

### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and, in certain cases, at the BOD level.

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at June 30, 2020, the Group has unutilized credit facilities of ₱12.6 billion.

### Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of gearing ratio.

#### **4. Financial Assets and Liabilities**

##### Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at June 30, 2020 and December 31, 2019. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

*Cash and Cash Equivalents, Trade and Other Receivables, , Short-term Financial Receivable, Loan Payable and Trade and Other Payables.* Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as at end of each reporting period.

*AFS Financial Assets.* The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period. Investments in unquoted equity securities are carried at cost, net of any impairment in value.

*Guarantee Deposits.* These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

##### Fair Value Hierarchy

As at June 30, 2020 and December 31, 2019, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at June 30, 2020 and December 31, 2019, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2020 and 2019.

## 5. Segment Reporting

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), which operating results are regularly reviewed by the chief operating decision maker\* to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management reassesses on an annual basis whether there have been any change in the operating segments or in the reportable operating segments in accordance with PFRS 8, *Operating Segments*.

For management purposes, the Group is organized into activities based on their products and has two segments, as follows:

- Clinker and Cement segment, which manufactures and sells clinker and cement for both domestic and export customers; and
- Other Construction Materials and services segment, which includes operations from Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group's finance income and charges and income taxes are managed on a group basis, and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Segment revenues, EBITDA, assets and liabilities as at June 30, 2020 and 2019 are presented below:

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	P11,063,331	P309,296	P11,372,627	P45,937	P11,418,564
Inter-segment	14,089	-	14,089	(14,089)	-
	<b>P11,077,420</b>	<b>P309,296</b>	<b>P11,386,716</b>	<b>P31,848</b>	<b>P11,418,564</b>
Operating EBITDA	P2,211,800	P203,706	P2,415,506	(P710,044)	P1,705,462
Segment assets	30,887,013	233,391	31,120,403	12,565,098	43,685,501
Segment liabilities	9,559,142	398,851	9,957,993	5,545,223	15,503,216
	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	P15,108,495	P564,038	P15,672,533	(P290,500)	P15,382,033
Inter-segment	74,294	-	74,294	(74,294)	-
	<b>P15,182,789</b>	<b>P564,038</b>	<b>P15,746,827</b>	<b>(P364,794)</b>	<b>P15,382,033</b>
Operating EBITDA	P3,548,805	P352,401	P3,901,206	(P870,101)	P3,031,105
Segment assets	34,275,012	431,054	34,706,066	8,483,419	43,189,485
Segment liabilities	7,762,284	222,370	7,984,654	9,226,411	17,211,065

\* Chief operating decision maker is composed of the Group's Executive Committee

## 6. Retained Earnings

The BOD did not declare any cash dividends as of June 30, 2020.

### Interim Disclosures

On 10 May 2019, an agreement for the sale and purchase of shares in the Company was executed by Holderfin B.V., First Stronghold Cement Industries, Inc., San Miguel Corporation and Lafargeholcim Ltd. Subject to the Philippine Competition Commission's ("PCC's") prior written approval and fulfillment of customary closing conditions, it was agreed that Holderfin B.V. shall sell its shares in the Company and shall procure Cemco Holdings, Inc. and Union Cement Holdings Corporation to likewise sell their shares in the Company to First Stronghold Cement Industries, Inc. ("Proposed Transaction").

On 10 May 2020, the aforementioned agreement lapsed. Hence the Proposed Transaction will no longer proceed.

Aside from the disclosure above, the Group is not aware of the following or is not applicable to the Group's interim operations:

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.
2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.
3. Issuances and repurchases of equity securities.
4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.
5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.
6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.
7. Events that will trigger direct or contingent material financial obligations to the Group.
8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.
9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.
10. Significant elements of income or loss that did not arise from the Group's continuing operations.
11. Material events subsequent to end of the reporting period that have not been reflected in this report.
12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

## Material Changes in Balance Sheet Accounts

### *2% decrease in Cash and cash equivalents*

Mainly due to payment of short-term loans net of higher cash generated from operations and lower capital expenditures.

### *18% decrease in Trade and other receivables - net*

Primarily due to higher third party collections, net of application of advances from customers.

### *8% decrease in Inventories*

Decrease was due to higher consumption of inventory as the plants resumed its operations coming from the lifting of the government-imposed community quarantine, and rationalized purchase plan to suppliers.

### *4% decrease in Short-term financial receivables*

Decrease was due to collection of loans extended to a related party.

### *46% increase in Other current assets*

Increase pertains mostly to prepaid Real Property Taxes and business taxes of sites.

### *12% decrease in Right-of-Use Assets*

Mainly due to the depreciation expense recognized for the period.

### *47% decrease in Loan payables*

Mainly due to the full settlement of loan extended by third parties and related party.

### *6% increase in Trade and other payables*

Higher payables from deferral of payments to focus more on the critical vendors due to stoppage of operations during the community quarantine.

### *74% decrease in Income tax payable*

Mainly due to the income tax paid, net of income tax expense which was lower due from lower income generation.

### *26% decrease in lease liability-current portion*

Mainly due to the payment of leases for the quarter.

### *19% increase in deferred tax liabilities - net*

Mainly due to the accruals and pension liability.

### *4% increase in Retained earnings*

Due to net profit recognized for the period.

## Material Changes in Income Statement Accounts

### *26% decrease in Net sales*

Mainly due to lower volumes sold from the interruption in the sales operations as a result of the lockdown implemented by the government.

### *21% decrease in Cost of goods sold*

Mainly attributable to lower volumes produced due to stoppage of operations. Other than lower volumes (sold, transported and produced) cost of goods sold was lower driven by lower fixed cost, lower energy cost from renegotiated procurement prices, as well as lower freight costs.

### *26% decrease in Operating expenses*

Mainly attributable to absence or deferral of costs resulting in lower (a) marketing expenses, (b) administrative expenses and (c) labor and other personnel expenses.

### *4% increase in Depreciation and amortization*

Mainly due to additional depreciation expenses from Kalayaan 1 Project which were formally commissioned in Q2-Q3 2019.

### *16% decrease in Net financial expenses*

Mainly due to favorable movement in financial expenses from third party as a result of settlement of loans. Average interest rate as of June 2020 was also lower compared to that of the same period last year.

### *86% decrease in Income (Expenses) on non-operating assets*

Mainly due to share in the accumulated undistributed losses incurred by associate for the first half of the year.

### *67% decrease in Provision for income tax*

Due to lower taxable income for the half of the year.

### *4% decrease in Noncontrolling interest in net income*

Mainly due to lower profit of subsidiaries compared to same period last year.

