

How we
LOOK AFTER
the future for you

**ENVIRONMENT, SOCIAL AND
GOVERNANCE REPORT**



Corporate Sustainability & Responsibility

OUR PRIORITIES



DMCI Holdings, through its subsidiary and affiliate companies, contributes to meeting the United Nations Sustainable Development Goals (SDGs) by focusing on those that directly relate to our businesses, corporate DNA and core competencies. In this way, we create the most impact and value for the Filipino people.



SUSTAINABLE DEVELOPMENT GOALS

In this section, we highlight some of the initiatives we have undertaken to advance the 17 SDGs.

1 NO POVERTY



WHY IS THIS OUR PRIORITY?

Around 22 percent of Filipinos live below the poverty line, and most of our businesses operate in areas where poverty incidence is even higher.

DMCI Holdings invests in businesses that aid inclusive and sustainable economic growth.

In 2018 alone, our combined capital expenditures translated to P27 billion while our consolidated income taxes, royalties and licenses due to the government amounted to P7.7 billion.

We also provide employment to over 21,000 Filipinos across the country. This does not include the indirect jobs generated by our suppliers, subcontractors and other business partners.

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In the last 10 years, **Semirara Mining and Power Corporation (SMPC)** paid over P20 billion in royalties to the Philippine national government.



royalty payments in 10 years

P20 billion



P8.5 billion or 40 percent of this amount went to the local government units (LGUs) that host SMPC's coal mine—Brgy. Semirara, the town of Caluya and the province of Antique.

With the royalty payments, the LGUs have the means to undertake more programs and projects that will benefit their constituents.

Nearly 82 percent or 86.93 MW of the installed rated capacity of **DMCI Power** is deployed to the Bicol and MIMAROPA regions, which belong to the top 10 poorest in the country.

Poverty incidence in Bicol (36%) and MIMAROPA (24.2%) are significantly higher than the national rate of 22 percent.

With the additional electricity supplied by DMCI Power, living standards and economic activities have been steadily improving in Masbate, Oriental Mindoro and Palawan.

2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



Berong Nickel Corporation (BNC) supports the farmers and fisherfolks in Brgy. Berong in Quezon, Palawan by providing them with the resources and skills they need to increase and preserve their yield:

- 94 farmers were supplied fertilizers for their banana farms, which totaled 94 hectares
- 18,900 rubber and fruit-bearing seedlings were distributed to 36 farmers
- 63 farmers received capacity-building training on rubber tree plantation development
- 6.5 kilometers of farm-to-market roads were improved through graveling to improve access for 45 farmers and 170 families
- 9,600-meter fishing nets were distributed to 64 fisherfolks while 30,000 meters of nylon ropes and seaweed seeds were provided to 28 other beneficiaries

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Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC) supplied seedlings and other gardening implements to the Dacanlao National High School, Dacanlao Elementary School, Gregorio Paradero Elementary School and Balayan West Central School for their *Gulayan sa Paaralan* program, which benefits around 200 malnourished students.

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In 2018, **Maynilad** provided 10 public schools with vertical gardens, drip irrigation systems and “green lifestyle” workshops to support the nutrition and clean-and-green programs of Caloocan City and Parañaque City.

SMPC maintains and operates the only health facility in Semirara island.

Duly-licensed by the Department of Health, the 15-bed infirmary is staffed by 31 medical personnel.

In 2018, the Semirara Infirmary provided medical consultation and services to 26,529 patients from the company (50.2%) and its host community (49.8%).

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BNC and Zambales Diversified Metals Corporation (ZDMC) play an active role in safeguarding the health and well-being of its host and neighboring communities.

Every year, they subsidize the pay of 126 barangay health workers and volunteers who deliver much-needed health services to more than 30,000 individuals.

In 2018, BNC and ZDMC also provided medicines and vitamins to around 3,000 residents.

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DMCI Power sponsored a number of community health initiatives in 2018:

- Free medical check-up and medicines to around 2,500 residents in Brgy. Iraan in Aborlan, Palawan
- Free medical check-up and medicines for 225 students in Tugbo Elementary School in Tugbo, Masbate
- Free dental check-up and oral health kits to 400 senior citizens, persons with disability and elementary students in Calapan, Oriental Mindoro
- Free cataract surgery to 50 indigent patients in Aborlan, Palawan

Over the years, **DMCI Holdings** and its subsidiaries have made significant donations to the University of the Philippines Diliman College of Engineering (UPD COE) to facilitate the advancement of engineering education.

