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Holcim Philippines, Inc: Revised Corporate Governance Manual

Belinda E. Dugan <belinda.dugan@holcim.com>

Mon, Jun 19, 2023 at 2:53 PM

To: "April Anne G. Roma" <aprilanne.roma@holcim.com>, "Kristine Mae C. Manalo" <kristinetae.manalo@holcim.com>

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From: **ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>

Date: Mon, Jun 19, 2023 at 2:23 PM

Subject: Re: Holcim Philippines, Inc: Revised Corporate Governance Manual

To: <belinda.dugan@holcim.com>

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Thank you and keep safe.

--

Dixie E. Dugan
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(Company's Full Name)

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T A G U I G C I T Y

(Business Address: No. Street City / Town / Province)

BELINDA E. DUGAN

Contact Person

Company Telephone Number

1 2 3 1

Month Day Year
Fiscal Year

Corporate Governance Manual

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Month Day
Annual Meeting

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Revised Corporate Governance Manual
Of
Holcim Philippines, Inc.

(In compliance with SEC Memorandum Circular No. 19, Series of 2016)
Corporate Governance Code for Publicly-listed Companies (CG Code)
Effective Date: 01 June 2017
As amended on 1 July 2023

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SECTION 1 OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

As used in this Manual, the term "corporate governance" means the system of "stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior - reconciling long-term customer satisfaction with shareholder value- to the benefit of all stakeholders and society."¹

SECTION 2 COMPLIANCE SYSTEM

2.1 COMPLIANCE OFFICER

(a) Appointment

The Board appoints the Corporate Secretary as the Company's Compliance Officer in respect of corporate governance matters. The Compliance Officer shall have reporting responsibilities to the Chairman of the Board in accordance with the procedure duly approved by the Board.

The appointment of the Compliance Officer shall be disclosed to the Securities and Exchange Commission (the "SEC") on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to the Compliance Officer.

(b) Duties and Functions

The Compliance Officer shall perform the following duties:

- (i) Monitor, review, evaluate and ensure compliance by the Company, its officers and directors with the relevant laws, the Code of Corporate Governance for Publicly-Listed Companies (the "CG Code"), this Manual and the rules and regulations and all governances issuances of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

¹ CG Code, Definition of Terms. NB: all footnotes refer to CG Code

- (ii) Appear before the SEC when summoned in relation to compliance with the CG Code;
- (iii) Develop and establish, subject to approval of the Board, a monitoring and evaluation system to determine compliance with the CG Code and this Manual, which system shall provide for a procedure that fulfills the requirements of due process;
- (iv) Ensure proper onboarding of new directors (i.e., orientation on the Company's business, Articles of Incorporation and By-Laws, this Manual, the Board Charter and Committee charters, among others);
- (v) Ensure the integrity and accuracy of all documentary submissions to regulators;
- (vi) Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- (vii) Identify possible areas of compliance issues and works towards the resolution of the same;
- (viii) Ensure the attendance of Board members and key officers to relevant trainings; and
- (ix) Perform such other duties and responsibilities as may be provided by the SEC.

2.2 THE BOARD OF DIRECTORS

(a) Composition

The Board shall be composed of seven (7) members who are elected by the shareholders.

The Company shall have at least three (3) independent directors or such number of independent directors as will constitute at least one-third (1/3) of the members of the Board, whichever is higher.²

The membership of the Board shall be composed of a majority of non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process and to assure protection of the Company's interest over the interest of individual shareholders.³ The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and help secure

² Recommendation 5.1

³ Recommendation 1.2

objective, independent judgment on corporate affairs and to substantiate proper checks and balances.⁴

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company's industry/sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.⁵

As far as practicable, the Board shall comply with the Company's "Board Diversity Policy" attached as Annex A to this Manual.⁶ (Approved by the Board of Directors on May 11, 2023)

(b) Multiple Board Seats

The non-executive directors of the Board shall only concurrently serve as directors to a maximum of five (5) publicly-listed companies⁷ in the Philippines.

The Chief Executive Officer (the "CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. In any case, incumbent directors should notify the Board before accepting a directorship in another company.⁸

(c) The Chairman, Chief Executive Officer, and Lead Independent Director

The positions of the Chairman and the CEO shall be held by different individuals to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.⁹ A clear delineation of functions should be made between the Chairman and the CEO upon their election.

(i) Chairman

The duties and responsibilities of the Chairman in relation to the Board shall include the following:¹⁰

- (1) Ensure that the meetings of the Board are held in accordance with the By-laws or as the Chairman may deem necessary;

⁴ Recommendation 1.2

⁵ Recommendation 1.1

⁶ Recommendation 1.4, Optional Recommendation 1.4

⁷ Recommendation 4.2

⁸ Recommendation 4.3

⁹ Recommendation 5.4

¹⁰ Recommendation 2.3

- (2) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors, and make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Company, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
 - (3) Maintain qualitative and timely lines of communication and information between the Board and Management;
 - (4) Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
 - (5) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
 - (6) Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
 - (7) Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
 - (8) Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.
- (ii) Chief Executive Officer

The CEO has the following roles and responsibilities, among others:¹¹

- (1) Formulate and implement the Company's strategic plan on the direction of the business guided by the strategic objective set by the Board;
- (2) Communicate and implement the Company's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same;
- (3) Oversee the operations of the Company and manage human and financial resources in accordance with the strategic plan;
- (4) Has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose;
- (5) Direct, evaluate and guide the work of the key officers of the Company;

¹¹ Recommendation 5.4

(6) Manage the Company's resources prudently and ensure a proper balance of the same; and

(7) Build the corporate culture and motivate the employees of the Company.

(iii) Lead Independent Director

If the positions of Chairman and CEO are unified, or if the Chairman is not independent, the Board shall appoint a lead independent Director among the independent directors, as well as promulgate other proper checks and balances to ensure that the Board gets the benefit of independent views and perspectives.¹² The lead Independent Director shall perform the following functions:

- (1) Serve as an intermediary between the Chairman and the other directors when necessary;
- (2) Convene and chair meetings of the non-executive directors; and
- (3) Contribute to the performance evaluation of the Chairman, as required.

(d) Qualifications of Directors

In addition to the qualifications for membership in the Board provided in the Corporation Code, the Securities Regulation Code (the "SRC") and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- 1) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- 2) He shall be at least twenty one (21) years of age;
- 3) He shall possess a record of integrity, probity and good repute;
- 4) He shall be diligent;
- 5) He must have a practical understanding of the business of the Company;
- 6) He must have a membership in good standing in relevant industry, business or professional organizations; and
- 7) He must have previous business experience.

