

MINUTES OF MEETING  
ANNUAL STOCKHOLDERS' MEETING

OF

SEMIRARA MINING AND POWER CORPORATION

May 6, 2019, 10:00 A.M.  
Main Lounge, Manila Polo Club, Inc.  
McKinley Road, Forbes Park, Makati City, Philippines

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**Present:**

1. **Isidro A. Consunji**, *Chairman of the Board, CEO, and Member of the Corporate Governance Committee and Risk Committee*
2. **Rogelio M. Murga**, *Independent Director, Lead Director, Chairman of the Compensation & Remuneration Committee, Corporate Governance Committee and Risk Committee, Member of the Audit Committee*
3. **Honorio O. Reyes-Lao**, *Independent director, Chairman of the Audit Committee and Member of the Compensation & Remuneration Committee, Corporate Governance Committee, and Risk Committee*
4. **Jorge A. Consunji**, *Non-Executive Director*
5. **Herbert M. Consunji**, *Non-Executive Director and Member of the Corporate Governance Committee*
6. **Cesar A. Buenaventura**, *Non-Executive Director*
7. **Maria Cristina C. Gotianun**, *President, Chief Operating Officer, and Member of the Compensation & Remuneration Committee, and Compliance Committee*
8. **Ma. Edwina C. Laperal**, *Non-Executive Director*
9. **Josefa Consuelo C. Reyes**, *Non-Executive Director*
10. **Luz Consuelo A. Consunji**, *Non-Executive Director*

**Others Present:**

1. **John R. Sadullo**, *Vice-President, Legal and Corporate Secretary*
  2. **Junalina S. Tabor**, *VP & Chief Finance Officer*
  3. **Nena D. Arenas**, *Vice-President, Chief Governance Officer, and Compliance Officer*
  4. **Antonio R. Delos Santos**, *Vice-President, Treasury*
  5. **Jose Anthony T. Villanueva**, *Vice-President, Marketing for Coal*
  6. **Andreo O. Estrellado**, *Vice-President, Marketing for Power*
  7. **Carla Cristina T. Levina**, *Vice-President, Chief Audit Executive*
  8. **Sharade E. Padilla**, *Asst. Vice-President, Investor & Banking Relations*
  9. **Jojo L. Tandoc**, *Asst. Vice-President, Human Resources*
  10. **Leandro D. Costales**, *Comptroller*
  11. **Dhonabee B. Señeres**, *Assurance Partner, SGV & Co.*
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**1. CALL TO ORDER**

Mr. Isidro A. Consunji, Chairman of the Board presided over the meeting. Mr. John R. Sadullo, the Corporate Secretary of the Corporation, recorded the minutes of the proceedings.

## 2. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

The Secretary certified that the Definitive Information Statement and Notice of today's meeting were transmitted and delivered by registered mail to the stockholders of record at their respective addresses as indicated in the corporate records, at least fifteen (15) business days prior to the date of this meeting or on April 8, 2019. As of March 15, 2019, the "Record Date", the Corporation has 4,250,547,620 outstanding common shares. At least 3,242,563,789 or 76.29% of the Corporation's outstanding capital stock were present in person or represented by proxies at today's meeting. Thus, a quorum existed for the transaction of corporate business.

Before proceeding, the Corporate Secretary apprised the stockholders that matters requiring approval by the stockholders will be voted upon through poll balloting after all items have been discussed and the proper motion for its approval duly made and seconded. He, however, emphasized that stockholders who are ready to vote may do so by depositing their votes in the ballot box provided.

The counting and validation of votes shall be supervised by a committee appointed by the Corporate Governance Committee of the Corporation headed by the Corporate Secretary. SyCip Gorres Velayo & Co. was appointed by the Board as the independent body to count and validate the votes by poll cast by the stockholders at today's meeting.