The donations were used to establish the David M. Consunji Theater, lecture room, other facilities, scholarships, professorial chairs and teaching grants for the students and faculty members of UPD COE.

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In 2018, **DMCI Homes** donated P7.5 million to put up a structural design engineering laboratory in the Institute of Civil Engineering of UPD COE.

The computational laboratory will have equipment and software needed to reinforce the instructional and research capability of UP Diliman civil engineering students and faculty members.

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SMPC, in partnership with the Divine Word School of Semirara Island, Inc., has a graduate scholarship program for interested private and public school teachers in Semirara Island and neighboring Sibay and Caluya islands.

Through this program, local educators have convenient access to advanced learning because graduate professors come to the island at least once a month to conduct formal classes. The rest of the coursework is conducted online using the Library Hub and computer facilities of SMPC.

Of the 87 teachers who enrolled, 67 were able to complete the first semester of the graduate program.

The **DMCI group of companies** promotes gender equality through its talent recruitment, development and retention practices.

We foster the fair treatment of employees and do not tolerate unlawful discrimination and harassment of any nature on the basis of gender, race, religion, age, color or disability.

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Since 2009, **Maynilad** has been a firm supporter of *Samahang Tubig* Maynilad (STM)-Tondo, a group of Tondo mothers who banded together to secure safe, affordable water for their informal settler community.

Under the leadership of Lydia Codiñera, STM-Tondo has become a thriving micro business that produces and sells home care products called “Kapwa”.

Codiñera was recognized by Go Negosyo as one of 2018’s inspiring Filipina entrepreneurs for her pioneering work in STM-Tondo.

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ZDMC sponsored a backyard nursery project for the women in its host community.

Under the project, beneficiaries are provided the opportunity to earn extra income while staying at home by growing indigenous forest trees in their backyards.

During the year, 81 women from Sitio Acoje, Lucapon South, Sta. Cruz, Zambales were able to grow 58,175 seedlings, for future use in the company’s reforestation program.

6 CLEAN WATER AND SANITATION



WHY IS THIS OUR PRIORITY?

Access to clean water and sanitation is at the center of economic and social development, and we believe that engineering and construction play a key role in meeting this goal.

Maynilad operates and maintains three water treatment plants, 22 wastewater plants and nearly 7,700 kilometers of water pipelines to serve over 1.4 million service connections in parts of Metro Manila and Cavite province.

98% of Maynilad customers enjoy uninterrupted water supply at an average pressure of 7 pounds per square inch (psi) pressure.

In 2018, the company received government approval to invest P100 billion to accelerate the improvement and expansion of its water and wastewater networks. Less than half of this amount or roughly P40 billion will go to building wastewater treatment plants and the associated conveyance network.

5-year Maynilad CAPEX plan

P100 B



SMPC operates and maintains a desalination plant in Semirara Island to preserve the fresh water table in the area, while securing the water supply of its operations, employees and their families.

Desalination is the process of removing salt and other minerals from sea water to make it potable.

BNC provides six sitios in Brgy. Berong with free access to potable water through its reverse osmosis water system. In 2018, the company supplied 800,000 liters of clean water to nearly 3,300 residents.

Six public schools and a daycare center with over 1,100 students and teachers also sourced their drinking water from the water system of BNC.

During the year, BNC also monitored and chlorinated 26 community deep wells in eight sitios in Brgy. Berong. Roughly 520 families rely on these deep wells for their daily water supply.



ZDMC spent nearly P3 million to build a seven-kilometer water system in Sitio Acoje, Brgy. Lucapon South in Sta. Cruz, Zambales.

The infrastructure provides water supply for the domestic and agricultural use of 189 households or more than 500 local residents in the host community.

7 AFFORDABLE AND CLEAN ENERGY



SMPC has been providing its host communities in Semirara Island with affordable, reliable electricity since 1999.

At P5/kwh, electricity rates in the island is one of the lowest in the country.