Likewise, the Board may provide for qualifications of independent directors which include, among others, the following:¹³

¹² Recommendation 5.5

¹³ Recommendation 5.2

- (1) Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- (2) Is not, and has not been in the three (3) years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;
- (3) Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as chairman "emeritus," "ex-officio" directors/officers or members of any advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;
- (4) Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies;
- (5) Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- (6) Is not acting as a nominee or representative of any director of the Company or any of its related companies;
- (7) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Philippine Stock Exchange (the "PSE"), an associated person or salesman, and an authorized clerk of the broker or dealer;
- (8) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- (9) Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

(10) Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and

(11) Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

Related companies, as used in this section, refer to (a) the Company's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

An independent director may only serve for a maximum cumulative term of nine (9) years.¹⁴

(e) Disqualifications of Directors

(i) Permanent Disqualification

Any of the following shall be a ground for permanent disqualification of a director:

- (1) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of a person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (2) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, the Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

The disqualification shall also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or SSP, or under any rule or regulation issued by the SEC or BSP; or (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from

¹⁴ Recommendation 5.3

membership, participation or association with a member or participant of the organization;

- (3) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (4) Any person who has been adjudged by final judgment or order of the SEC, BSP, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law, rule, regulation or order administered by the Commissioner of the SSP;
- (5) Any person judicially declared as insolvent;
- (6) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in clauses (1) to (5) above;
- (7) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- (8) Other grounds as the SEC may provide.¹⁵

(ii) Temporary Disqualification

Any of the following shall be a ground for the temporary disqualification of a director:

- (1) Absence or non-participation without justifiable causes in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during the said incumbency. This disqualification applies for purposes of the succeeding election. For this purpose, absence for justifiable causes may only include absence due to illness, death of immediate family, or serious accidents or any other analogous or similar events;
- (2) Dismissal or termination for cause from directorship of any publicly-listed company, public company, registered issuer of securities and holder of secondary license from the SEC. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (3) If the beneficial equity ownership of an Independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director shall be lifted if the limit is later complied with; and

¹⁵ Recommendation 2.6

- (4) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.¹⁶

(f) Responsibilities, Duties and Functions of the Board

(i) General Responsibilities

The Board is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility; which it shall exercise in-the best-interest of the Company, its shareholders and other stakeholders.

The Board shall formulate the Company's vision, mission, strategic objective, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

(ii) Duties and Functions

To ensure a high standard of best practice for the Company and its shareholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- (1) Implement a process for selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.¹⁷ Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning for Management and key officers;¹⁸
- (2) Provide sound strategic policies and guidelines to the Company on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- (3) Ensure that the Company faithfully complies with all relevant laws, regulations and best business practices;

¹⁶ Explanation to Recommendation 2.6

¹⁷ Recommendation 1.1

¹⁸ Recommendation 2.4

- (4) Establish and maintain an investor relations program that will ensure the shareholders are properly and timely informed of all information regarding the activities of the Company.¹⁹ The Company's Chief Financial Officer (the "CFO") shall exercise oversight responsibility over this program;
- (5) Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- (6) Adopt a system of internal checks and balances. A regular review of the effectiveness of such a system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. A continuing review of the Company's internal control system shall also be conducted in order to maintain its adequacy and effectiveness;
- (7) Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability;
- (8) Define the role, duties, and responsibilities of the CEO as necessary, integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;
- (9) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions ("RPT"), including review and approval thereof, between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;²⁰
- (10) Constitute an Audit Committee, Corporate Governance Committee, and such other Board Committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- (11) Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration;
- (12) Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-Laws this Manual and the Board Charter and in accordance with existing laws, rules and regulations;

¹⁹ Recommendation 13.5

²⁰ Recommendation 2.7

- (13) Adopt a policy on the training of directors, including an orientation program for first-time directors and annual continuing relevant training for all directors. The orientation program for first-time directors shall be at least eight (8) hours and shall include SEC-mandated topics on corporate governance and an introduction to the Company's business, Articles of Incorporation, By-laws, this Manual, the Board Charter, and the Code of Business Conduct. The annual continuing training program shall be at least four (4) hours and shall include courses on relevant corporate governance matters such as audit, internal controls, risk management, sustainability and strategy.²¹
- (14) Oversee the development of, and approve, the Company's business objectives and strategy, and monitor their implementation. In this regard, the Board shall perform the following: (i) review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; (ii) set performance objectives; (iii) monitor implementation and corporate performance; and (iv) oversee major capital expenditures, acquisitions and divestitures.²²
- (15) Develop and adopt a formal and transparent Board nomination and election policy which shall include the following: (i) process of accepting nominations from minority shareholders, (ii) review and evaluation of the qualifications of nominated candidates, (iii) monitoring of the qualifications of the directors, and (iv) assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director.²³
- (16) Adopt and periodically review corporate governance policies and framework, ensuring that the principles and practices of good corporate governance are implemented;²⁴
- (17) Conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and Board Committees. Every three (3) years, the assessment should be supported by an external facilitator, which can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.²⁵
- (18) Establish a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, and Board Committees. The assessment criteria and process shall be based on the mandates,

²¹ Recommendation 1.3

²² Recommendation 2.2

²³ Recommendation 2.6

²⁴ Explanation (e) to the Recommendation 3.3

²⁵ Recommendation 6.1

functions, roles and responsibilities provided in the Board and Committee Charters.²⁶

- (19) Adopt a policy that makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.²⁷

A copy of the Company's "Alternative Dispute Mechanism Policy" is attached as Annex B to this Manual.²⁸ **(Approved by the Board of Directors on May 11, 2023)**

(g) Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained progress.

A director shall have the following duties and responsibilities:

- (i) Conduct fair business transactions with the Company and ensure that personal interest does not conflict with the interests of the Company.

A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision making process.

A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.

- (ii) Devote time and attention necessary to properly and effectively discharge his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and Board

²⁶ Recommendation 6.2

²⁷ Recommendation 13.1

²⁸ Recommendation 1.4, Optional Recommendation 1.4

Committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

(iii) Act judiciously

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

(iv) Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Company.

(v) Have a working knowledge of the statutory and regulatory requirements affecting the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of relevant regulatory agencies.

(vi) Observe confidentiality.

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

(vii) Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.