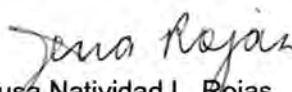
**Holcim Philippines, Inc. and Subsidiaries**  
**Schedule of Financial Soundness Indicators**

Financial KPI	Definition	For the six (6) Months Ended June 30	
		2020	2019
<u>Current/Liquidity ratio</u> Current Ratio	Current Assets Current Liabilities	77.7%	54.6%
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset) Stockholder's Equity	(1.9%)	18.3%
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets Stockholder's Equity	155.0%	166.3%
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax Net Interest	2.7 times	7.0 times
<u>Profitability Ratios</u> Return on Assets	Net Income Average Total Assets	0.9%	3.1%
Return on Equity	Net Income Average Total Equity	1.4%	5.5%

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

  
 Jesusa Natividad L. Rojas  
 Chief Financial Officer  
 Date: July 29, 2020

# COVER SHEET

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SEC Registration Number

H	O	L	C	I	M		P	H	I	L	I	P	P	I	N	E	S	,	I	N	C	.		A	N	D		S	U	B	S	I
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(Company's Full Name)

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

<b>Dennis G. Segovia Jr.</b>
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(Contact Person)

<b>8581-1511</b>
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(Company Telephone Number)

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Month      Day  
(Fiscal Year)

### SEC FORM 17-Q

For the quarter ended September 30, 2020  
(Form Type)

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Month      Day  
(Annual Meeting)

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(Secondary License Type, If Applicable)

<b>CFD</b>
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Dept. Requiring this Doc.

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Amended Articles Number/Section

<b>5,259</b>
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Total No. of Stockholders

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Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended September 30, 2020
2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
7<sup>th</sup> Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

11. Are any or all of the securities listed on a Stock Exchange?

Yes  No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

## PART I- FINANCIAL INFORMATION

### Item 1. Financial Statements.

- Exhibit I – Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019
- Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2020 and 2019
- Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2020 and 2019
- Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended September 30, 2020 and 2019
- Exhibit V – Consolidated Statements of Cash Flows for the quarters ended September 30, 2020 and 2019
- Exhibit VI – Aging of Trade and Other Receivables as of September 30, 2020

HOLCIM PHILIPPINES, INC.  
CONSOLIDATED BALANCE SHEETS  
As of September 30, 2020 and December 31, 2019  
(In Thousands)

	30 Sept 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P2,480,450	P2,961,897
Trade and other receivables - net	2,999,272	3,447,117
Inventories	3,047,521	3,077,546
Short-term financial receivables	465,671	511,463
Other current assets	408,890	939,348
<b>Total Current Assets</b>	<b>9,401,804</b>	<b>10,937,371</b>
<b>Noncurrent Assets</b>		
Investments	4,368,945	4,363,425
Property, plant and equipment – net	19,531,762	19,999,303
Right-of-use assets	1,994,700	2,130,518
Goodwill	2,635,738	2,635,738
Intangibles – net	25,401	26,875
Retirement assets – net	2,327,834	2,313,807
Other noncurrent assets	2,418,895	2,420,872
<b>Total Noncurrent Assets</b>	<b>33,303,275</b>	<b>33,890,538</b>
	<b>42,705,079</b>	<b>44,827,909</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	10,071,866	10,340,029
Loan payables	909,778	3,925,849
Current portion of lease liabilities	283,537	396,704
Income tax payable	243,740	306,453
<b>Total Current Liabilities</b>	<b>11,508,921</b>	<b>14,969,035</b>
<b>Noncurrent Liabilities</b>		
Long-term lease liabilities	1,965,327	1,767,799
Provisions	77,082	77,082
Deferred tax liabilities – net	357,767	244,384
<b>Total Noncurrent Liabilities</b>	<b>2,400,176</b>	<b>2,089,265</b>
<b>Equity Attributable to Equity Holders of Parent</b>		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	1,624,206	1,624,206
Other reserves	4,475	4,475
Retained earnings	12,225,637	11,199,025
	<b>28,782,419</b>	<b>27,755,807</b>
<b>Noncontrolling Interest</b>	<b>13,563</b>	<b>13,802</b>
<b>Total Stockholders' Equity</b>	<b>28,795,982</b>	<b>27,769,609</b>
	<b>P42,705,079</b>	<b>P44,827,909</b>

HOLCIM PHILIPPINES, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
For the quarters ended September 30, 2020 and 2019  
(In Thousands, Except Per Share Data)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
<b>Net Sales</b>	<b>₱7,361,373</b>	<b>₱8,284,955</b>	<b>₱18,779,937</b>	<b>₱23,678,589</b>
Cost of sales	5,591,455	6,795,558	14,751,641	18,411,661
<b>Gross Profit</b>	<b>1,769,918</b>	<b>1,489,397</b>	<b>4,028,296</b>	<b>5,266,928</b>
Operating expenses	274,233	321,962	827,149	1,068,388
<b>Operating EBITDA</b>	<b>1,495,685</b>	<b>1,167,435</b>	<b>3,201,147</b>	<b>4,198,540</b>
Depreciation and amortization	489,552	402,608	1,380,980	1,257,289
<b>Profit from Operations</b>	<b>1,006,133</b>	<b>764,827</b>	<b>1,820,167</b>	<b>2,941,251</b>
Other income (expenses)				
Net financial expense	(40,388)	(118,412)	(278,669)	(402,013)
Other income - net	25,464	48,782	31,315	91,804
Total	(14,924)	(69,630)	(247,354)	(310,209)
<b>Profit before Income Tax</b>	<b>991,209</b>	<b>695,197</b>	<b>1,572,813</b>	<b>2,631,042</b>
Provision (benefit from) for income tax				
Current	310,795	277,131	506,116	911,090
Deferred	66,717	(39,388)	39,166	(157,977)
	377,512	237,743	545,282	753,113
<b>Profit for the Period</b>	<b>613,697</b>	<b>457,454</b>	<b>1,027,531</b>	<b>1,877,929</b>
Noncontrolling interest	(253)	(259)	(919)	(954)
<b>Profit for the period attributable to Equity holders of the Parent Company</b>	<b>₱613,444</b>	<b>₱457,195</b>	<b>₱1,026,612</b>	<b>₱1,876,975</b>
<b>Basic/Diluted Earnings Per Share (EPS)</b>				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	<b>₱613,444</b>	<b>₱457,195</b>	<b>₱1,026,612</b>	<b>₱1,876,975</b>
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
<b>EPS [(a)/(b)]</b>	<b>₱0.095</b>	<b>₱0.071</b>	<b>₱0.159</b>	<b>₱0.291</b>

HOLCIM PHILIPPINES, INC.  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 For the quarters ended September 30, 2020 and 2019  
*(In Thousands)*

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
<b>Profit for the Period</b>	<b>₱613,697</b>	<b>₱457,454</b>	<b>₱1,027,531</b>	<b>₱1,877,929</b>
<b>Other Comprehensive Loss</b>	-	1,187	-	2,130
<b>Total Comprehensive Income</b>	<b>₱613,697</b>	<b>₱458,641</b>	<b>₱1,027,531</b>	<b>₱1,880,059</b>
Attributable to:				
Equity holders of Parent Company	613,950	460,628	1,027,770	1,881,807
Noncontrolling interest	(253)	(1,987)	(239)	(1,748)
<b>Total Comprehensive Income</b>	<b>₱613,697</b>	<b>₱458,641</b>	<b>₱1,027,531</b>	<b>₱1,880,059</b>

HOLCIM PHILIPPINES, INC.  
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 For the nine (9) months ended September 30, 2020 and 2019  
*(In Thousands)*