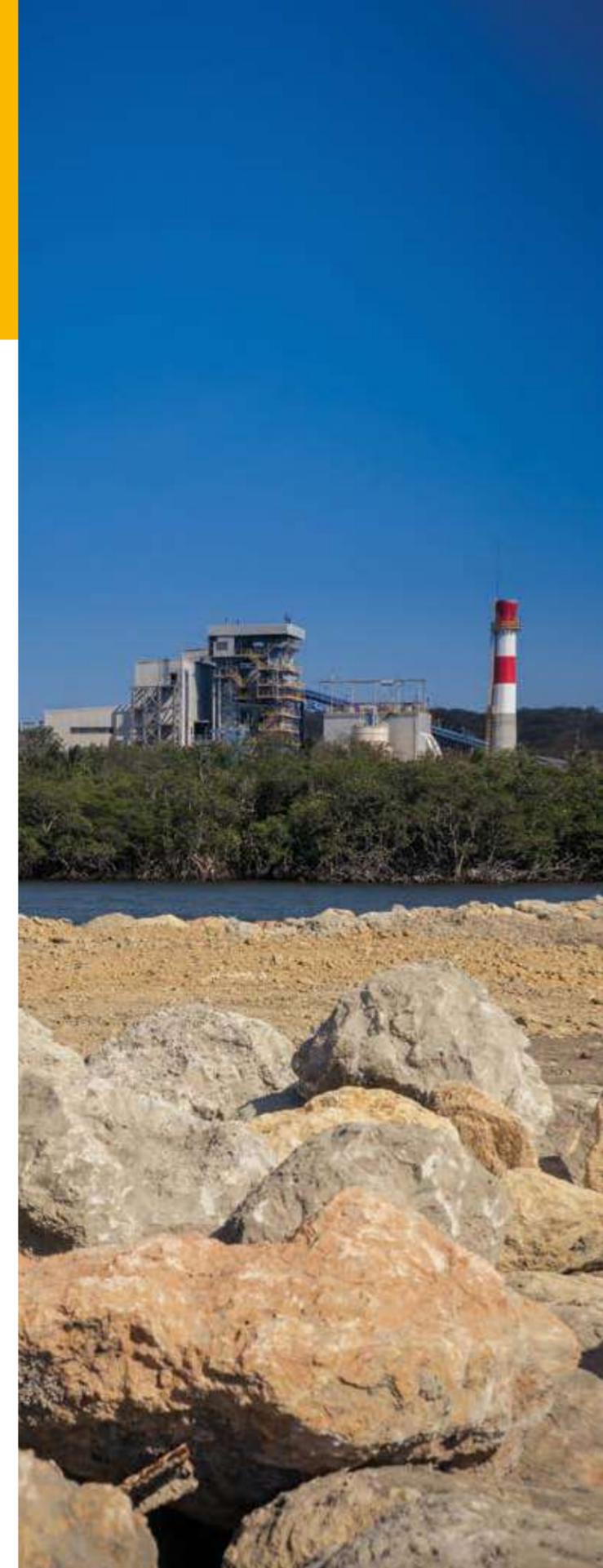
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SLPGC uses clean coal technology to produce affordable electricity for the Luzon and Visayas grids.

Circulating fluidized bed (CFB) technology is highly efficient in limiting greenhouse gas emissions. It can absorb up to 95 percent of pollutants before they are released into the atmosphere.

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SCPC has measures in place to mitigate its impact on the environment. The rehabilitation of its electrostatic precipitators allows the capture of particulate matters in its air emissions.



8 DECENT WORK AND ECONOMIC GROWTH



WHY IS THIS OUR PRIORITY?

Most of our businesses are in labor-intensive industries and we prioritize the hiring of residents to strengthen the local economy and enhance the talent pool of the community

D.M. Consunji, Inc. (DMCI) generated 14,843 jobs in 2018. Around 93 percent (13,856) of these jobs went to skilled workers from various parts of the country.

The company is committed to providing its workers with the needed safeguards and assistance to help ensure their safety and well-being.

jobs generated by DMCI in 2018

14,843



Personal protective equipment (PPE) are provided to employees, workers and guests who enter DMCI project sites. Medical facilities and personnel are also available to provide anyone in need of prompt medical attention in case of injuries. In 2018, DMCI spent nearly P100 million to implement its safety and health policies and programs.



SMPC directly employs over 3,300 people in Semirara Island and nearby areas. Mine site payroll during the reporting year reached P1.48 billion, which makes SMPC the single biggest employer in terms of value and headcount in the Municipality of Caluya.

Mine site employees enjoy free housing, water and electricity subsidies and free primary and secondary education for their dependents at the Divine Word School of Semirara Island, Inc.

Meanwhile, employees in Calaca, Batangas who live more than 36 kilometers away from the power plants are provided housing in the company dormitory.

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The **DM Consunji Technical Training Center (DMCTTC)** works closely with the Technical Education and Skills Development Authority (TESDA) to train workers in masonry, carpentry, tile-setting, rigging and scaffold erection.