There are two key elements of the fiduciary duty of board members: the duty of care and the duty of loyalty. The duty of care requires board members to act on a fully informed basis, in good faith, with due diligence and care. The duty of loyalty is also of central importance; the board member should act in the interest of the Company and all its shareholders, and not those of the controlling company of the group or any other stakeholder.²⁹

(h) Internal Control Responsibilities of the Board

The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised, (b) a Management that actively manages and operates the Company in a sound and prudent manner, (c) the organizational and procedural controls supported by effective management information and risk management systems, and (d) an independent audit mechanism to monitor the adequacy

²⁹ Recommendation 2.1

and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- (i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - (1) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
 - (2) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - (3) Evaluation of proposed senior management appointments;
 - (4) Selection and appointment of qualified and competent management officers; and
 - (5) Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- (ii) The scope and particulars of the systems of effective organizational and operational controls may depend on the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- (iii) The Company may establish an internal audit system that can reasonably assure the Board, Management and shareholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.
- (iv) The non-executive directors shall have separate periodic meetings with the External Auditor and head of the Internal Audit, the Compliance Officer and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company. The meetings should be chaired by the Lead Independent Director.³⁰
- (i) Board Meeting and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing or videoconferencing conducted in accordance with the

³⁰ Recommendation 5.7

rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so.

The absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events.³¹

In Board meetings, directors shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.³²

Independent directors shall always attend Board meetings. Unless otherwise provided in the By-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, the Company shall submit to the SEC, on or before January 5 of the following year, a sworn certification on the directors' record of attendance in Board meetings. The certification shall be submitted through SEC Form 17-C or in a separate filing.

(j) Adequate and Timely Information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and-timely information on the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Thus, the members should be given access to the Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Company's expense.

(k) Remuneration of Directors and Officers

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of

³¹ Recommendation 4.1

³² Recommendation 4.1

the remuneration of executive directors may be structured or be based on corporate and individual performance.³³

The Company may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers. No director should participate in deciding on his remuneration.³⁴

The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of the Company, the SEC may, in exceptional cases, e.g., when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

(I) Transaction of Directors and Principal Officers in the Company's Securities

(i) Policy on Dealing in Securities

Members of the Board shall at all times comply with the Company's Policy on Dealing in Securities "Guidelines on Trading of Securities" attached as Annex C to this Manual, as the same may be amended from time to time, on the conduct of the Board and employees in dealing in the Company's securities for the protection of the interest of all its investors and shareholders. The policy prohibits dealing Company securities while in possession of insider information. Unless otherwise prohibited in the policy, directors who are not deemed Permanent Insiders as defined therein may deal in Company securities subject to the requirements set out in Section 8.2 of the policy.

(ii) Reporting of Beneficial Ownership

Members of the Board shall comply with the SEC rules on reporting of beneficial ownership of securities of the Company.

A director shall within ten (10) calendar days from his election, file a statement on SEC Form 23-A with the SEC and the PSE on the securities of the Company of which he is a beneficial owner.

Within ten (10) calendar days after the close of the calendar month thereafter, if there has been a change in such ownership during the month, file a statement on SEC Form 23-B with the SEC and PSE indicating his ownership at the close of the

³³ Recommendation 2.5

³⁴ Recommendation 2.5

calendar month, and such changes in his ownership as have occurred during such calendar month.

A reporting director shall timely deliver the statements on beneficial ownership to the Company Secretary for prompt disclosure to the PSE no later than five (5) trading days from the transaction date.

2.3 BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute standing Board Committees which shall directly report to the Board in accordance with procedure duly approved by the Board.

(a) Corporate Governance Committee³⁵

The Corporate Governance Committee shall be composed of at least five (5) directors, three (3) of whom should be independent. The Committee Chairman shall be a non-executive non-independent director.³⁶ The Corporate Governance Committee shall assist the Board in the performance of responsibilities in the following: (i) corporate governance, (ii) nomination of directors and officers, and (iii) executive compensation/remuneration.

(i) Corporate Governance

In the exercise of its responsibility of ensuring compliance with and proper observance of corporate governance principles and practices, and in close consultation with the Chairman of the Board, the Corporate Governance Committee has the following duties and functions:

- (1) Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
- (2) Oversee the periodic performance evaluation of the Board, the Board Committees, and Management, and conduct an annual self-evaluation of its performance;
- (3) Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- (4) Recommend continuing education/training programs for directors, assignment of tasks/projects to the Board Committees, succession plan for the

³⁵ Recommendation 3.3

board members and senior officers, and remuneration packages for corporate and individual performance;

- (5) Recommend corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance; and
- (6) Propose and plan relevant trainings for the members of the Board.

(ii) Nominations

In the exercise of its responsibility of overseeing the nomination and election process of directors and officers, and in close consultation with the Chairman of the Board, the Corporate Governance Committee has the following duties and functions:

- (1) Determine the Board nomination and election process and define the general profile of board members that the Company may need to ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
- (2) Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval; and
- (3) Assess the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of directors.

In carrying out its nomination functions, the Corporate Governance Committee may request the assistance of the "Company's Head of Human Resources.

Subject to the pertinent provisions of the By-laws on the disqualification of persons engaged in business antagonistic to that of the Company, the Corporate Governance Committee shall pre-screen and shortlist all candidates nominated to become members of the Board.

The Corporate Governance Committee shall consider the following guidelines in the determination of the availability of a director to serve as such:

- a. the nature of the business of the corporations of which he is a director;
- b. age of the director;
- c. number of directorships/active memberships and officerships in other corporations and organizations;
- d. possible conflict of interest;
- e. experience from other boards;
- f. experience as chief executive officer or chief operating officer;
- g. knowledge of finance;
- h. knowledge of accounting;
- i. knowledge of the industry of the Company;

- j. knowledge of the local and international market and strategic vision; and
- k. contacts of value to the Company.

In accordance with Section 2.2(b), the non-executive directors of the Board shall only concurrently serve as directors to a maximum of five (5) publicly-listed companies in the Philippines.

The findings and recommendations of the Corporate Governance Committee shall be submitted to the Board for approval; provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

(iii) Compensation

In the exercise of its responsibility of reviewing and evaluating compensation/remuneration of the Company, and with due regard to the overall remuneration policies and procedures of the Holcim Group, the Corporate Governance Committee has the following duties and functions:

- (1) Establish a formal and transparent procedure for developing a policy on remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and business environment;
- (2) Designate the amount of remuneration, which shall be in a sufficient level attract and retain-directors and officers who are needed to run the Company successfully, subject to approval of the Board;
- (3) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired;
- (4) Disallow any director to decide his or her own remuneration;
- (5) Consistent with the regulations of the SEC, provide in the Company's annual reports prescribed by the SEC, information statement a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;
- (6) Review the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives and

compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts; and

- (7) In the absence of such the Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

(b) Audit Committee³⁷

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors preferably with accounting auditing, and finance backgrounds, the majority of whom, including the Chairman, shall be an independent director. Furthermore, the Audit Committee Chairman should not be the Chairman of the Board or of any other Committee.³⁸ Each member shall have at least adequate understanding of the Company's financial management systems and environment, and at least one (1) member must have relevant and thorough knowledge and experience on risk and risk management.