	Jan-Sep 2020	Jan-Sep 2019
<b>Capital Stock</b>		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
Issuances (Retirement)	-	-
Balance at end of period	<b>6,452,099</b>	<b>6,452,099</b>
<b>Additional Paid-in Capital</b>		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	<b>8,476,002</b>	<b>8,476,002</b>
<b>Other comprehensive income</b>	<b>1,624,206</b>	<b>2,008,554</b>
<b>Other reserves</b>	<b>4,475</b>	<b>214</b>
<b>Retained Earnings</b>		
Balance at beginning of period	11,199,025	7,607,112
Profit for the Period	1,026,612	1,876,975
Balance at end of period	<b>12,225,637</b>	<b>9,484,087</b>
<b>Noncontrolling Interest</b>	<b>13,563</b>	<b>14,325</b>
	<b>₱28,795,982</b>	<b>₱26,435,281</b>

HOLCIM PHILIPPINES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the nine (9) months ended September 30, 2020 and 2019  
(In Thousands)

	Jan-Sep 2020	Jan-Sep 2019
<b>Operating Activities</b>		
<b>Profit before Income Tax</b>	<b>₱1,572,813</b>	<b>₱2,631,042</b>
Adjustments to reconcile profit to cash		
Depreciation and amortization	1,380,980	1,257,289
Other items (net)	(872,317)	(943,336)
Changes in current assets and liabilities	150,807	295,777
<b>Cash provided by operating activities</b>	<b>2,232,283</b>	<b>3,240,772</b>
<b>Investing Activities</b>		
Additions to plant, property and equipment	(679,299)	(2,183,899)
Decrease (increase) in other investing activities	5,946	(74,731)
<b>Cash used in investing activities</b>	<b>(673,353)</b>	<b>(2,258,630)</b>
<b>Financing Activities</b>		
Payment of short-term loans	(7,140,699)	(4,965,374)
Proceeds from short-term loans	5,300,000	-
Repayment of long-term leases	(215,064)	(369,915)
Short-term financial receivable repaid by a related party	32,849	-
Increase in short-term financial receivables	(14,125)	(61,102)
<b>Cash used in financing activities</b>	<b>(2,037,039)</b>	<b>(5,396,391)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(478,109)</b>	<b>(4,414,249)</b>
<b>Cash and cash equivalents, beginning</b>	<b>2,961,897</b>	<b>5,399,853</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3,338)</b>	<b>(5,138)</b>
<b>Cash and cash equivalents, end</b>	<b>₱2,480,450</b>	<b>₱980,466</b>

HOLCIM PHILIPPINES, INC  
Aging of Trade and Other Receivables  
As of September 30, 2020  
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱914,361	₱897,584	₱-	(₱1,901)	₱18,678
Other Receivables	2,146,446	813,837	(161,186)	(15,705)	1,509,500
<b>Total</b>	<b>3,060,807</b>	<b>₱1,711,421</b>	<b>(₱161,186)</b>	<b>₱(17,606)</b>	<b>₱1,528,178</b>
Allowance for Doubtful Accounts	(61,535)				
<b>Net Receivables</b>	<b>₱2,999,272</b>				

Certified correct:

*Jesusa Rojas*  
Jesusa Natividad L. Rojas  
Chief Financial Officer



## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Results of Operations**

The Group posted net sales of ₱18.8 billion, lower by 21% compared to ₱23.7 billion reported in the same period last year both from lower volume and price. Volume as of September 2020 was affected by the stoppage and slowdown in the operations due to lockdown implemented by the government starting from second half of March until end of May. There was improvement in sales from June to July and normalization till September. Most of the clusters in Luzon exhibited volume growth due to increase in operating days. In contrast, Mindanao sites showed a decline due to major maintenance shutdown in Davao and operational challenges in Lugait. Year to date prices were also affected by the shift to pick-up and cash sales coupled with downward pricing actions in response to competition.

The Group reported total EBITDA of ₱3.2 billion, lower by 24% as compared to ₱4.2 billion reported during the same period last year. Unfavorable variance was mainly attributable to lower revenues. Cost of goods sold was lower driven by lower productions costs from lower fixed cost due to efficiencies and aggressive cost reductions. Favorable variable costs also registered due to procurement negotiations for raw materials, fuels and electricity, and freight. Distribution costs benefited from lower outbound ratio. Support process costs were also lower from absence or deferral of costs due to lockdown. The Group managed to incur lower financial expenses from lower short-term loans and lease liabilities. Net income after tax stood at ₱1.03 million giving earnings per share of ₱0.16.

### **Financial Position**

The Group's financial position remained healthy with stable cash position. However, the return on assets declined to 2.3% as of September 30, 2020 which is lower than 4.1% from the same period last year primarily due to lower income generated during the period. Total assets stood at ₱42.71 billion as of September 30, 2020, 5% lower from end of 2019.

### **Cash Flow Generation**

The Group's cash requirements were mainly sourced through cash from operating activities and short-term financing liabilities from third parties. As of September 30, 2020, there are no third party loan payables as these were paid in full in May and outstanding loan from a related party was partially settled. Please refer to the attached statement of cash flow for details.

## Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended September 30, 2020 and 2019 were as follows:

Financial KPI	Definition	For the period ended September 30	
		2020	2019
<u>Profitability</u>			
Return on Equity (ROE)	Net Income	3.6%	7.3%
	Ave. Total Shareholders' Equity		
Return on Asset (ROA)	Net Income	2.3%	4.1%
	Average Total Assets		
<u>Efficiency</u>			
EBITDA Margin	Operating EBITDA	17.0%	17.7%
	Net Sales		
<u>Liquidity</u>			
Gearing	Net Financial Debt (Asset)	(4.2%)	14.0%
	Stockholders' Equity		
EBITDA Net Interest Cover	Operating EBITDA	11.9 times	10.8 times
	Net Interest		

### Profitability and Efficiency

Profitability indicators have decreased as compared to the same period last year due to lower income and higher equity from additional income generated within the year while efficiency indicators were lower than the same period last year due to lower income generated from operations.

### Liquidity

The Group's liquidity position remains strong as evidenced by higher cash balance.

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2019.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2019:

#### PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - i. a risk-adjusted present value of the future cash flows (the fulfillment cash flows) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2022. Earlier application is permitted.

The adoption of the new standard does not have an impact on the Group for it is not an issuer of insurance contracts.

#### Amendments to PAS 1 and PAS 8, *Definition of Material*

PAS 8.31(b-d) The amendments relate to a revised definition of 'material':

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 1, 2020. Earlier application is permitted.

The Management of the Group is still evaluating the impact of these new amendments.

#### Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period

The Management of the Group is still evaluating the impact of these new amendments.

**New Accounting Standards Effective in 2019 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy.**

*PIC Q&A No. 2019-01, PFRS 15, Revenue from Contracts with Customers – Accounting for Service Charges*

The interpretation clarifies the treatment of service charges collected from hotel guests or restaurant customers.

Salient points of the interpretation are the following:

- Eighty-five (85%) percent, as a minimum, of the collected Service Charge should be excluded from the transaction price and as such should be recognized as a liability to the employees pursuant to Article 96 of the Labor Code.
- As paragraph 47 of PFRS 15 defines transaction price as “the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties”.
- The remaining portion should be included in the transaction price because this is an additional consideration in exchange for the goods and services provided and benefits directly inure to the hotel/restaurant.

The interpretation is effective for periods beginning on or after February 13, 2019.

The Management of the Group is still evaluating the impact of the new interpretation.

*PIC Q&A No. 2019-03, PFRS 15, Revenue from Contracts with Customers – Revenue Recognition guidance for Sugar Millers*

The interpretation clarifies the revenue recognition of Sugar Milling Companies under: (i) Output Sharing Agreement, and (ii) Cane Purchase Agreement.