In 2018, DMCTTC produced 4,300 graduates, most of whom were immediately absorbed by DMCI to strengthen its workforce.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



WHY IS THIS OUR PRIORITY?

Our founder's passion to build pushed him to continuously learn, improve and innovate. We are committed to upholding the examples and legacy he has left behind.

DMCI Homes has been investing in Building Information Modeling (BIM) technology to further enhance the aesthetics, quality and cost-efficiency of its product offerings.

BIM is a digital modelling tool that gives users the capability to store, generate and manage data of structures throughout their life-cycles. This, in turn, reduces rework, errors, potential problems and miscommunication with sub-contractors and suppliers.

To maximize the full potential of BIM technology, DMCI Homes has formed a team that would solely focus in developing design models. To date, the company has a total of 18 in-house trained BIM modelers for its upcoming projects.

in-house trained BIM modelers

18



SMPC uses the state-of-the-art PRO3-B Advanced Equipment Simulator to train and continuously improve the driving skills of its dump truck operators.

The simulator uses aerial imagery, geographic data and global positioning (GPS) measurements to digitally replicate the surface of the actual mine site for SMPC employee-trainees.

Since the company adopted this technology in December 2017, over 850 employees have completed nearly 2,800 hours of training on the PRO3-B Advanced Equipment Simulators.



DMCI has been known to pioneer the use of the latest construction technologies and methodologies in the Philippines.

In 2018, the company continued to invest heavily in new equipment, tools and innovations to facilitate the timely completion of its projects, and more importantly to enhance its operational safety and efficiency.

Some of the newly-adapted technologies of DMCI include new formworks systems, a micro tunnel boring machine for trenchless pipe projects, scanners for rebar and pipes among others.

10 REDUCED INEQUALITIES



WHY IS THIS OUR PRIORITY?

We believe that social inequalities can be reduced by providing vulnerable stakeholders with access to quality education and livelihood opportunities.

BNC and ZDMC provide scholarship grants and educational assistance to indigent students from 15 host barangays in Quezon, Palawan.

Since 2013, the program has produced 186 graduates of engineering, education, agriculture, business administration, entrepreneurship, criminology, accountancy, sociology, hospitality management, automotive, computer technology and bookkeeping. Over 25 percent of these graduates (49) belong to the Tagbanua ethnic group.

In 2018 alone, BNC and ZDMC spent over P1.2 million to support its 139 college scholars and one vocational scholar. Over 28 percent of the college students (39) are Tagbanuas.



In 2018, **DMCI Power** provided livelihood trainings to 75 fisherfolks and unemployed women in Oriental Mindoro and Palawan. The 50 fisherfolks from Brgy. Bancao-Bancao in Puerto Princesa City were trained on fish processing by TESDA while the 25 women of Samahan ng Kababaihan na may Livelihood Project (SKALPRO) of Pinamalayan, Oriental Mindoro received food processing training.

During the year, the company also partnered with Microsoft Philippines to educate 398 public school students and 23 public school teachers on how to effectively use technology in classroom teaching.

DMCI Power donated the needed computer hardware to Iraan-Sagpangan High School in Aborlan, Palawan and Romulo Latog Sr. Elementary School in Esperanza, Sultan Kudarat.

college and vocational scholars

140



The **Semirara Training Center, Inc.** (STCI) in Semirara Island provides residents with the needed vocational training and trade skills to qualify for employment at SMPC.

Enrollment is open to residents of Semirara Island and nearby islands. Tuition and other school fees for technical materials are waived.

Since 2006, the training center has produced 1,146 graduates, almost half of whom (516) work in the mining operations of SMPC.

11 SUSTAINABLE CITIES AND COMMUNITIES



WHY IS THIS OUR PRIORITY?

More than half of the Philippine population live in urban areas, which means greater demand for quality housing and infrastructure projects.

DMCI is one of the leading construction companies in the country. Its portfolio of completed projects include some of the most notable infrastructure projects ever undertaken by the public and private sectors.

Some of these projects include the three major interchanges along EDSA (EDSA-Buendia, EDSA-Santolan and EDSA-P. Tuazon), LRT 1 North Extension, MRT-Line 2, KAMANAVA flood control structures and South Metro Manila Skyway Project.

DMCI is also part of the group that constructed the Tarlac-Pangasinan-La Union Toll Expressway (TPLEX), the first public-private partnership (PPP) project of an all-Filipino consortium.

DMCI Homes pioneered the Lumiventt® design technology for high-rise structures in the Philippines. The proprietary design involves three story-high openings at the front and rear areas of the building, as well as single-loaded hallways and central garden atriums.



