



Alsons Consolidated Resources, Inc.

ANNUAL SUSTAINABILITY REPORT 2021

ABOUT THIS REPORT

Alsons Consolidated Resources, Inc. (ACR) is submitting its annual sustainability performance report in compliance with the requirements of the Philippine Securities and Exchange Commission Memorandum Circular No. 4, Series of 2019, utilizing the provided format by the Commission, and guided by the Global Reporting Initiative (GRI) Standards.

This sustainability performance report that showcases ACR's resilient Economic, Environmental, Social, & Governance performance from 01 January to 31 December 2021.

This report specifically covers subsidiaries that own and operate ACR's four existing power generation facilities in Mindanao, as well as relevant key support functions for ACR's power generation business.

As a power company listed under the electricity, energy, power, and water subsector at the Philippine Stock Exchange, this report does not cover ACR's other subsidiaries, activities, and operations outside of the power business, as well as ACR's power projects that are still under development and construction.

About this Report

General Information About the Company

Materiality Process

Economic

- Economic Performance
- Anti-Corruption

Environment

- Resource Management
- Ecosystems and Biodiversity
- Environmental Impact Management
- Solid and Hazardous Waste
- Water and Effluents
- Environmental Compliance

Social

- Employee Management
- Employee Training and Development
- Labor-Management Relations
- Diversity and Equal Opportunity
- Workplace Conditions, Labor Standards, and Human Rights

About the Company (General Information)

COMPANY DETAILS	
Name of Organization:	Alsons Consolidated Resources, Inc. (ACR)
Location of Headquarters:	Alsons Building 2286 Chino Roces Extension Makati City, Philippines 1231
Location of Operations:	ACR, through its subsidiaries, owns four power generation facilities in Mindanao located in: <ul style="list-style-type: none"> ➢ Iligan City ➢ Alabel, Sarangani Province ➢ Sangali, Zamboanga City ➢ Maasim, Sarangani Province
Report Boundary: <i>Legal Entities (e.g. Subsidiaries) included in this Report</i>	This annual sustainability performance report of the holding company, Alsons Consolidated Resources, Inc. (ACR) specifically covers subsidiaries that own and operate ACR's four existing power generation facilities in Mindanao. The report likewise covers key support functions for ACR's power generation business such as Finance & Accounting, Sales & Marketing, Human Resources, Internal Audit, Materials Management, Legal & Regulatory Affairs, and External Relations. This sustainability report does not cover ACR's power projects still under development and construction. As ACR is primarily a power company listed under the electricity, energy, power, and water subsector at the Philippine Stock Exchange, its other subsidiaries, activities, and operations outside of the power business are also not covered in this report.
Business Model, including Primary Activities, Brands, Products, and Services:	ACR is primarily engaged in power generation and sales to off-takers, such as electric cooperatives and distribution utilities. ACR is likewise engaged in the development of greenfield power projects.



Alsons Power Group

Alsons Power is the umbrella brand of the power business affiliates and subsidiaries of the Alcantara Group and ACR.

COMPANY DETAILS

	<p>Alsons Power is Mindanao's first private sector power generator with a current portfolio of four operating power facilities with an aggregate capacity of 485 Mega Watts (MW) serving over eight million people in fourteen cities and eleven provinces including key urban centers such as Cagayan de Oro, General Santos, Iligan, and Zamboanga City.</p> <div style="text-align: center;">  <p>MAPALAD POWER CORPORATION</p> </div> <p>Mapalad Power Corporation operates a 103 MW diesel power plant in Iligan City.</p> <div style="text-align: center;">  <p>Southern Philippines Power Corporation</p> </div> <p>Southern Philippines Power Corporation owns and controls a 55 MW diesel – fired power plant in Alabel, Sarangani Province.</p> <div style="text-align: center;">  <p>Western Mindanao Power Corporation</p> </div> <p>Western Mindanao Power Corporation operates a 100 MW diesel – fired power plant in Sangali, Zamboanga City.</p> <div style="text-align: center;">  <p>SARANGANI ENERGY CORPORATION</p> </div> <p>Sarangani Energy Corporation operates a 210 MW coal – fired power plant in Maasim, Sarangani Province.</p>
Reporting Period:	01 January 2021 – 31 December 2021
Highest Ranking Person Responsible for this Report:	Alexander Benhur M. Simon Group Chief Finance Officer

Materiality Process

ACR prepared this sustainability performance report in compliance with the Philippine Securities and Exchange Commission Memorandum Circular No. 4, Series of 2019 and made reference to the Global Reporting Initiative (GRI) Standards.