## 3. APPROVAL OF MINUTES OF PREVIOUS MEETING OF STOCKHOLDERS

The Chairman proceeded with item 3 of the Agenda on the approval of the minutes of the previous meeting of stockholders held on May 7, 2018, copies of which were duly furnished to the stockholders' present at today's meeting. After due deliberation, a motion was entertained, which was duly seconded, and the votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	3,240,989,017	99.95%
Against	1,607,090	0.05%
Abstain	1,200	0.00%

Based on the foregoing results, the stockholders unanimously approved, confirmed and ratified, and the following resolution was adopted:

### **Stockholders' Resolution**

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the "Corporation") consisting of at least 3,240,989,017 or 99.95% of today's quorum approve, confirm and ratify, as they do hereby, by poll balloting the Minutes of Annual Stockholders' Meeting held on May 7, 2018."

## 4. MANAGEMENT REPORT FOR THE FISCAL YEAR 2018

Thereafter, the Chairman informed the stockholders that Ms. Maria Cristina C. Gotianun, President and Chief Operating Officer of the Corporation will render the Management Report, as follows:

*Valued shareholders, fellow members of the Board and management, ladies and gentlemen, good morning.*

*Before I proceed with my report on the 2018 performance of Semirara Mining and Power Corporation or SMPC, I would like us to observe a moment of silence to honor the memory of our late president and chief operating officer Victor A. Consunji.*

*His leadership and advocacies left a profound impact on our Company, and the milestones we achieved in the last 20 years would not have been possible without him.*

*May we always remember him with gratitude and fondness. (10 seconds of silence)*

*Let me now proceed to my report.*

*2018 was a period of unforeseen setbacks for our Company.*

*During the first half of the year, we were on track to deliver modest growth despite the scheduled and unplanned outages of our four power plants.*

*However, due to a confluence of events in the second half, we fell short of expectations.*

*Our consolidated net income after tax dropped 15 percent to 12 billion pesos.*

*The coal segment contributed 5.9 billion pesos while earnings from the power segment stood at 6.1 billion pesos.*

*Our income decline was due to flat revenues from coal operations, an 8-percent decline in power revenues and the accelerated depreciation of Calaca Units 1 and 2.*

*At the start of the year, we believed that coal would be a bright spot for us in 2018.*

*Unfortunately, coal production dropped 2 percent and coal sales dropped 12 percent due to circumstances that were beyond our control.*

*First—following the directive issued by the Department of Energy or DOE—we had to defer our plan to increase coal production because of the accelerated rehabilitation of south Panian pit.*

*A significant portion of our resources was diverted to backfilling, in order to complete the rehabilitation plan in 2 years—versus the original work program of 10 years.*

*Second was the prolonged heavy rains in July and August, which was unprecedented in our operating history.*

*Consistent with our safety protocols, we stopped coal production for six weeks due to inclement weather.*

*Third was the temporary coal import restriction in China in the fourth quarter, which pulled down export prices and caused significant delays in our export shipments.*

*These three events led to a 12-percent drop in our coal sales, which was not fully offset by the 18-percent increase in average selling price.*

*Our power segment posted lower revenues in 2018 due to a 6-percent decline in total power generation.*

*Sem-Calaca's gross generation decreased 7 percent because Unit 2 was shut down until April for scheduled maintenance.*

*Meanwhile, Southwest Luzon's total gross generation dipped 19 percent because of the unplanned outage of its Unit 1, which lasted nearly 8 months.*

*The machine breakdown of Unit 1 was due to the accidental cracking of its high-intermediate pressure rotor, which converts steam into energy.*

*Since the cracking was inadvertent, our insurer compensated us for the material damage and 144-days of business interruption we incurred.*

*Because of our scheduled and unplanned outages, our total energy sales in 2018 dropped 10 percent.*

*During the same period, composite average selling price grew marginally at 2.5 percent to around 4 pesos per kilowatt-hour.*

*Despite our lower-than-expected consolidated earnings and 9.5 billion in capital expenditures, our Company remains financially stable and committed to delivering shareholder value.*

*In 2018, we increased our asset base, maintained our debt levels and paid our shareholders nearly 9.6 billion pesos in cash dividends.*

*At the end of the year, we also had a healthy cash balance of 1.9 billion pesos.*

*At this point, I would like to discuss some of our non-financial results, beginning with our top risk.*