Under Output Sharing Agreement, revenue recognition commences upon conversion of Planter's canes into raw sugar. Further, unsold raw sugar owned by the Miller shall be accounted for as inventory in accordance with PAS 2, Inventories.

Under Cane Purchase Agreement, revenue recognition commences upon transfer of control, at a point in time, to customer or buyer of a sale transaction. Further, the cost of purchased canes shall be treated either as production or milling cost of the Miller.

The interpretation is effective for periods beginning on or after March 28, 2019.

The new interpretation does not have an impact on the Group for it is not a Sugar Milling Group.

*PIC Q&A No. 2019-02, Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for Cryptographic assets. In classifying Cryptographic assets, two relevant factors to consider are (i) its primary purpose, and (ii) how these assets derive its inherent value. The interpretation provided two (2) Cryptographic classifications based on the aforementioned factors, these are (a) Cryptocurrency, or (b) Cryptographic assets other than Cryptocurrencies, which are (b.1) Asset-based token, (b.2) Utility token, and (b.3) Security token, or collectively the “Security Tokens”.

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report Cryptographic assets in the financial statements as either (i) Cryptocurrencies held by an entity, or (ii) Cryptographic assets other than cryptocurrencies.

From the Issuer of these assets' point of view, as a consensus, the following accounting treatments are suggested:

- Cryptocurrencies held by an entity can be treated either as (i) Inventory under PAS 2, or (ii) Intangible asset under PAS 38.
- Cryptographic assets other than Cryptocurrencies, the interpretation suggested the following relevant accounting frameworks for consideration:
  - a. If the Token meets the definition of a financial liability, apply guidance in PFRS 9;
  - b. If the Token meets the definition of an equity instrument, apply guidance in PAS 32;
  - c. If the Token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
  - d. If the Token does not meet any of the aforementioned, consider other relevant guidance.

The interpretation is effective for periods beginning on or after February 13, 2019.

The Management of the Group is still evaluating the impact of the new interpretation.

## **2. Seasonality Aspects of the Business**

Like any other company in the construction industry, the operations of the Group are affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

## **3. Financial Risk Management Objectives and Policies**

### General Risk Management Approach

The Group is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Group. The Group does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Group is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, and use of derivative financial instruments and investing assets in excess of liquidity requirements.

The Group's principal financial instruments, other than derivatives, consist of cash and cash equivalents and notes payable. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also has various other financial assets and liabilities such as trade and other receivables, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Group's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 4 to the consolidated financial statements.

### Market Risks

The Group is exposed to market risks, such as foreign currency and interest rate risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of September 30, 2020, there are no revenues denominated in currencies other than the Philippine Peso.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency whereas debt servicing and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Group may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of September 30, 2020, the Group had minimal assets and liabilities exposed to foreign currency risks.

### Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at September 30, 2020 and 2019, the Group has minimal exposure to interest rate risk.

### Credit Risk

Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group trades only with recognized, credit-worthy third parties. It is the Group's policy that all third party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts to minimum.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, AFS financial assets, and guarantee and refundable deposits, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and, in certain cases, at the BOD level.

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at September 30, 2020, the Group has unutilized credit facilities of ₱15.0 billion.

### Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of gearing ratio.



#### **4. Financial Assets and Liabilities**

##### Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at September 30, 2020 and December 31, 2019. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

*Cash and Cash Equivalents, Trade and Other Receivables, Short-term Financial Receivable, Loan Payable and Trade and Other Payables.* Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as at end of each reporting period.

*AFS Financial Assets.* The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period. Investments in unquoted equity securities are carried at cost, net of any impairment in value.

*Guarantee Deposits.* These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

*Derivative Liabilities.* The fair values of embedded currency forwards with notional amount of US\$5.0 million are calculated by reference to current forward exchange.

##### Fair Value Hierarchy

As at September 30, 2020 and December 31, 2019, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at September 30, 2020 and December 31, 2019, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2020 and 2019.

## 5. Segment Reporting

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), which operating results are regularly reviewed by the chief operating decision maker\* to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management reassesses on an annual basis whether there have been any change in the operating segments or in the reportable operating segments in accordance with PFRS 8, *Operating Segments*.

For management purposes, the Group is organized into activities based on their products and has two segments, as follows:

- Clinker and Cement segment, which manufactures and sells clinker and cement for both domestic and export customers; and
- Other Construction Materials and services segment, which includes operations from Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group's finance income and charges and income taxes are managed on a group basis, and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Segment revenues, EBITDA, assets and liabilities as at September 30, 2020 and 2019 are presented below:

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱18,282,438	₱428,990	₱18,711,428	₱68,509	₱18,779,937
Inter-segment	16,607	-	16,607	(16,607)	-
	<b>₱18,299,045</b>	<b>₱428,990</b>	<b>₱18,728,035</b>	<b>₱51,902</b>	<b>₱18,779,937</b>
Operating EBITDA	₱3,930,449	₱232,635	₱4,163,084	(₱961,937)	₱3,201,147
Segment assets	30,599,257	296,943	30,896,200	11,808,879	42,705,079
Segment liabilities	9,798,076	16,672	9,814,747	4,094,350	13,909,097
	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱22,745,013	₱837,617	₱23,582,630	(₱444,288)	₱23,138,342
Inter-segment	100,731	-	100,731	(100,731)	-
	<b>₱22,845,744</b>	<b>₱837,617</b>	<b>₱23,683,361</b>	<b>(₱545,019)</b>	<b>₱23,138,342</b>
Operating EBITDA	₱4,950,764	₱515,282	₱5,466,046	(₱1,267,506)	₱4,198,540
Segment assets	35,603,837	384,226	35,988,063	7,763,255	43,751,318
Segment liabilities	8,456,549	260,698	8,717,246	8,598,790	17,316,037

\* Chief operating decision maker is composed of the Group's Executive Committee

## 6. Retained Earnings

The BOD did not declare any cash dividends as of September 30, 2020.

### Interim Disclosures

On 10 May 2019, an agreement for the sale and purchase of shares in the Company was executed by Holderfin B.V., First Stronghold Cement Industries, Inc., San Miguel Corporation and LafargeHolcim Ltd. Subject to the Philippine Competition Commission's ("PCC's") prior written approval and fulfillment of customary closing conditions, it was agreed that Holderfin B.V. shall sell its shares in the Company and shall procure Cemco Holdings, Inc. and Union Cement Holdings Corporation to likewise sell their shares in the Company to First Stronghold Cement Industries, Inc. ("Proposed Transaction").

On 10 May 2020, the aforementioned agreement lapsed. Hence the Proposed Transaction will no longer proceed.

Further to our disclosure on the notice of arbitration filed by the Company with the PDRCI in connection with the termination of the Port Services Agreement with Seasia Nectar Port Services, Inc., ("Seasia") the Arbitral Tribunal ruled in an order received by the Company on September 14, 2020 that the Company validly terminated the Port Services Agreement (PSA). However, the PSA did not supersede the previously executed Memorandum of Agreement and thus Seasia is entitled to compensation as a result of the suspension of the Memorandum of Agreement. The Arbitral Tribunal gave Seasia two options: (i) receipt from the Company of the amount of P588,379,260.00, net of VAT, which supposedly represents the minimum revenue of Seasia during the period that the Memorandum of Agreement had been suspended as a result of this dispute; or, (ii) two-year extension of the Memorandum of Agreement for a total remaining term of seven (7) years and ten and a half (10 ½) months. The Arbitral Tribunal also required the Company to reimburse Seasia the amount of P21,961,151.16, representing the amount Seasia paid PDRCI. The Company has sought the vacation of the Arbitral Tribunal's order.