Based on the basic principles of airflow, Lumiventt® technology allows ambient light and fresh air to spread throughout the building. This helps reduce the energy requirements and expenses of DMCI Homes residents.

footprint-to-building ratio

60:40



The company also maintains a near 60:40 footprint-to-building ratio so the community has more space for gardens, open areas and outdoor amenities, which helps enhance urban quality of life.

Maynilad supplies potable water to some of the most densely populated communities in the Greater Metro Manila area. As such, it faces the twin challenges of water sufficiency and land availability.

To address these challenges, the company built a scalable water treatment plant in Muntinlupa City that draws raw water supply from Laguna Lake, an alternative source to Angat dam, which supplies over 90 percent of Metro Manila's water.

Maynilad also built smaller reservoirs spread out in different locations so it could expand its service coverage despite the very limited real estate. Having many reservoirs in various locations also allows the company to continue providing water in case of contained disasters, such as earthquakes.



WHY IS THIS OUR PRIORITY?

Some of our host communities depend on aquatic resources for their livelihood so we have programs and initiatives for managing our impact on the marine environment.

DMCI Holdings and its subsidiaries promote recycling and reuse of office supplies and other materials in its day-to-day operations.

The group also strives to reduce its water and electricity consumption by turning switches and taps off when not in use.

Whenever applicable or possible, internal transactions and processes are also done online to reduce paper usage.



Maynilad promotes upcycling and women empowerment through its Green Badge program, which turns old Maynilad uniforms into trendy shirts, drawstring bags, gadget pouches and more.

The upcycled items are either donated to disaster survivors and marginalized groups or used as corporate giveaways during trainings, outreach activities and other engagements.

Now on its third year, Green Badge had four production cycles in 2018, giving the women-seamstresses of STM-Riverview a monthly income of P500 to P2,000 each.



DMCI Power continued to implement its Rags-for-Profit program to reduce wastage and generate additional income for the women of Brgy. Tawiran in Calapan City, Oriental Mindoro.

15 local seamstresses turned scrap materials into rags, which were then bought by DMCI Power for use in its power plant.

Similar to last year, the company had a minimum offtake agreement with the group to help sustain the micro business.

DMCI Holdings has a climate change policy that enables its subsidiary and affiliate companies to make meaningful contributions towards addressing the reality of climate change.



SMPC protects over 300 hectares of naturally grown mangroves.

As of 2018, the company has also planted around 660,000 mangroves in over 196 hectares of coastal area for carbon sequestration and disaster risk reduction in Semirara Island.



Maynilad planted a total of 130,150 trees in 2018, as part of its Plant for Life program, which aims to save vital watersheds from denudation.

Also done in support of the Annual Million Tree Challenge of the Metropolitan Waterworks and Sewerage System (MWSS), the Plant for Life program involves tapping volunteers to do reforestation and afforestation activities.

In 2018 alone, over 2,255 volunteers from Maynilad and its partner-organizations planted a total of 53,000 indigenous trees at the Ipo Watershed in Bulacan, 150 saplings in Muntinlupa, 18,000 mangrove propagules in Malabon and 59,000 mangrove propagules along the Manila Bay coastline in Cavite Province.

SMPC established the **Semirara Marine Hatchery Laboratory** (SMHL) in 2010 to lead marine rehabilitation and preservation efforts in Semirara Island.

Since then, SMHL has become a center for breeding and reseeding eight species of giant clams (*tridacna gigas*), which are known to promote marine life and biodiversity. The facility also transplants coral fragments to help preserve the balance of marine ecosystems.

To date, the Semirara hatchery has bred 163,267 giant clams, of which 80,146 have been reseeded in the waters of Semirara Island, among others. It has also transplanted 1,000 corals in the island.



BNC closely monitors and helps manage the bodies of water surrounding its mine sites to ensure that its impact on the environment is considerably mitigated.

To control surface water runoff, the company has a number of systematic siltation control structures, settling ponds, drainage canals, silt traps, gabions and coconets in the mine sites. It also undertakes in-house and third-party water quality monitoring on a monthly and quarterly basis. Bio-indicator species (i.e. giant clams and

tilapia) are likewise used to monitor water quality in nearby coastal waters and siltation ponds.

In its 2018 assessment, Haribon Palawan, Inc. noted an increase in marine species diversity, recovery of corals and continuing growth of seagrasses in the coastal areas of Brgy. Berong.



