



Message from the President and CEO

The (reportedly) longest Christmas season in the world has begun. While I am sure none of you are already decking the halls with Christmas decor, I am sure that, like me, all of you are just looking forward to this year's Christmas celebration followed by New Year — just to get 2020 over.

But we still have work to do to prepare ourselves for a better year in 2021. I am happy to note that all our BUs remain focused on delivering their targets for the year. I am also happy to report that your senior management is working to put together the foundations for a NAC that will be a profitable force for good in the years ahead.

Last week a number of us engaged specialists at JP Morgan (the world's largest investment bank) in a virtual discussion on the whys and wherefores of ESG - the Environmental, Social and Governance lens with which the investment world is more and more looking at and grading corporations all over the globe.

Our senior management has set the following goal: to become the premier ESG investment in the Philippines in the next 5 years. Note that we are not limiting ourselves to our industry – we want to be the best in the whole country.

Of the many bits and pieces of information we picked up from the call with JP Morgan, two things stood out:

First- in the eyes of the global investor, transparency is just as important as profitability. This means that beyond delivering on the returns that our shareholders deserve, we at NAC should be able to properly identify every risk our business faces, and just as clearly state what measures we are taking to limit or live with these risks.

Second- much of the elements of a good ESG story are already around us; we just need to tie them together and present our multi-dimensional NAC story in a way that everyone will appreciate. This is not going to be easy, and we all need to contribute to the whole NAC story. I have asked JB to lead this effort - and I expect him to harness the strengths of the various functions (with emphasis on Corporate Communications, Envi and the ComRel) with the editorial support we will engage for this purpose so that we achieve the ambitious target we have set for 2025.

That we are still in the process of budgeting for 2021 and setting functional and even individual objectives and KPIs makes this an opportune time to see everything that we do through an ESG lens.

I am also pleased to note that our four operating mines are adopting the approach of focusing on net profit rather than volume as a measure of adding value --- a key change in perspective that will deliver better utilization of the company's finite mineral resources. This is another indication that we are taking a fresh perspective of what we do, with a keen eye on better managing the ecosystems impacted by our operations.

Of course, as stated earlier, our BUs continue to deliver on their targets. EPI held a financing presentation to 10 banks who were invited to join a Php2.4Bn syndicated loan facility. The loan proceeds will refinance equity to be used in constructing the 30MW Phase 3A and a similar 30MW Phase 3B of the Subic solar farm.

CMC has completed 34 foreign vessels and 15 for CBNC. It passed with flying colors the recent MMT audit, has been certified as 100% compliant on all ECC conditions by EMB 13, and received commendation from MGB 13 for its AEPEP compliance for 2019.

HMC has completed its 22nd shipment for the year and has one foreign vessel waiting to be loaded. It is preparing for the Integrated Management System Remote Surveillance Audit to be held later this month, while hydro seeding its mined-out areas and providing more support in kind to its community for its fight against COVID-19.

RTN has completed 72% of its target shipments for the year with its 23rd foreign vessel. It is focused on mine rehabilitation on the slopes of its stockpiles and is working on its mine eco-tourism project. RTN is also preparing for consultations for a new round of SDMP programs involving its 22 barangays and 28 IP communities.

TMC has completed 41 of its target 67 vessels for the year with 12 vessels targeted for September. TMC has begun conducting consultations with the host community for the Kepha exploration project while moving for the release of the Q2 royalty for the Mamanwa tribes for CADT048. It is preparing for a new five-year SDMP cycle through consultations with the Representatives of Host and Neighboring Communities (RHNC).

As we come to the last month of the third quarter, with our operations all basically back to normal, this Message from the President and CEO will henceforth be issued every first Monday of the month unless there is a special reason for an announcement. May we all continue to observe the proper protocols that have kept us, our families and our communities safe all these months, and count the blessings we continue to receive in our professional and personal lives.

DocuSigned by:

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