*Being a mining and energy company, we consider safety as our foremost risk.*

*In our experience, human errors and natural hazards are often the cause of untoward incidents in the workplace.*

*To address these issues, we use state-of-the-art equipment and employee trainings to prepare and protect our workforce.*

*Last year, 823 dump truck and excavator operators completed over 2,300 hours of training on our equipment simulator.*

*Because of this simulator, our operators can hone their skills and learn from their mistakes without endangering themselves or their co-workers.*

*Our plant and mine site workforce also completed nearly 14,000 hours of environmental, safety and health training during the year.*

*Our slope stability radars also allow us to accurately detect slope movements in our Narra and Molave pits and— if necessary—move our on-duty personnel and equipment to safer grounds.*

*In 2018, our radars detected 10 slope movements, 6 of which required the repositioning of our workers and equipment.*

*I am pleased to report that during the reporting period, there were no personnel injuries or equipment damages related to slope failure.*

*To know more about our Company's other top risks, and what we are doing to manage these, I encourage you to read the discussion in our annual report.*

*Moving on to our sustainability efforts, I would like to highlight some of the things that we have done to nurture the environment and our host community.*

*In 2018 alone, we spent nearly 3 billion pesos on heavy equipment, fuel and manpower to accelerate the rehabilitation of south Panian pit.*

*I am proud to report that we have completely filled the pit with overburden materials, and we will complete its final rehabilitation by the end of June this year, which is six months ahead of schedule*

*In effect, we were able to complete the original 10-year final rehabilitation program in just one and a half years.*

*This is a major accomplishment for DOE and SMPC because this is possibly the fastest final rehabilitation of a large-scale open pit in the country.*

*To enhance carbon sequestration and coastal protection in Semirara Island, we planted around 23,000 mangrove propagules during the year.*

*We have also planted nearly 1.8 million trees to improve vegetative cover, biodiversity and air quality in the island.*

*Our Semirara Clam Hatchery bred nearly 41,000 giant clams in Semirara Island in 2018.*

*Giant clams are excellent bio-indicators because they can survive only in a safe and unpolluted marine environment. They also promote marine biodiversity because they help clean seawaters.*

*By supporting the breeding and reseedling of these giant clams, we help preserve our marine environment.*

*To learn more about our sustainability efforts and how these align with the 17 Sustainability Development Goals of the United Nations, I encourage you to read our 2018 annual report.*

*At this point, I would like to share some of the recognition we received in 2018.*

*Flashd before you are the awards we received because of the collective efforts of our Board, management and employees.*

*We are grateful for these commendations and commit to working even harder to replicate these feats.*

*2019 is a critical year for our Company because of the life extension program for Calaca 1 and 2.*

*The rehabilitation work has been challenging but we are optimistic that we can start commercial operations of Calaca 1 by third quarter of this year.*

*As planned, we will go full blast with the rehabilitation work on Calaca 2 once unit 1 is up and running.*

*To align with global best practices in power plant operations, we engaged Toshiba and Kansai to provide further training to our engineers and technical personnel.*

*Our life extension program will undoubtedly affect our bottom line this year, but two non-recurring items may help cushion the financial impact of our plant shutdowns.*

*First is the finalization of our machinery breakdown and business interruption insurance claim.*

*In the coming months, we are set to collect 14 million dollars from our insurer. This is on top of the 9 million dollars that we collected as advance payment in 2018.*

*Second is a 467-million-peso payment from PSALM, plus 6 percent annual interest beginning August 4, 2010.*

*The amount covers the receivables of Sem-Calaca from the transition supply contract between Meralco and Napocor and direct sales to Napocor from January to June 2010.*

*In closing, I would like to thank the SMPC board for their trust and confidence in my ability to lead the organization during this challenging period.*

*Working in the company for 18 years has given me a thorough knowledge and understanding of our business, operations and regulatory environment.*

*While a lot still needs to be done to ensure the sustainable growth of our Company, I am focused and fully committed to the task at hand.*

*And with the full support of our Board, shareholders, regulators, business partners, employees and host communities, I know that we can all power forward and become even better in the years to come.*

*Thank you.*

After the delivery of the Management Report, the Chairman then welcomed stockholders' queries and/or clarifications on the Management Report.