Aside from the disclosure above, the Group is not aware of the following or is not applicable to the Group's interim operations:

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.
2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.
3. Issuances and repurchases of equity securities.
4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.
5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.
6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.
7. Events that will trigger direct or contingent material financial obligations to the Group.
8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.
9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.

10. Significant elements of income or loss that did not arise from the Group's continuing operations.
11. Material events subsequent to end of the reporting period that have not been reflected in this report.
12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

## Material Changes in Balance Sheet Accounts

### *16% decrease in Cash and cash equivalents*

Mainly due to payment of short-term loans net of higher cash generated from operations and lower capital expenditures.

### *13% decrease in Trade and other receivables - net*

Primarily due to lower credit sales coupled with higher customer collections from resolute collection efforts and reduction of advances to suppliers and group receivables.

### *1% decrease in Inventories*

Decrease was due to consumption of own clinker and cement coupled with rationalization of purchase plan.

### *9% decrease in Short-term financial receivables*

Decrease was due to collection of loans extended to a related party.

### *56% decrease in Other current assets*

Largely attributable to lower input value added taxes brought by lower purchases/expenses as compared to prior year and lower advances to supplier caused by utilization/application of services.

### *6% decrease in Right-of-Use Assets*

Mainly due to the depreciation expense recognized for the period.

### *77% decrease in Loan payables*

Mainly due to the full settlement of loan extended by third parties and partial settlement for related party loans.

### *3% decrease in Trade and other payables*

Lower payables from the application of advances received from customers to their cement purchases, accrued rebates and settlement of amounts owed to related parties.

### *20% decrease in Income tax payable*

Mainly due to payment for income taxes, net of lower income tax expense due to lower income generated for the period..

### *29% decrease in lease liability-current portion*

Mainly due to the payment of leases.

### *46% increase in deferred tax liabilities - net*

Mainly due to the accruals and pension liability.

### *9% increase in Retained earnings*

Due to net profit recognized for the period.

## Material Changes in Income Statement Accounts

### *21% decrease in Net sales*

Mainly due to lower volumes sold from the interruption in the sales operations as a result of the lockdown implemented by the government.

### *20% decrease in Cost of goods sold*

Mainly attributable to lower volumes produced due to stoppage of operations. Other than lower volumes (sold, transported and produced) cost of goods sold was lower driven by lower fixed cost, lower raw material and fuel prices, lower energy cost, as well as lower distribution costs from savings in maintenance and third party services.

### *23% decrease in Operating expenses*

Mainly attributable to the cost reduction actions including rationalized workforce deployment which resulted to lower third party and own labor costs.

### *10% increase in Depreciation and amortization*

Mainly due to additional depreciation expenses from Kalayaan 1 Project which were formally commissioned in Q2-Q3 2019 net of lower ROU depreciation as compared to same period last year.

### *31% decrease in Net financial expenses*

Mainly due to favorable movement in financial expenses from related party as a result of settlement of loans. Average interest rate as of September 2020 was also lower compared to the same period last year.

### *66% decrease in Income (Expenses) on non-operating assets*

Mainly due to share in the accumulated undistributed losses incurred by associate during the year

### *28% decrease in Provision for income tax*

Due to lower taxable income as of the current period.

### *4% decrease in Noncontrolling interest in net income*

Mainly due to lower profit of subsidiary compared to same period last year.

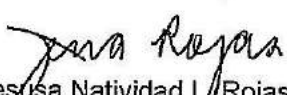
**Holcim Philippines, Inc. and Subsidiaries**  
**Schedule of Financial Soundness Indicators**

Financial KPI	Definition	For the nine (9) Months Ended September 30	
		2020	2019
<u>Current/Liquidity ratio</u> Current Ratio	Current Assets Current Liabilities	81.7%	64.2%
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset) Stockholder's Equity	(4.2%)	14.0%
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets Stockholder's Equity	148.3%	165.6%
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax Net Interest	5.8 times	6.7 times
<u>Profitability Ratios</u> Return on Assets	Net Income Average Total Assets	2.3%	4.1%
Return on Equity	Net Income Average Total Equity	3.6%	7.2%

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

  
 Jesusa Natividad L. Rojas  
 Chief Financial Officer  
 Date: October 29, 2020

**Schedule of Pending Material Legal Proceedings**



## MATERIAL LEGAL PROCEEDINGS

**1. In Re: Petition for Interim Measure of Protection under Rule 5 of the Special Rules of Court on Alternative Dispute Resolution; Seasia Nectar Port Services, Inc. vs. Holcim Philippines, Inc.; SP Proc Case No. 377-ML; Branch 95 of the Regional Trial Court in Mariveles, Bataan**

Seasia Nectar Port Services, Inc. ("Seasia") filed a petition for interim measure of protection with the Regional Trial Court in Mariveles, Bataan ("Bataan RTC") against the Company for the alleged purpose of securing any judgment Seasia may secure from the arbitration case it will supposedly file against the Company with the Philippine Dispute Resolution Center, Inc. ("PDRCI") to question the Company's termination of their Port Services Agreement ("PSA") effective 22 September 2018. In an Order dated 22 November 2018, the Bataan RTC granted Seasia's petition and issued a writ of preliminary attachment of the Company's properties. Pursuant to such order, the Company's funds were garnished.

On 14 December 2018, the Company filed a notice of arbitration with the PDRCI for a declaration that the termination of the Port Services Agreement is valid and the reversal of the Bataan RTC's Order dated 22 November 2018. Pending the constitution of an arbitral panel in the arbitration proceedings docketed as PDRCI Case No. 95-2018, the Company initiated emergency arbitration proceedings to question the interim measure of protection issued by the Bataan RTC and the garnishment of its funds. The emergency arbitrator ruled in the Company's favour and declared that there are no grounds for the issuance of an interim measure of protection.

The Company asked the Bataan RTC to set aside the interim measure of protection on the basis of the decision of the emergency arbitrator's decision. The Bataan RTC, however, refused to acknowledge the emergency arbitrator's jurisdiction to modify, reverse, or set aside an interim measure of protection issued by a trial court pending the constitution of an arbitration panel and ruled that it is only the arbitration panel who has such authority.

The Bataan RTC suspended the proceedings and archived the case after the constitution of the arbitration panel and commencement of the proceedings in PDRCI Case No. 95-2018.

After a final award was issued in the arbitration case, the Company moved for the retrieval of the case records and termination of the proceedings. The Company claimed that the interim measure of protection proceedings had been rendered moot by the final award in the arbitration case and all incidents with in relation to the final award, including the propriety of the interim measure of protection issued by Bataan RTC and the garnishment of the Company's funds, properly pertains to the Regional Trial Court in Taguig City where the Company filed its petition for the vacation of the arbitral award. This motion is pending resolution.