The Audit Committee shall assist the Board in its performance of oversight responsibilities in the following: (i) audit processes, (ii) enterprise risk management system (i.e., the Company's Business Risk Management (BRM) system), and (iii) RPT.

The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the Internal Audit.

The Audit Committee shall have the following duties and responsibilities:

(i) Audit

- (1) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, internal and external audit processes, and monitoring of compliance with applicable laws, rules and regulations;
- (2) Provide oversight over Management's activities specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- (3) Perform oversight functions over the Company's Internal and External Auditors. It should ensure the independence of both Internal and External Auditors from each other, and that both auditors are given unrestricted access

³⁷ Recommendation 3.2

³⁸ Recommendation 3.2

to all records, properties and personnel to enable them to perform their respective audit functions;

- (4) Recommend the approval the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the Internal Audit Charter;
- (5) Review the annual Internal Audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;
- (6) Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (7) Oversee the Internal Audit Department, and recommend the appointment of an Internal Audit Head and the terms and conditions of its engagement and removal. The Audit Committee shall also approve the terms and conditions for any outsourcing of internal audit services;
- (8) Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including integrity of financial reporting control, and security of physical and information assets;
- (9) Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders;
- (10) Review the reports submitted by the Internal and External Auditors;
- (11) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices;
 - Areas where a significant amount of judgment has been exercised;
 - Significant adjustments resulting from the audit;
 - Going concern assumptions;
 - Compliance with accounting standards;
 - Compliance with tax, legal and regulatory requirements;
- (12) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

- (13) Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to its significance to the total annual income of the External Auditor and to the Company's overall Consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with its duties as an External Auditor or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
 - (14) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Internal Auditor shall functionally report directly to the Audit Committee;
 - (15) Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
 - (16) The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;
 - (17) Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit;
 - (18) Elevate to international standards the accounting and auditing, process, practices and methodologies, and develop the following in relation to this reform:
 - (i) A definitive timetable within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant;
 - (ii) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task;
 - (19) Develop a transparent financial management system to ensure the integrity of internal control activities throughout the Company through a step-by-step procedure and policies handbook that will be used by the entire organization; and
 - (20) Supervise Management in the formulation of rules and procedure on financial reporting and internal control in accordance with the guidelines provided in the CG Code.
- (ii) Business Risk Oversight
- (1) Develop a formal enterprise risk management plan (i.e., the Company's BRM system) which contains the following elements: (a) common language or

register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

- (2) Oversee the implementation of the BRM plan through the Company's Sustainability function. The Company's Head of Sustainability shall be the Chief Risk Officer (CRO).³⁹ The Audit Committee shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing these risks;
- (3) Evaluate the BRM plan to ensure its continued relevance, comprehensiveness and effectiveness. The Audit Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- (4) Advise the Board on its risk appetite levels and risk tolerance limits;
- (5) Review at least annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company;
- (6) Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
- (7) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- (8) Report to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

(iii) Related Party Transactions (RPT) Oversight

- (1) Recommend a policy on RPTs for approval of the Board;

³⁹ Recommendation 12.5

- (2) Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPT are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- (3) Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Audit Committee takes into account, among others, the following:
 - a) The related party's relationship to the Company and interest in the transaction;
 - b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c) The benefits to the Company of the proposed RPT;
 - d) The availability of other sources of comparable products or services; and
 - e) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- (4) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures and policies on conflicts of interest or potential conflicts interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- (5) Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- (6) Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- (7) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

2.4 THE CORPORATE SECRETARY

(a) Role and Qualification

The Corporate Secretary is an officer of the Company and must faithfully perform the duties of the office to the best of his ability. Likewise, the Corporate Secretary's loyalty to the mission, vision and specific business objectives of the Company comes with his duties.

The Corporate Secretary shall be a Filipino citizen a resident of the Philippines and, should not be a member of the Board. The Corporate Secretary should annually attend training on corporate governance.⁴⁰

(b) Duties and Responsibilities

The Corporate Secretary shall have the following duties and responsibilities, among others:

- (i) Assists the Board and the Board Committees in the conduct of their meetings, including preparing an annual schedule of Board and Board Committee meetings and the annual board calendar, and assisting the chairs of the Board and Board Committees to set agendas for those meetings;
- (ii) Safe keeps and preserves the integrity of the minutes of the meetings of the Board and Board Committees, as well as other official records of the Company;
- (iii) Keeps abreast on relevant laws, regulations all governance issuances, relevant industry developments and operations of the Company, and advises the Board and the Chairman on all relevant issues as they arise;
- (iv) Works fairly and objectively with the Board, Management and shareholders and contributes to the flow of information between the Board and Management, the Board and Board Committees, and the Board and its stakeholders, including shareholders;
- (v) Advises on the establishment of Board Committees and their terms of reference;
- (vi) Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

⁴⁰ Recommendation 1.5

- (vii) Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- (viii) Performs required administrative functions;
- (ix) Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- (x) Performs such other duties and responsibilities as may be provided by the SEC.

2.5 THE EXTERNAL AUDITOR

The External Auditor, through its designated role and responsibility, shall contribute to the enablement of good corporate governance as reflected in the financial records and reports of the Company. The External Auditor shall undertake an independent audit which provides reasonable and objective assurance on the way the Company's financial statements have been prepared and presented. The External Auditor shall be selected and appointed by the shareholders upon recommendation of the Audit Committee duly endorsed by the Board. The External Auditor shall be required to stipulate its duties and responsibilities to the Company.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of the External Auditor shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with said former External Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The External Auditor of the Company shall not at the same time provide the services of an internal auditor to the same client. The Company shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor.

The Company's External Auditor shall be rotated or the handling partner shall be changed every five {5} years or earlier.

If the External Auditor believes that the statements made in the Company's Annual Report, Information Statement or Proxy Statement filed during its engagement is incorrect or incomplete, the External Auditor shall present its views in said reports.

2.6 THE INTERNAL AUDITOR

The Company shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of internal auditors, through which its Board, Management and shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with. The Internal Control and Quality Assurance Department serves as the Company's Internal Auditor.