After a brief moment, none of the stockholders solicited questions and/or clarifications on the Management Report. Thereafter, the Chairman entertained a motion to approve the Management Report, which was duly seconded. The votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	3,240,460,993	99.93%
Against	1,607,090	0.05%
Abstain	529,200	0.02%

Based on the foregoing results, the stockholders unanimously approved, confirmed and ratified, and the following resolution was adopted:

### **Stockholders' Resolution**

“**RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the “Corporation”) representing at least 3,240,460,993 or 99.93% of today’s quorum approve, confirm and ratify, as they do hereby, by poll balloting the Management Report for the fiscal year 2018, as read and delivered by the Corporation’s President and Chief Operating Officer, Ms. Maria Cristina C. Gotianun.”

#### **5. RATIFICATION OF THE ACTS OF THE OFFICERS AND BOARD OF DIRECTORS**

The meeting then proceeded to the next item of the agenda on the ratification of the acts of Officers and Board of Directors of the Corporation performed or undertaken in the year 2018 and until the date of this meeting.

After due deliberation, a motion was entertained, which was duly seconded. The votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	3,240,461,017	99.93%
Against	1,607,090	0.05%
Abstain	529,200	0.02%

Based on the foregoing results, the stockholders unanimously approved, confirmed and ratified, and the following resolution was adopted:

### **Stockholders' Resolution**

“**RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the “Corporation”) representing at least 3,240,461,017 or 99.93% of today’s quorum approve, confirm and ratify, as they do hereby, by poll balloting all the acts, decisions and resolutions of the Board of Directors and Officers of the Corporation made or undertaken in the year 2018 and until the date of this meeting, as these are reflected in the books and records of the Corporation.”

#### **6. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR**

The meeting proceeded with the appointment of external auditors of the Corporation for the current fiscal year, as approved and recommended by the Board of Directors at its meeting held on February 22, 2019 for approval of the stockholders.

After the clarification have been made, the Chairman then entertained a motion for the approval of the reappointment of SyCip Gorres Velayo & Co. as the Corporation’s Independent External Auditor, which was duly seconded. The votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	3,198,524,256	98.64%
Against	1,607,090	0.05%
Abstain	41,580,961	1.28%

Based on the foregoing results, the stockholders unanimously approved, confirmed and ratified, and the following resolution was adopted:

#### **Stockholders' Resolution**

**“RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the “Company”) representing at least 3,198,524,256 or 98.64% of today’s quorum approve, confirm and ratify, as they do hereby, by poll balloting the appointment of **SyCip Gorres Velayo & Co.** as the independent external auditors of the Corporation for the current fiscal year.”

#### **7. ELECTION OF DIRECTORS FOR THE YEAR 2019-2020**

The last item of the agenda is the election of directors for the year 2019-2020. The Secretary apprised the stockholders of the mechanics on the election of directors. He explained that pursuant to Article I, Section 5 of the Amended By-laws of the Corporation, at all meetings of stockholders for the election of the members of the Board of Directors, cumulative voting is allowed and each stockholder may distribute his votes in accordance with the applicable law.

Section 24 of the Corporation Code of the Philippines provides that a stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name in the stock books of the Company on record date and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit. The quorum required in the election of the members of the Board of Directors is a majority of the outstanding capital stock entitled to vote. The eleven (11) nominees obtaining the highest number of votes in accordance with Section 24 of the Corporation Code shall be proclaimed directors.

Moreover, being a publicly-listed company, the Corporation is required under SEC regulations and the Corporation’s Revised Code of Corporate Governance to have at least two (2) independent directors being twenty (20%) of the seats of the Board. Mr. Rogelio M. Murga and Honorio O. Reyes-Lao have been nominated by a stockholder of the Corporation, Mr. Antonio C. Olizon, as independent directors. The Corporate Governance Committee has passed upon the qualifications of Mr. Murga and Reyes-Lao in accordance with the Corporation’s Revised Code of Corporate Governance, SEC’s Guidelines on the Nomination and Election of Independent Directors, and the term limit requirement pursuant to SEC Memorandum Circular No. 9, Series of 2011. The nominees for Independent Directors were nominated to the Board due to their outstanding business and financial acumen which provided invaluable contribution to the Corporation’s strategy.