**2. In the Matter of an Arbitration under the 2015 Arbitration Rules of the Philippine Dispute Resolution Center, Inc.; Seasia Nectar Port Services, Inc. vs. Holcim Philippines, Inc.; PDRCI Case No. 95-2018**

On 14 December 2018, the Company filed a notice of arbitration with the PDRCI for a declaration that the termination of the Port Services Agreement is valid and the reversal of the Bataan RTC's Order dated 22 November 2018.

On 14 September 2020, the arbitral tribunal ruled that the Company validly terminated the Port Services Agreement (PSA). However, arbitral tribunal ruled that the PSA did not supersede the Memorandum of Agreement ("MOA"), which the parties executed in 2015 prior to the PSA for the purpose laying down the minimum terms and conditions that should govern the PSA. Therefore, with the MOA being valid and existing but suspended because of the Company's termination of the PSA and the resulting dispute on its validity, the arbitral tribunal ruled that Seasia is entitled to compensation. The Arbitral Tribunal gave Seasia two options: (i) receipt from the Company of the amount of P588,379,260.00, net of VAT, which supposedly represents the minimum revenue of Seasia during the period that the Memorandum of Agreement had been suspended as a result of this dispute ("first option"); or, (ii) two-year extension of the Memorandum of Agreement for a total remaining term of seven (7) years and ten and a half (10 ½) months ("second option"). The Arbitral Tribunal also required the Company to reimburse Seasia the amount of P21,961,151.16, representing the amount Seasia paid PDRCI. Seasia informed the arbitral tribunal and the Company that it prefers the first option and that it expects to receive from the Company its supposed revenues for the unexpired portion of the MOA. Seasia claims that the MOA has a term of 10 years and it is entitled to the rates stipulated in the MOA as Seasia's service fees under the port services agreement that the Company and Seasia will execute regardless of whether the Company and Seasia will actually execute such agreement and the Company actually avails Seasia's services.

**3. In Re: Petition for Confirmation of Domestic Arbitral Award  
Seasia Nectar Port Services, Inc. vs. Holcim Philippines, Inc.  
S.P. No. 399  
Branch 95, Regional Trial Court in Mariveles, Bataan**

Seasia filed a petition at the Regional Trial Court in Mariveles, Bataan ("Bataan RTC") for the confirmation of the decision of the arbitral tribunal. The Company asked the Bataan RTC to dismiss Seasia's petition for being prematurely filed under the rules on alternative dispute resolution issued by the Supreme Court ("Special ADR Rules"). The Company also asked the Bataan RTC to suspend the proceedings on Seasia's petition and defer to the decision of the Regional Trial Court in Taguig City ("Taguig Court"), where the Company's petition to vacate the arbitral award is pending.

**4. In Re: Petition to Vacate Domestic Arbitral Award  
Holcim Philippines, Inc. vs. Seasia Nectar Port Services, Inc.  
S.P. No. 128  
Branch 271, Regional Trial Court in Taguig City**

The Company filed a petition at the Taguig Court for the vacation of the final award in PDRCI Case No. 95-2018, which is currently pending resolution.

### TAX CASES (Parent)

1. The Company filed on June 24, 2014, a Complaint before the Regional Trial Court of Malolos, Bulacan for the annulment of the *Notice of Assessment of Business Tax on Alleged Discovered Unreported Cement Sales* dated February 24, 2014 issued by the Municipal Treasurer of the Bulacan and for the reversal of the denial of Holcim's *Protest* letter dated April 23, 2014 questioning the Assessment Notice.

While this action was pending, the Company received on October 26, 2015, an Assessment Notice which assessed the Company for an alleged deficiency local business tax (LBT) in the aggregate amount of P118.2 Million Pesos for the years 2006 to 2015. Unlike the 2014 Assessment Notice which involves the defendants' assessment of LBT against the Company based on the purported undeclared gross sales or receipts for the years 2006 to 2012, the 2015 Assessment Notice concerns the Treasurer's assessment of LBT against the Company based on the purported undeclared gross sales or receipts for the years 2006 to 2015. The Municipal Treasurer did not act on the Company protest within the 60-day period provided in Section 195 of the Local Government Code (LGC), and thus, on March 21, 2016, the Company filed a Complaint/Appeal with the Bulacan RTC which sought the cancellation/nullification of the 2015 Assessment Notice.

On September 13, 2016, the Company filed a motion to consolidate the first and second case before Branch 19 of the RTC of Bulacan. Motion to consolidate was granted on November 29, 2016.

The hearing for initial presentation of evidence took place on April 16, May 28 and October 22, 2018. The hearing for the presentation of the Necessary Parties' evidence took place on February 4, 2019. On May 16, 2019, Holcim filed its Memorandum. On May 21, 2019, the court issued an Order stating that the case is now submitted for decision.

On October 28, 2020, the Company received the Decision issued by the Regional Trial Court Branch 19 Malolos, Bulacan dated July 1, 2020, which declared the 2014 and 2015 Assessment Notices issued by defendant Municipality of Norzagaray, Province of Bulacan against Holcim Phils. Inc. as NULL and VOID and ordered the Municipality of Norzagaray, Bulacan and Filipina D.G. De Mesa, in her capacity as ICO-Municipal Treasurer of Norzagaray, to jointly and severally pay Holcim Phils., Inc. the amount of One Hundred Fifty Thousand Pesos (P150,000.00) as attorney's fees and to pay the cost of litigation.

2. The Company received an Assessment from the Provincial Assessor and a Notice of Real Property Tax (RPT) Delinquencies issued by the Provincial and Municipal Treasurers of Norzagaray, Bulacan on December 18, 2012. The Assessment demanded total of P80.3M related to the RPT of machineries and equipment for the years 2011 and 2012. The Local Board of Assessment Appeals (LBAA) granted the Company's Motion to Post Bond amounting to P80.3M. The Appeal is still pending with the LBAA.

On April 23, 2013, the Provincial Assessor of Bulacan issued a revised tax declaration on machineries and equipment at the Company's Bulacan Plant. Soon after, on June 2013, the Company received an assessment for the years 2011 to 2012 and a computation of RPT for the first and second quarter of 2013. The assessed additional RPT amounted to P23.8M. On September 13, 2013, the Company received an additional assessment from Municipal Treasurer of Norzagaray, Bulacan for RPT due on its 1998 and Additional Line 2 Properties for the third quarter of 2013. The said assessment also reiterated the previous assessments made for 2011 to second quarter of 2013. The Company's supplemental appeals, covering the first and second quarter RPT Assessment and September 2013 Assessments with the LBAA are pending resolution.

On March 10, 2014, the Company received 71 tax declarations and 71 notices of assessments over its machineries for 2014 from the Municipal Assessor of Norzagaray, Bulacan. Thereafter on May 9, 2014, the Company received a notice of assessment from the Provincial Assessor of Norzagaray, Bulacan. On May 15, 2014, the Company also received an assessment from the Municipal Treasurer of Norzagaray, Bulacan requiring the Company to pay deficiency RPT for the years 2011 to 2013 amounting to P129M. The Company's supplemental appeals with the LBAA for the assessments are pending resolution.