Since 2012, **Maynilad** has been championing water literacy among the youth through its *Daloy Dunong* program, which turns elementary and high school students into Water Warriors by teaching them the importance of water, hygiene and water resource conservation.

Since its inception, the water education drive has engaged more than 138,000 students in 480 public schools in parts of Metro Manila and Cavite province.

Complementing *Daloy Dunong* is *Talakay Tubig*, a community water forum for heads of households and government officials. More than 2,200 water consumers in Navotas City, Bambang in Nueva Vizcaya and Rizal in Nueva Ecija have attended this forum.



15 LIFE ON LAND



WHY IS THIS OUR PRIORITY?

While the nature of our businesses precludes us from significantly reducing our carbon footprint, we strive to make meaningful contributions towards addressing the reality of climate change.

SMPC spent P2.92 billion in 2018 to accelerate the rehabilitation of the southern portion of its Panian pit in Semirara Island.

The company unloaded around 120 million bank cubic meters (BCM) of overburden materials into the southern portion of Panian pit, bringing the current elevation to 0 meters, a dramatic improvement from its starting elevation of -260 meters, which is roughly the height of a 78-story building.

Once the pit has been completely filled-in, SMPC will put humic acid, compost and other materials to restore soil nutrients in the area, before proceeding with reforestation. SMPC will then plant tree species that are endemic in the area.

...

In 2018, over 400,000 indigenous tree species, fruit-bearing trees and mangrove propagules were planted under the Mining Forest Development programs of **BNC** and **ZDMC**.



Around 129,600 slips of vetiver and bamboo grasses were planted for temporary revegetation of in-active mine areas. BNC and ZDMC also maintain nearly 160,000 seedlings in their nurseries for their rehabilitation and planting activities next year.

...

DMCI Power planted over 9,000 mangrove propagules in the provinces of Masbate and Palawan.

Majority of the propagules (6,895) were planted in strategic coastline areas of Brgy. Pioneer, Poblacion 2, Pinamarbuan and Tugbo in Mobo, Masbate province.

The rest were planted in Sitio Tagbarungis, Brgy. Inagawan in Puerto Princesa City, Palawan.

trees and propagules planted

400,735



96 percent of these trees and propagules (386,479) were planted to rehabilitate and develop mined out areas. The rest were either donated to the different communities and LGUs for their tree planting activities or replanted in previous rehabilitation areas.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



The **DMCI** group of companies fully commits to good corporate governance by aligning our governance framework with international standards and best practices.

We also adhere to a code of conduct that promotes ethical behavior, justice and human rights.

Our companies likewise commit to the use of alternative dispute resolution options and processes to settle conflicts or issues, if any, with our various stakeholders.

...

In 2018, **Maynilad** concluded its fifth rate rebasing period with a tariff adjustment of P5.73/cu.m., which it agreed to implement on a staggered basis over a four-year period.

The rate increase excluded the recovery of its corporate income tax, prompting the company to file a second dispute notice with the MWSS.

Despite this, Maynilad maintains its amicable relationship with MWSS, including abiding with the approved business plan and tariff schedule.

...

DMCI Project Developers, Inc. has a pending case with the regional trial court to compel the Bases Conversion Development Authority to arbitrate its unresolved issue over the P300 million deposit made by the DMCI group in 1996, as payment for its future subscription to the North Luzon Railways Corporation (Northrail) shares of stock. Northrail did not push through but the deposited amount was never returned.

17 PARTNERSHIPS FOR THE GOALS



DMCI is an active member of the Philippine Constructors Association, Inc. (PCA), a group of 33,000 contractors whose combined contracting capacity represents around 80 percent of the country's total annual construction projects.

PCA holds regular dialogues with various government agencies to facilitate the implementation of the Build, Build, Build program, which aims to accelerate infrastructure spending to create jobs, strengthen industries and enhance the quality of life of Filipinos.

...

SMPC and **Maynilad** are concessionaires of the Department of Energy and MWSS, respectively.

As agents and contractors of the government, the two companies are tasked to manage and develop the resources needed to secure the electricity and water requirements of millions of Filipinos.

...

BNC and **ZDMC** support and fully cooperate with the multi-partite monitoring team (MMT) and mine rehabilitation and fund committee.

The MMT is an independent entity whose members represent the primary stakeholders of a mining company. Its members consist of representatives from DENR, Mines and Geosciences Bureau, Environmental Management Bureau, mining companies, LGUs, local community, and non-government organizations.

The multisectoral body convenes on a quarterly basis to assist the government in monitoring and evaluating the operations, environmental impacts and compliance performance of a mining company.