The Audit Committee may require the Internal Auditor to periodically report to such Committee as may be necessary.

The minimum internal control mechanisms for Management's operational responsibility shall center on the CEO, being ultimately accountable for the Company's organizational procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

The Internal Audit Head shall oversee and be responsible for the internal audit activity of the Company, including that any portion that is or may be outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.⁴¹

The Internal Audit Head directly reports functionally to the Audit Committee and administratively to the CEO.

The following are the responsibilities of the Internal Audit Head, among others:

- (i) Periodically review the Internal Audit Charter and presents it to senior management and the Audit Committee for approval;
- (ii) Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- (iii) Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- (iv) Spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- (v) Report periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and

⁴¹ Recommendation 12.3

- (vi) Present findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

SECTION 3 COMMUNICATION PROCESS

This Manual shall be available for inspection by any shareholder of the Company at reasonable times on business days.

The Compliance Officer shall: (i) provide copies of this Manual to all directors, and to division and department heads; (ii) ensure a thorough dissemination of this Manual to all employees and related third parties; and (iii) enjoin compliance in the process.

An adequate number of printed copies of this Manual must be reproduced under the supervision of the Human Resources Department, with a minimum of at least one (1) hard copy of this Manual per department.

SECTION 4 TRAINING PROCESS

If necessary, funds shall be allocated by the Board, upon recommendation of the CFO or its equivalent officer for the purposes of conducting an orientation program or workshop to operationalize this Manual.

SECTION 5 REPORTORIAL OR DISCLOSURE SYSTEM

The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the responsible committee or officer through the Company's Compliance Officer.

In compliance with rules and regulations of the SEC, all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, RPT, shareholdings of directors and changes of ownership.

RPT and other unusual or infrequently occurring transactions shall be disclosed in a full, accurate, and timely manner consistent with the rules and regulations of the SEC to ensure that they occur at market prices and under conditions that protect the rights of all shareholders. The material or significant RPTs reviewed and approved during the year shall be disclosed in the Annual Corporate Governance Report.⁴²

Acquisition or disposal of significant assets which could adversely affect the viability or interest of the Company's shareholders and stakeholders shall likewise be disclosed in a full, accurate, and timely manner. Where the Company is the offeree company in such

⁴² Recommendation 8.5

transactions, it shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.⁴³

Disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of the Company's business shall be made by the Company on its own or through the Holcim Group Sustainability Report published annually, which embraces the UN Global Compact (UNGC) principles, and is prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.⁴⁴

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved PSE procedure for Company announcements as well as through the Annual Report. Media and analysts' briefings shall be included as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.⁴⁵

The Board shall commit at all times to fully disclose material information. It shall cause the filing of all required information through the appropriate PSE mechanisms and submissions to the SEC for the interest of the stakeholders.

To monitor the directors' compliance with the attendance requirements, the Company shall submit to the SEC, on or before January 5 of the following year, a sworn certification on the directors' record of attendance in Board meetings. The certification shall be submitted through SEC Form 17-C or in a separate filing.

The attendance details of each director in all directors' meetings held during the year shall likewise be published in the Annual Report.⁴⁶

SECTION 6 SHAREHOLDERS' BENEFIT

The Company sets out below guidance for all parties concerned:

6.1. INVESTORS' RIGHT AND PROTECTION

The Board shall be committed to respect the following rights of the shareholders:

⁴³ Recommendation 8.6

⁴⁴ Recommendation 10.1

⁴⁵ Recommendation 11.1

⁴⁶ Recommendation 8.1

(a) Voting Right

- (i) Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- (ii) Cumulative voting shall be used in the election of directors.
- (iii) A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

(b) Pre-emptive Right

All shareholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Company. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

(c) Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished annual reports, including financial statements, without cost or restrictions.

(d) Right to Information

- (i) The shareholders shall be provided, upon request, periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the other corporations, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- (ii) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and the best practice.
- (iii) The minority shareholders shall have access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

(e) Right to Dividends

- (i) Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- (ii) The Company shall be compelled to declare dividends when its distributable retained earnings shall be in excess of 100% of its paid-in capital stock, except: (i) when justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

(f) Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, under any of the following circumstances:

- (i) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (ii) In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- (iii) In case of merger or consolidation.

(g) Participation at Shareholders' Meeting

The Board shall be transparent and fair in the conduct of the annual and special shareholders' meetings of the Company. In this regard, the Board shall encourage active shareholder participation by: (i) sending the notice of the annual and special shareholders' meeting with sufficient and relevant information, in no case later than the period required under the existing Implementing Rules and Regulations of the SRC, and (ii) making the result of the votes taken during the most recent annual or special shareholders' meeting publicly available the next working day, and (iii) making the minutes of the annual or special shareholders' meeting available in the Company's website within five (5) business days from the meeting.⁴⁷ Moreover, the shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly

⁴⁷ Recommendation 13.3

restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights.

They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms.

They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/ or voting in person or by proxy. Accurate and timely information should be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Although all shareholders should be treated equally or without discrimination, the Board shall give the minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

SECTION 7 STAKEHOLDERS

Stakeholders refer to any individual, organization or society at large who can either affect and/or be affected by the Company's strategies, policies, business decisions and operations, in general.⁴⁸ The Company's stakeholders include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the Company operates in, society, the government regulators, and external auditors.⁴⁹

7.1 DUTIES TO STAKEHOLDERS

- a) The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.⁵⁰
- b) The Board shall establish clear policies and programs to ensure that the Company always seeks to operate and conduct itself in a manner consistent with its Code of Business Conduct, and especially in interactions with stakeholders.

⁴⁸ Definition of Terms

⁴⁹ Recommendation 14.1

⁵⁰ Recommendation 14.1

- c) The Board shall adopt a framework and process that allow stakeholders to communicate with the Company through its investor relations, Corporate Secretary, or Sustainable Development (CSR) communication channels.⁵¹

7.2 DUTIES TO EMPLOYEES

- a) The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goal. Said policies, programs and procedures shall cover, among others, the following: (i) health, safety and welfare, (ii) training and development, and (iii) rewards and compensation.⁵²
- b) The Board shall adopt an anti-corruption policy and program, and shall disseminate said policy and program to employees through trainings.⁵³
- c) The Board shall establish, supervise, and ensure a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal and unethical practices, to the Company's unit handling whistleblowing concerns.⁵⁴

7.3 DUTIES TO SOCIETY

The Company recognizes the importance of the interdependence between its business and society and shall endeavor to promote a mutually beneficial relationship that allows the Company to grow its business while contributing to the advancement of the society where it operates.⁵⁵

SECTION 8 MONITORING AND ASSESSMENT

8.1 MONITORING AND EVALUATION SYSTEM

- (a) Each Board Committee shall report regularly to the Board.
- (b) The Compliance Officer shall establish an evaluation system to determine the measure of compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Manual.
- (c) The establishment of such evaluation system, including the features thereof, shall be disclosed in the Company's Annual Report or in such form of report that is

⁵¹ Recommendation 14.3

⁵² Recommendation 15.1

⁵³ Recommendation 15.2

⁵⁴ Recommendation 15.3

⁵⁵ Recommendation 16.1

applicable to the Company. The adoption of such performance evaluation system must be covered by a Board approval.