Further, the Secretary explained that based on the nominations received by the Corporate Governance Committee and/or Corporate Secretary in accordance with the Procedure on Nomination and Election of Directors prior to deadline for submission of nominations on March 8, 2019, there are eleven (11) nominees for directorship inclusive of two (2) nominees for



independent directorship. All nominees have been determined to possess the qualifications, skills and experience appropriately aligned to the Corporation's strategy.

After the determination of the final list of candidates, no other nomination will be allowed on the floor in accordance with the Amended By-Laws of the Corporation. The following names of nominees' appeared in the Final List of Candidates for Directorship:

**Regular Directors:**

1. Isidro A. Consunji
2. Jorge A. Consunji
3. Cesar A. Buenaventura
4. Herbert M. Consunji
5. Maria Cristina C. Gotianun
6. Ma. Edwina C. Laperal
7. Josefa Consuelo C. Reyes
8. Luz Consuelo A. Consunji
9. Nestor D. Dadivas

**Independent Directors:**

10. Rogelio M. Murga
11. Honorio O. Reyes-Lao

The following nominees were elected as directors for the ensuing year by poll balloting conducted thereafter to serve for a period of one (1) year, and to serve as such until their successors shall have been duly elected and qualified:

Director	Vote Cast (one vote per share) and the Percentage of Shares represented at ASM with Balloting Rights		
	For	Against	Abstain
1. Isidro A. Consunji	3,238,406,417 (99.87%)	2,857,780 (0.09%)	1,332,640 (0.04%)
2. Jorge A. Consunji	3,142,935,927 (96.93%)	2,851,380 (0.09%)	96,809,527 (2.99%)
3. Cesar A. Buenaventura	3,100,042,863 (95.60%)	8,956,050 (0.28%)	133,597,921 (4.12%)
4. Herbert M. Consunji	3,142,935,927 (96.93%)	2,851,380 (0.09%)	96,809,527 (2.99%)
5. Maria Cristina C. Gotianun	3,109,749,462 (95.90%)	8,956,050 (0.28%)	123,891,322 (3.82%)
6. Ma. Edwina C. Laperal	3,142,935,927 (96.93%)	2,851,380 (0.09%)	96,809,527 (2.99%)
7. Josefa Consuelo C. Reyes	3,142,935,927 (96.93%)	2,851,380 (0.09%)	96,809,527 (2.99%)
8. Luz Consuelo A. Consunji	3,142,935,927 (96.93%)	2,851,380 (0.09%)	96,809,527 (2.99%)
9. Nestor D. Dadivas	3,134,508,002 (96.67%)	2,851,380 (0.09%)	105,237,452 (3.25%)
10. Rogelio M. Murga (Independent)	3,206,755,665 (98.89%)	7,711,760 (0.24%)	28,129,409 (0.87%)
11. Honorio O. Reyes-Lao (Independent)	3,234,135,694 (99.74%)	7,711,760 (0.24%)	749,380 (0.02%)

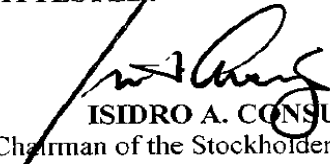
**8. OTHER MATTERS**

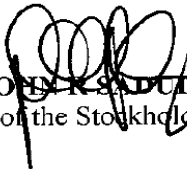
There were no other matters to be taken up during the meeting.

**9. ADJOURNMENT**

There being no other matters to be taken, the same was, upon motion made and duly seconded, adjourned.

**ATTESTED:**

  
**ISIDRO A. CONSUNJI**  
Chairman of the Stockholders' Meeting

  
**JOHN R. ADULLO**  
Secretary of the Stockholders' Meeting