ACR has adopted the subsequent approach to assess material topics:



Figure 1 Materiality Assessment Approach

ACR has identified and prioritized the following *Core Drivers* for the Company and its Stakeholders as duly reflected in its Sustainability Framework based on the Materiality Assessment.



Figure 2 ACR Core Drivers

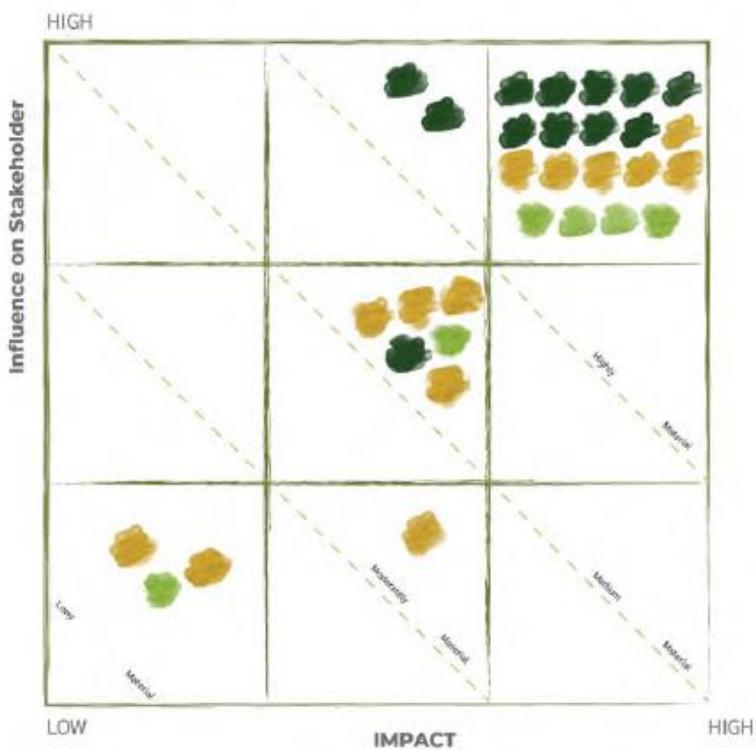


Figure 3 Materiality Assessment Matrix

Disclosures of ACR are based on the areas assessed as highly material in the upper-most quadrant of the matrix represented by the color-coded numbers described in the table



Data for some disclosure topics in this annual sustainability performance report are from specific subsidiaries of ACR and not all of the companies within the Group. This is reflective of its materiality and relevance to the operations of ACR and the maturity of data collection systems that are currently in place as a first-time reporter on sustainability performance. We have provided specific information on such disclosures in the coming sections.

Economic Performance

Direct Economic Value Generated & Distributed

DISCLOSURE	UNIT	AMOUNT	
		2020	2021
Direct Economic Value Generated (Revenue)	PHP	9,543,909,595.00	10,123,305,062.00
Direct Economic Value Distributed			
a. Operating Costs	PHP	6,360,928,102.00	6,823,408,030.00
b. Employee Wages & Benefits	PHP	376,447,820.00	342,523,606
c. Payments to Suppliers, Other Operating Costs	PHP	605,830,354.00	1,443,068,281
d. Dividends given to Shareholders & Interest Payments to Loan Providers	PHP	2,313,546,969.00	2,376,439,648.00
e. Taxes given to Government	PHP	353,228,364.00	342,778,964
f. Investments to Community (e.g. Donations, CSR)	PHP	13,772,338.00	39,853,199

Economic Performance Impact:

ACR's economic performance affects all of the company's key stakeholders particularly its shareholders, investors, and creditors; the company's employees; and its customers and host communities. Economic performance directly influences factors such as shareholder value, employee satisfaction, and the ability to devote resources to improve customer services and enhance community development projects in host communities.