8.2 ASSESSMENT AND REVIEW

- (a) This Manual shall be reviewed by the Board as and when deemed appropriate. Such review to take place at least every two (2) years.
- (b) All business processes and practices being performed within any department or business unit of the Company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.
- (c) This Manual shall, from time to time, be submitted to the SEC for evaluation within the periods prescribed by applicable regulations.
- (d) The Company shall, as may be required by the SEC, accomplish an Annual Corporate Governance Report on the scope, nature, extent of the actions it has taken to meet the objectives provided in the CG Code.

SECTION 9 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

To strictly observe and implement the provisions of this Manual, the Board may impose other penalties in addition to those provided in the applicable regulations of the SEC, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.

The commission of a grave violation of this Manual by any member of the Board of the Company shall be sufficient cause for removal from directorship.

SECTION 10 ACCOUNTABILITY AND AUDIT

10.1 ACCOUNTABILITY

The Board is primarily accountable to the shareholders. It should provide them with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the shareholders.

10.2 FINANCIAL REPORTING AND INTERNAL CONTROL

- (a) Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
- (i) The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly explained;
 - (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained;
 - (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
 - (iv) The Company should consistently comply with the financial reporting requirements of the SEC;
 - (v) The External Auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the Internal Audit Department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.
- (b) The Board, after consultations with the Audit Committee, shall recommend to the shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the shareholders. The External Auditor shall not, at the same time provide internal audit services to the Company. Non-audit work may be given to the External Auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the External Auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the External Auditor before its submission.

If the External Auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

SECTION 11 DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the Company are, the more difficult it will be for Management and dominant shareholders to mismanage the Company or misappropriate its assets.

It is therefore essential that all material information about the Company which could adversely affect its viability or the interests of the shareholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, RPT, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate PSE mechanisms and submissions to the SEC for the interest of its shareholders and other stakeholders.

SECTION 12 FINAL PROVISIONS

The Company shall establish and implement its corporate governance rules in accordance with the CG Code. The corporate governance rules are embodied in this Manual, which can be used as reference by the members of the Board and Management. This Manual shall be made available for inspection by any shareholder at reasonable hours on business days.

This Manual was approved by the Board on 22 March 2023, and shall become effective on 01 July 2023.

Attest:

TOMAS I. ALCANTARA
Chairman

Read and Approved:


MARTIN KRIEGNER

KAREN TAN (TAN THEN HWEE)


HORIA ADRIAN

THOMAS AQUINO

MEDEL NERA



Board Diversity Policy

1. Statement of Policy

This Policy sets out the Company's recognition of the value of a diverse composition of the Board. Espousing board diversity avoids groupthink and promotes sharing of different ideas, healthy discussions, and considering various perspectives, which results in optimal decision-making.

This policy is not limited to gender diversity but also includes diversity in age, ethnicity, culture, skills, competence and knowledge.

Terms used in this Policy are defined in Section 4 of this Document.

2. Objectives of this Policy

The objectives of this Policy are:

- Encourage sharing of different ideas and varying perspectives
- Ensure optimal decision-making; and
- Access to a wider pool of talent;

3. Scope of Policy

This Policy covers the Company's scope on board diversity.

4. Definition of Terms

For purposes of this Policy:

- **"Groupthink"** is a mode of thinking in which individual members of small cohesive groups tend to accept a viewpoint or conclusion that represents a perceived group consensus, whether or not the group members believe it to be valid, correct, or optimal.
- **"Diverse"** is the practice or quality of including or involving directors collection of directors, in terms of age, ethnicity, culture, skill, competence, knowledge, gender, among other qualifications.

5. Diverse Composition of the Board

The Company shall maintain a diverse Board of Directors composed of individuals with various qualifications, background and skills to contribute relevant knowledge, independent judgment and industry experience. As much as practicable, the board composition shall observe diversity and sufficient representations in gender, age, culture, skills, competence and knowledge, to contribute different perspectives, challenge traditions, and facilitate objective discussions.

The Board shall always ensure that its appropriate mix of competence and expertise will enable the members, individually and collectively, to fulfill their roles and respond to the needs of the organization based on evolving business environment and strategic direction.

6. Role of the Corporate Governance Committee

The Corporate Governance (CG) Committee has a special duty of defining the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board. In evaluating the suitability of individual board members and promoting diversity in the composition of the Board, the CG Committee shall consider whether the nominees are fit and qualified, taking into account their relevant qualifications, including their interest to remain engaged and involved without undue prejudice to race, gender, ethnic origin, religion, age, or sexual orientation.

The CG Committee shall assess as needed, the structure and composition of the Board to ensure the diverse representation and balance of age, gender, skills, experience, knowledge, and independence of the Board.

7. Policy Review

This Policy shall be subject to review of the Corporate Governance Committee to ensure its relevance, adequacy and effectiveness, and its compliance with laws and regulations, and to benchmark on the best corporate governance practices.

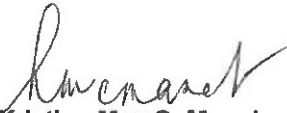



8. Effectivity

This policy shall take effect immediately upon its approval by the Board. All existing policy, company rules and regulations concerning the same matters covered by the policy are deemed superseded.

9. Amendment

This policy shall not be amended, altered or varied unless such amendment, alteration or variation shall have been endorsed by the CG Committee and approved by the Board of Directors.

This Policy was approved by the Board on 11 May 2023 and will come into force immediately.

