries from previous reporting period	None	No
G4-24	List of all stakeholder groups engaged by organization	27	No
G4-25	Report basis for identification and selection of stakeholders	27	No
G4-26	Organization's approach to stakeholder engagement	27	No
G4-27	Key topics and concerns raised through stakeholder engagement	27	No
G4-28	Reporting period for information provided	4	No
G4-29	Date of most previous report	June 2015	No
G4-30	Reporting cycle	4	No
G4-31	Contact point for questions	Back Cover	No
G4-32	GRI Content Index Sheet	77	No
G4-33	Policy / practice of seeking external assurance	None	No
G4-56	Organization's values, principles, standards, and norms	14	No

Aspect	Specific Disclosure		Page No.	External Assurance
Economic	G4-DMA			No
	G4-EC1	Direct economic values generated & distributed, including revenues and other costs	38	No
	G4-EC2	Risk & opportunities due to climate change	31	No
	G4-EC5	Ratio of Entry Level wage to local minimum wage	63	No
	G4-EC6	Proportion of Senior Management hired from local community	61	No
	G4-EC7	Impact of infrastructure investments & services	75	No
	G4-EC8	Indirect economic impacts	75	No

Aspect	G4-S07		Page No.	External Assurance
Environment	G4-DMA			No
	G4-EN1	Materials Consumed	46	No
	G4-EN3	Energy consumption within the organization	47	No
	G4-EN5	Energy Intensity	47	No
	G4-EN6	Energy Reduction	47	No
	G4-EN8	Total water withdrawal by source	50	No
	G4-EN9	Significant effect on water sources caused due to withdrawal	50	No
	G4-EN11	Location & Size of Land owned, leased adjacent to protected areas and areas of high biodiversity	51	No
	G4-EN13	Description of significant impacts of activities, products, and services on biodiversity	51	No
	G4-EN15	Habitats protected or restored	51	No
	G4-EN16	GHG emissions (Scope 1)	53	No
	G4-EN22	GHG emissions (Scope 2)	53	No
	G4-EN23	Total Water Discharge by Quality & Destination	50	No
	G4-EN24	Total weight of waste by type and disposal method	55	No
	G4-EN25	Total number and volume of significant spills	None	No
	G4-EN26	Percentage of hazardous waste imported of exported	None	No
	G4-EN27	Identify status & value of protected water bodies	50	No
	G4-EN29	Extent of impact mitigation of environmental impacts of products / services	43	No
	G4-EN31	Monetary value of significance fines due to non-compliance with environmental laws and regulations	None	No

Aspect	G4-S07		Page No.	External Assurance
Social	G4-DMA		71	No
	G4-LA1	Total number & rate of employee turnover by age group, gender & region	63	No
	G4-LA2	Benefits provided to full time employees	63	No
	G4-LA5	Percentage of total workforce represented in health and safety committee	66	No
	G4-LA6	Rates of injuries, occupational diseases, lost days, absenteeism and work related fatalities	66	No
	G4-LA7	Health & safety topics covered with trade unions	66	No
	G4-LA9	Average training hours for employees	68	No
	G4-LA10	Programs for skills management	67	No
	G4-HR3	Total number of incidents of discrimination and actions taken	None	No
	G4-HR4	Operations Identified in which Right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights	As defined in the CBA agreement	No
	G4-HR5	Operations & suppliers identified as having significant risk for incidents of child labor and measure taken to abolish it	None, we implement strict "Human Rights" Policy	No
	G4-HR6	Operations & suppliers identified as having significant risk for incidents of forced labor and measure taken to abolish it	None	No
	G4-HR7	Percentage of security personal trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	We conduct regular trainings annually for all our security personal which includes module on Human Rights protection	No
	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	None	No
	G4-HR12	Number of grievances about human rights impacts filed, addressed & resolved through formal grievance mechanisms	None	No

Aspect	G4-S07		Page No.	External Assurance
	G4-S01	Percentage of operations with implemented local community engagement, impact, assessments and developing programs	71	No
	G4-S02	Operations with significant actual & negative impact on local community	71	No
	G4-S03	Percentage & total number of operations analyzed for risk related to corruption and risk identified	None	No
	G4-S04	Communication & training on anti-corruption policies & procedures	During new employees orientation, we communicate about Anti-Corruption policy of the Company to all employees	No
	G4-S05	Confirmed incidents of corruption & actions taken	None	No
	G4-S07	Total number of legal actions for anti- competitive behavior, anti-trust and monopoly practices & their outcomes	None	No
	G4-S08	Monetary Value of significant fines for non-compliance with laws & regulations	None	No
	G4-PR6	Sale of banned or disputed products	None of our products are banned	No
	G4-PR8	Total number of complaints regarding breaches of customer privacy and losses of customer data	None	No
	G4-PR9	Significant fines for non-compliance with laws & regulations concerning the use of products & services	None	No









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