ACR improved its economic performance in 2021 even as the country went thru another year in the face of the COVID 19 pandemic. Improvement was driven primarily by the ongoing operation of the company's power facilities particularly the 210 MW Sarangani Energy Corporation baseload power plant which provides electricity to key cities in Mindanao such as General Santos, Cagayan de Oro, Iligan, and Butuan.

Identified Risks:

The ongoing power surplus situation in Mindanao brought about by the prevalence of competing baseload power plants continued to be a key risk factor to ACR's economic performance in 2021. The company continued to effectively manage this key risk in 2021 thru ACR's ongoing development of hydroelectric power plants in various places in Mindanao and the Southern Philippines as part of the company's long – term goal of reaching a balanced generation mix, where it can serve the complete power requirements of its customers (i.e. baseload, intermediate, peaking, back – up, as well as ancillary services). 2021 also saw ACR continue to explore the possible relocation of its diesel assets to prospective growth markets particularly to some areas in the Visayas where the increasing demand for power is straining the current available power supply.

Identified Opportunities:

As in the previous year, ACR continued to pursue opportunities in the renewable energy space thru its planned development of several run of river hydropower electric plants in different area of Mindanao and the Southern Philippines. 2021 saw the continuing construction of ACR's first hydroelectric power facility at the Sigui River basin in Maasim, Sarangani. Two other planned hydro power projects in Zamboanga del Norte and Negros

Occidental underwent various stages of pre-construction development in 2021. As stated in the previous section the company in 2021 continued to explore possible relocation opportunities for its diesel assets.

The policy on economic performance is embedded on ACR's **New Manual on Corporate Governance** (https://www.acr.com.ph/corp_governance/170915%20ACR%20New%20Manual%20on%20Corporate%20Governance.pdf).

Anti – Corruption

Training on Anti – Corruption Policies & Procedures 01 January 31 December 2021*

DISCLOSURE	UNIT	QUANTITY
Percentage of Employees to whom the Organization's Anti – Corruption Policies & Procedures have been Communicated	%	100.00
Percentage of Business Partners to whom the Organization's Anti – Corruption Policies & Procedures have been Communicated	%	100.00
Percentage of Directors and Management that have Received Anti – Corruption Training	%	100.00
Percentage of Employees that have Received Anti – Corruption Training	%	100.00

*The Company's Anti -Corruption policy has been included in ACR company orientations in 2021. Part of the ongoing learning curriculum for employees is a video on the company's "whistleblower protection policy"

Incidents of Corruption 01 Jan- 31 December 2021

DISCLOSURE	UNIT	QUANTITY
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0

Possible Impacts:

The company is very much aware of the possible impacts any incidence of corruption can have on its profitability, productivity and reputation. Possible incidences of corruption will adversely affect virtually all stakeholder segments from shareholders, to suppliers, customers, employees and government regulators.

Risk Mitigation:

In ACR, the risk of corruption occurring is managed and mitigated through the company's Anti-Corruption Policy incorporated in ACR's Code of Business Conduct and Ethics. ACR extends the implementation of its Anti – Corruption Policy to ACR Business Partners through ACR's Supplier Accreditation Policy. In 2021, ACR

included the company's Anti-Corruption Policy in the new employee orientation of its various subsidiaries. Also, in 2021, an E-learning video on ACR's "whistleblower protection policy" was included in the ongoing learning curriculum for current employees.

The policy on anti - corruption is embedded on ACR's **Code of Business Conduct and Ethics** (https://www.acr.com.ph/code_business_conduct.php) and on ACR's **Whistle Blowing Policy** (https://www.acr.com.ph/code_conduct/141107_acr_policy_whistle_blowing.pdf).