Original date: 11 May 2023	
Authors:	 Kristine Mae C. Manalo <i>OIC, Senior Legal Counsel</i>  Belinda E. Dugan <i>General Counsel, Corporate Secretary, Compliance Officer</i>
Approved by the Board of Directors on 11 May 2023	 Tomas I. Alcantara <i>Chairman of the Board</i>
	 Horia-Ciprian Adrian <i>President and Chief Executive Officer</i>



Alternative Dispute Mechanism Policy

1. Statement of Policy

The Company commits to treat all shareholders fairly and equitably. As it recognizes and aims to protect and facilitate the exercise of their rights, this Policy establishes an alternative dispute resolution system that can amicably settle disputes, conflicts, or differences between the Company and its shareholders, between shareholders.

Terms used in this Policy are defined in Section 4 of this Document.

2. Legal Basis

Revised Corporate Governance Manual (01 June 2017)

Section 2.2 f. 2. (19)

“Adopt a policy that makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.”¹

“A copy of the Company’s “Alternative Dispute Mechanism Policy” is attached as Annex B to this Manual.”

3. Objectives of this Policy

The objectives of this Policy are:

- To provide an avenue to tackle intra-corporate disputes among shareholders; and
- Ensure intra-corporate disputes are resolved in an amicable and effective manner.

4. Scope of Policy

This Policy covers the Company’s scope on alternative dispute mechanism.

¹ Recommendation 13.1

5. Definition of Terms

For purposes of this Policy:

“Intra-corporate disputes” – Any of the following shall constitute intra-corporate disputes :

1. Devices or schemes employed by, or any act of, the board of directors, business associates, officers or partners, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the stockholders of any corporation;
2. Controversies arising out of intra-corporate between and among stockholders; and between, any or all of them and the corporation of which they are stockholders;
3. Controversies in the election or appointment of directors, trustees, officers, or managers of corporations;
4. Derivative suits; or
5. Inspection of corporate books.

6. Alternative Dispute Mechanism

Any dispute, controversy or claim between the Corporation and its stockholders arising from, relating to, or in connection with the implementation of the Articles of Incorporation or By-Laws, or from intra-corporate relations, except those involving criminal offenses and interests of third parties, may be referred to and resolved by arbitration as provided under the Philippine Alternative Dispute Resolution Act of 2014.

The arbitration may be conducted in accordance with the Arbitration Rules of the Philippine Dispute Resolution Center, Inc. of the Philippine Chamber of Commerce and Industry (the “Arbitration Rules”) and the SEC Rules and Regulations then in effect.

The place of arbitration shall be in Taguig City, Metro Manila, Philippines and the language of arbitration shall be in English.

There shall be three (3) arbitrators (the “Arbitral Tribunal”) to be appointed in accordance with the Arbitration Rules.

Arbitration shall not be available for disputes involving claims in excess of One Million Pesos (PhP 1,000,000.00) or involving the determination of the fair valuation of shares in appraisal proceedings.

7. Governing Law

All intra-corporate disputes shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

8. Policy Review

This Policy shall be subject to review of the Corporate Governance Committee to ensure its relevance, adequacy and effectiveness, and its compliance with laws and regulations, and to benchmark on the best corporate governance practices.

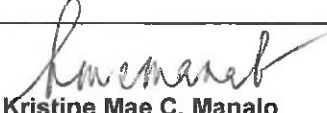
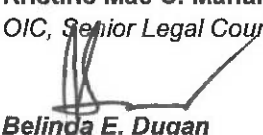

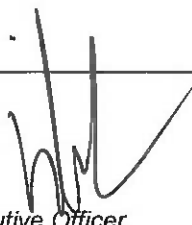
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This Policy was approved by the Board on 11 May 2023 and will come into force immediately.

Original date: 11 May 2023	
Authors:	 Kristine Mae C. Manalo <i>OIC, Senior Legal Counsel</i>  Belinda E. Dugan <i>General Counsel, Corporate Secretary, Compliance Officer</i>
Approved by the Board of Directors on 11 May 2023	 Tomas I. Alcantara <i>Chairman of the Board</i>
	 Horia-Ciprian Adrian <i>President and Chief Executive Officer</i>

ANNEX C

HOLCIM PHILIPPINES, INC. Policy on Dealing in Securities

I. Statement of Policy

This Policy on Dealing in Securities is issued under Holcim Philippines, Inc.'s ("HPI's" or the "Company") Manual on Corporate Governance, the Holcim Philippines' Way, the Holcim Group's Trade Restriction Market Disclosure Directive and Code of Business Conduct, which:

- a. prohibit dealing in securities of the Holcim Ltd. (the "Group") or any company under the direct or indirect control of Holcim (a "Group Company") on the basis of insider information;
- b. prohibit the unauthorized disclosure of material and non-public information about HPI, HPI's subsidiaries, affiliates and associates; the Group; and any Group Company; and
- c. seek to ensure compliance with the provisions of the Securities Regulations Code and the various issuances of the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange "PSE") on dealing in securities.

II. Objective

The objectives of this Policy are:

- a. To ensure compliance by all HPI directors, officers and employees with statutory, legal and regulatory requirements with respect to dealing in the securities;
- b. To provide transparency and clarity by defining the internal processes necessary to demonstrate compliance with said requirements; and
- c. To ensure compliance with statutory, legal and regulatory reporting and disclosure requirements.

III. Scope

This Policy shall apply to:

- a. HPI directors and employees ("HPI Relevant Persons"); and
- b. third parties who receive or have access to insider information about HPI ("Covered Third Parties").

Covered Third Parties shall include employees of HPI's subsidiaries, affiliates and associates ("Business Units"), as well as HPI's advisers and consultants, who receive or have access to insider information on HPI.

IV. Definition of Terms

4.1 Securities refer to shares of stock and any option over such shares or such other financial instrument the value of which is directly related to HPI shares.

4.2 Insider Information is any information about HPI that is material and non-public.

Information is considered non-public if it has not been made generally available to the public. Information is considered to be generally available to the public if: (i) it has been submitted to the PSE and the SEC; and (ii) at least two full trading days have lapsed from the time it was made available to the public.

Information is considered material if: (i) it would likely affect the market price of an HPI security after the lapse of at least two full trading days from the time it was disseminated to the public; or, (ii) it would be considered by a reasonable person important in deciding whether to buy, sell or hold an HPI security. Material information includes, but is not limited to, financial results, mergers and acquisitions, significant investments or divestments, significant litigation.

4.3 Trading Day is any day when the PSE is open for trading.

V. General Prohibition

5.1 Insider Trading. Persons within scope of this Policy shall not deal in HPI securities while in possession of insider information.

5.2 Tipping and Procuring. Persons within scope of this Policy who have insider information shall not:

- a. Provide such information to anyone;
- b. Recommend to anyone to deal in HPI securities whether or not the specific information has been disclosed to that person;
- c. Disclose such insider information to any HPI employee who does not need to know such information in order to perform his/her functions;
- d. Express opinion on any form of dealing in HPI securities on the basis of such insider information; and
- e. Procure any other person to deal in HPI securities.

There is a legal presumption of insider trading if spouses and relatives by affinity or consanguinity within the second degree, legitimate or de facto, of persons with non-public and material information, deal in securities after material information came into existence but before it was disclosed to the public and before the lapse of a reasonable period for the public to absorb such information.

VI. Prohibition in Other Circumstances

From time to time, HPJ's Corporate Secretary may recommend to the Chief Executive Officer that directors and specified employees of HPI be prohibited from dealing in HPI securities because of developments and transactions involving HPI, actual or potential, that have not yet been made known to the public. In such a case, said persons:

- a. shall be informed accordingly by HPJ's Corporate Secretary but there may not be any announcement that a prohibition has been set for considerations of confidentiality;
- b. should not engage in any dealing in HPI securities during the period of prohibition; and
- c. should not disclose the prohibition to others.

VII. Blackout Period

Notwithstanding that none of the prohibitions in the preceding Sections V and VI are applicable, persons within scope of this Policy shall not deal in HPI securities commencing from the day after the end of the relevant financial period until the lapse of two full trading days after HPJ's financial results have been submitted to SEC and PSE ("Blackout Period").

HPJ's Corporate Secretary, in consultation with HPJ's Chief Financial Officer, shall announce in advance the start and end dates of the Blackout Periods.

VIII. Trading Window

8.1 If none of the prohibitions in the preceding Section V and VI, and Blackout Period in Section VII, apply, HPI employees may deal in HPI securities subject to the following requirements:

- a. The HPI employee is not deemed a Permanent Insider as set out in Section IX;
- b. The HPI employee has secured prior confirmation from HPJ's Corporate Secretary that there is no prohibition in dealing with HPI securities at the time the confirmation is being sought;
- c. The HPI employee has completed the transaction within the trading window advised by the Corporate Secretary; and the transaction is consistent with the terms as relayed to the Corporate Secretary.
- d. If the HPI employee is also a member of HPI's Executive Committee, he shall provide the Corporate Secretary a copy of the duly signed report on the transaction filed or to be filed with the SEC (SEC Form 23-B or the Statement of Changes in Beneficial Ownership) within five trading days from the completion of the transaction and in no case later than the deadline for the disclosure mandated by the PSE for such transaction.

8.2 If none of the prohibitions in the preceding Section V and VI, and Blackout Period in Section VII, apply, HPI directors, who are not considered Permanent Insiders as set out in Section XI, may deal in HPJ securities subject to the following requirements:

- a. The HPI director has given prior written notice to the Chairman of HPI's Board of Directors and HPI's Corporate Secretary of his/her intent to deal in HPJ securities regardless of the value of the transaction
 - b. The HPI director has secured prior confirmation from the Corporate Secretary that there is no prohibition in dealing with HPI securities at the time the confirmation is being sought;
 - c. The HPI director provides the Corporate Secretary a copy of the duly signed report on the transaction filed or to be filed with the SEC (SEC Form 23-B or the Statement of Changes in Beneficial Ownership) within five trading days from the completion of the transaction and in no case later than the deadline for the disclosure mandated by the PSE for such transaction.
- 8.3 The above confirmation from the Corporate Secretary does not constitute an approval or endorsement of the transaction. Such confirmation is limited to the absence of a prohibition under this Policy and does not provide for any exemption to any statutory or contractual obligation that may particularly apply to the individual or the intended transaction.

IX. Permanent Insiders

- 9.1 The following are deemed to be in constant possession of insider information:
- a. HPI's directors who are employed by HPI, the Group or any Group Company
 - b. Members of HPI's Executive Committee and their assistants
 - c. Heads of Functions and their assistants
 - d. Heads of Business Units and their assistants
 - e. Employees at HPI's Finance, Communication, Business Development, Internal Control and Quality Assurance, and legal Departments
 - f. All other positions or roles that HPJ's Chief Executive Officer, Chief Financial Officer or Corporate Secretary, may consider as Permanent Insider.
- 9.2 The Corporate Secretary shall keep the list of Permanent Insiders. To ensure that an updated list is maintained, the Heads of the Departments mentioned above shall keep the Corporate Secretary informed of the names of the employees within their departments.

X. Confidentiality of Non-Public Information

In addition to the rules against insider trading, HPI Relevant Persons are bound by a duty of confidentiality in relation to information obtained in the course of their duties. Consequently:

- a. They shall not discuss non-public information about HPI with any third party unless it is required in the regular performance of their duties.

- b. They shall not discuss non-public information about HPI in public areas where conversations may be overheard.
- c. Communications on behalf of HPI should only be made through duly authorized individuals.
- d. If they receive inquiries from any third party, including the media and investment analysts, they should decline to comment and refer the matter to the individuals designated by HPI to handle such inquiries.
- e. They must ensure that third parties, who acquire insider information in the course of doing business with HPI, are bound by the appropriate confidentiality or non-disclosure agreements.

XI. Securities of Other Companies

HPI Relevant Persons are prohibited from dealing in the securities of other entities with whom HPI, its subsidiaries, affiliates or associates, have an actual or potential transaction with or is doing business, if the information about the transaction or the business of such entities is non-public and could constitute insider information of said entities.

XII. Permitted Dealings

Certain transactions may be exempt from the prohibitions under this Policy on a case by case basis where one or several of the following conditions are present:

- 12.1 The trade results in no change in the beneficial interest in the securities (such as transfer of securities held in a fund plan or saving scheme where the HPI Relevant Person is a beneficiary);
- 12.2 The trade occurs via instruments in a scheme or other arrangement where the investment decisions are exercised by a third party;
- 12.3 The HPI Relevant Person has no control or influence with respect to trading decisions;
- or
- 12.4 The trade occurs under an offer to all or most of HPI's shareholders (such as the acceptance of a public tender offer or the exercise of a right under an employee stock option plan).

XIII. Other Applicable Considerations

- 13.1 The undertakings in this Policy are in addition to and do not supersede or replace other contractual or statutory obligations that may apply.
- 13.2 Civil and criminal penalties apply to breaches of the statutory prohibitions against insider trading.
- 13.3 Persons within scope of this Policy have the individual responsibility to comply with the legal, statutory, and HPI's rules against insider trading. Appropriate judgment and diligence should be exercised in connection with any dealing in HPI's securities. In case of doubt, an individual may consult HPI's Corporate Secretary.