On December 9, 2014, at the suggestion of the Provincial Governor of Bulacan and the Municipal Mayor of Norzagaray, Bulacan, the Company paid under protest RPT amounting to P120M, allocated as follows: (a) land: P8.6M; (b) buildings: P3.3M; (c) machineries: P107.9M. On January 9, 2015, the Company filed three protests with the Provincial Treasurer. Following the Provincial Treasurer's inaction over the Company's protests, the Company filed its appeal with the LBAA, raising the following issues: (a) whether the Company is entitled to an annual depreciation allowance; (b) what is the correct amount that should be credited in the Company's favour on account of its RPT payments from 2011 to the third quarter of 2013; and (c) whether it is correct to assess interest, surcharges and penalties on the RPT that the Company attempted to pay on time but which the local government officials refused to accept with respect to the RPT for the 4<sup>th</sup> quarter of 2013 to 2014. This appeal is pending resolution.

On March 30, 2015, the Company received an assessment of deficiency RPT for 2015 amounting to P49.3M. The Company paid the assessed amount and filed a protest with the Provincial Treasurer of Bulacan. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On March 31, 2016, the Company received from the Municipal Treasurer of Norzagaray, Bulacan an assessment for deficiency RPT for 2016 amounting to P103M. The Company paid the said amount and filed a protest with the Provincial Treasurer. Thereafter, on May 13, 2016, the Municipal Treasurer issued of Norzagaray, Bulacan issued a revised computation of the Company's liabilities for 2016 amounting to P46.8M. The Company thus filed a supplement to its earlier protest with the Provincial Treasurer. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On March 31, 2016, the Company received from the Municipal Treasurer of Norzagaray, Bulacan an assessment for deficiency RPT for 2017 amounting to P41.1M for its lands, buildings and machineries located in its Bulacan plant. On August 17, 2017, the Company filed an appeal with the LBAA in respect to its payment under protest.

On March 26, 2018, the Company received an assessment computation of RPT due on Holcim's Bulacan Plant for the year 2018 in the amount of P52M. On the same date, the Company paid the RPT due on Holcim's properties, of which payment amounting to P41.1M for the machineries is under protest. The protest with the Provincial Treasurer was filed on April 25, 2018. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On December 17, 2018, the Company received an Assessment Notice for the RPT due on its machineries and equipment located at its cement manufacturing facility in Norzagaray, Bulacan for the year 2019 amounting to P40.5M. On December 28, 2018, Holcim paid under the protest the total amount assessed. The protest with the Provincial Treasurer was filed on January 25, 2019. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On January 25, 2019, the Company received an Assessment Notice which assessed Holcim alleged RPT in respect of its machineries and equipment located at its cement manufacturing facility in Norzagaray, Bulacan for the year 2016. The Company filed the Appeal on the 2016 Assessment Notice on May 23, 2019. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

Holcim has filed a Motion to Resolve requesting the LBAA to act on all of Holcim's pending appeals.

On January 31, 2019, Holcim appeared in a hearing before the LBAA. The LBAA scheduled a hearing on March 28, 2019 for the rendition of its judgment.

On July 6, 2020, Holcim received the Joint Decision issued by LBAA, Bulacan dated March 6, 2020, which denied the Petition and disallowed the claims for tax credit and refund. Holcim was directed to pay the respondent its tax liabilities amounting to P315.6M with directive upon the respondent Treasurer of the Municipality of Norzagaray, Bulacan, to deduct from said amount all prior payments made under protest by Holcim that are covered by the assessment notices or orders of payment at issue.

On July 13, 2020, the CBAA received the Appeal filed by Holcim. The case is still pending with the CBAA.

3. HPI has an on-going tax audit for 2016 national taxes. Last December 21, 2020 the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P2.9B, inclusive of penalties and interest. The Company has filed its protest to PAN last January 5, 2021 and is still pending with the BIR.

4. HPI has an on-going tax audit for 2017 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
5. HPI has an on-going tax audit for 2018 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
6. HPI has an on-going tax audit for 2019 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.

#### **TAX CASES (Subsidiaries)**

1. CACI received a final assessment notice from the BIR in December 2014 for alleged deficiency income tax and value-added tax covering the taxable year 2011 amounting to P2.5M, inclusive of penalties and interest. CACI has availed of BIR's amnesty program and paid P484K last December 17, 2020. The Company is waiting for the Notice of Issuance Authority to Cancel Assessment (NIATCA) as proof of cancellation of the assessment.
2. ECLI has an on-going tax audit for 2017 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
3. MGMC has an on-going tax audit for 2017 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
4. HPMC has an on-going tax audit for 2000 capital gains tax. Last November 5, 2020, HPMC received a Final Decision on Disputed Claim for the alleged deficiency capital gains taxes for the amount of P 355.5M. On December 3, 2020, the Company filed its Petition for Review with the Court of Tax Appeals.
5. On August 31, 2010, Holcim filed a Complaint for Interpleader against Iligan, Lugait, and Misor to compel them to litigate among themselves to determine who among them has taxing jurisdiction over Holcim's Lugait plant. On April 30, 2018, Holcim received the RTC's Decision dated January 22, 2018 dismissing said case. On May 15, 2018, Holcim filed its Motion for Reconsideration of the RTC's Decision. On July 24, 2019, Holcim received the court's Order dated January 9, 2019 denying its Motion for Reconsideration. On August 6, 2019, Holcim filed its Notice of Appeal dated July 30, 2019.
6. On December 21, 2020, Holcim received a notice from the Court of Appeals directing it to file its Appellant's Brief within forty-five (45) days from receipt of the notice. Consequently, Holcim's Appellant's Brief is due on February 4, 2021.
7. HPMC has an on-going tax audit for 2017 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
8. HPMC has an on-going tax audit for 2018 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
9. HPMC has an on-going tax audit for 2019 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.

10. HSSI has an on-going tax audit for 2016 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
11. HSSI has an on-going tax audit for 2017 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.
12. HSSI has an on-going tax audit for 2018 national taxes. As of December 31, 2020, the BIR has not made any determination of deficiency taxes.

**SEC Form 17-C**



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. January 6, 2020  
Date of Report (Date of earliest event reported)
2. SEC Identification Number 26126      3. BIR Tax Identification No. 000-121-507-000
4. Holcim Philippines, Inc.  
Exact name of issuer as specified in its charter
5. Philippines      6.  (SEC Use Only)  
Province, country or other jurisdiction of      Industry Classification Code:  
incorporation
7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City      1634  
Address of principal office      Postal Code
8. (632) 84593333  
Issuer's telephone number, including area code
9. Not Applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	6,452,099,144
11. Indicate the item numbers reported herein: Item 9. Other Events

**Item 9. Other Events**

At the Special Meeting of the Board of Directors held today, January 6, 2020, Mr. Samuel O. Manlosa, Jr. was appointed as Vice President - Plant Manager of HPI's Davao Plant. Mr. Manlosa will replace Mr. Xavier Kennedy Arul Savarimuthu who resigned from the said position effective December 31, 2019.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Holcim Philippines, Inc.**

Issuer



**Belinda E. Dugan**  
Corporate Secretary

January 6, 2020

Date



At the regular meeting of the Board of Directors (the "Board") held today, 02 March 2020, the Board:

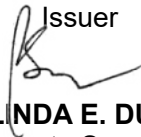
1. Approved the postponement of the company's Annual Stockholders Meeting for 2020, which pursuant to its By-laws should be held on the second Thursday of May of each year to June 17, 2020.
2. Set the record date of the annual stockholders' meeting on May 15, 2020 and delegated to the Corporate Secretary the responsibility of confirming the agenda, venue and time of the annual stockholders' meeting.
3. Approved the appointment of Navarro Amper & Co. as the Company's external auditor for year 2020.

### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer



**BELINDA E. DUGAN**  
Corporate Secretary

**March 2, 2020**

Date



Holcim Philippines, Inc.(HPI) does not anticipate an impact on our operations at the moment. All our plants are running normally, and our support teams are ready and equipped to work remotely to ensure business continuity. Nonetheless, HPI has triggered its business resiliency protocols to mitigate any potential impact of the COVID-19 pandemic.

Below are the actions our company has taken to safeguard the health and safety of our employees, customers and stakeholders and to ensure normal business operations:

- Work-from-home policy for our Head Office employees in Taguig City has been implemented effective March 15 until the government ends the quarantine period in Metro Manila. A skeletal team will remain to support essential business needs.
- Face-to-face meetings between employees and between customers and employees are highly discouraged. Customers may conduct business discussion with our sales team via telephone call or video conferencing.
- Tighter health and safety regulations in accordance with government directives are being implemented at all the plants and terminals. All haulers picking up cement at the plants and terminals are required to comply with these regulations.
- Head office employees living outside Metro Manila may report to the plants near their house.
- All employee and community engagement activities have been cancelled until further notice.
- Plants and terminals are closed for non-essential external stakeholder visits.

The health, safety and welfare of our employees, customers and stakeholders remain our highest priority. HPI is closely monitoring the COVID-19 developments in all locations where we operate under the guidance of national and local health authorities. We are ready to implement more serious actions aligned with guidelines from the Department of Health, National and Local Government Units and the LafargeHolcim Group to safeguard our people and to sustain our business.

#### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**



**BELINDA E. DUGAN**  
Corporate Secretary

**March 16, 2020**  
Date

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **31 March 2020**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**
3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**  
Exact name of registrant as specified in its charter
5. **Philippines**  (SEC Use Only)  
Province, country or other jurisdiction of Incorporation Industry Classification  
Code:
7. **7<sup>th</sup> Floor Two World Square, McKinley Hill**  
**Fort Bonifacio, Taguig City** **1634**  
Address of principal office Postal Code
8. **(632) 84593333**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	6,452,099,144

11. Indicate the item numbers reported herein: *Item 9 (Other Events)*

Please be advised that Holcim Philippines, Inc. will use below updated contact details effective 01 April 2020:

Telephone number: (632) 81581 1511

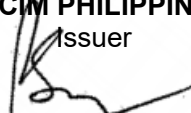
E-mail address: Belinda.dugan@lafargeholcim.com

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer



**BELINDA E. DUGAN**  
Corporate Secretary

**March 31, 2020**

Date



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **11 May 2020**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**
3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**  
Exact name of registrant as specified in its charter
5. **Philippines**  (SEC Use Only)  
Province, country or other jurisdiction of Incorporation Industry Classification Code:
7. **7<sup>th</sup> Floor Two World Square, McKinley Hill**  
**Fort Bonifacio, Taguig City** **1634**  
Address of principal office Postal Code
8. **(632) 815811511**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	6,452,099,144

11. Indicate the item numbers reported herein: *Item 1 (Change in Control of Issuer)*

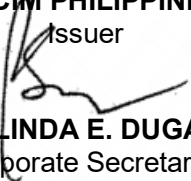
*By way of amendment to its disclosure filed with the Securities and Exchange Commission on 10 May 2019, Holcim Philippines, Inc. (the "Company") wishes to advise the public that it was informed by its major shareholders that the Sale and Purchase Agreement on the proposed acquisition by First Stronghold Cement Industries Inc. (the "FSCII") of 5,531,566,062 common shares (the "HPI Shares") equivalent to 85.73% shares of the Company from its major shareholders, namely: Union Cement Holdings Corporation, Holderfin B.V. and Cemco Holdings, Inc., has lapsed on 10 May 2020. In this regard, the proposed acquisition by FSCII of the 85.73% of HPI and the consequent change in HPI's control shall no longer proceed.*

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer

  
**BELINDA E. DUGAN**  
Corporate Secretary

**May 11, 2020**

Date



Please be advised that Holcim Philippines, Inc. (the “Company”) has resumed the operations of its plants and terminals in La Union, Bulacan, Manila, Batangas and Davao following the easing by national and local governments of quarantines which started in the second half of March. The Company’s plant located in Lugait, Misamis Oriental sustained operations to support customers and construction activities in North Mindanao during this period.

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer



**BELINDA E. DUGAN**  
Corporate Secretary

**May 22, 2020**

Date

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **17 June 2020**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**
3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**  
Exact name of registrant as specified in its charter
5. **Philippines**  (SEC Use Only)  
Province, country or other jurisdiction of Incorporation Industry Classification Code:
7. **7<sup>th</sup> Floor Two World Square, McKinley Hill**  
**Fort Bonifacio, Taguig City** **1634**  
Address of principal office Postal Code
8. **(632) 815811511**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	6,452,099,144

11. Indicate the item numbers reported herein: *Item 9 (Other Events)*

At the Regular Meeting of the Board of Directors held today, 17 June 2020, the Board:


1. Accepted the resignation of Mr. Geert Kuiper as Vice President, Plant Manager of Bulacan Plant effective July 1, 2020;
2. Appointed Mr. Bobby Garza as Vice President, Plant Manager of Bulacan Plant to replace Mr. Kuiper;
3. Promoted Mr. Edwin Villas to SVP, Head of Logistics;
4. Promoted Mr. Arnold Pepino to Vice President, Plant Manager of Lugait Plant;
5. Accepted the resignation of Ms. Beatrix R. Guevarra as Data Privacy Officer effective July 1, 2020; and
6. Appointed Ms. Guia Marie Tomaneng as Data Privacy Officer effective July 1, 2020.

#### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer

  
**BELINDA E. DUGAN**  
Corporate Secretary

**June 17, 2020**

Date

Beatriz R. Guevarra <beatriz.guevarra@lafargeholcim.com>

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**HOLCIM PHILIPPINES INC\_SEC FORM 17C\_22July2020**

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**MSRD COVID19** <msrd\_covid19@sec.gov.ph>

Tue, Jul 28, 2020 at 6:04 PM

To: "Beatriz R. Guevarra" <beatriz.guevarra@lafargeholcim.com>

Cc: "Belinda E. Dugan" <belinda.dugan@lafargeholcim.com>, "Maricel M. Crisostomo" <maricel.crisostomo@lafargeholcim.com>, "VARELLIE C. VARGAS" <vcvargas@sec.gov.ph>, "CATHERINE E. GALIZA" <cegaliza@sec.gov.ph>

Dear Sir/Madam,

Acknowledging receipt of your email with attachment.

Thank you.

Regards,

**MARKETS AND SECURITIES REGULATION DEPARTMENT**  
**PHILIPPINE SECURITIES AND EXCHANGE COMMISSION**

[Quoted text hidden]

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. July 22, 2020  
Date of Report (Date of earliest event reported)
2. SEC Identification Number 26126      3. BIR Tax Identification No. 000-121-507-000
4. Holcim Philippines, Inc.  
Exact name of issuer as specified in its charter
5. Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City      1634  
Address of principal office      Postal Code
8. (632) 815811511  
Issuer's telephone number, including area code
9. Not Applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	6,452,099,144
11. Indicate the item numbers reported herein: Item 9. Other Events



## Item 9. Other Events

### I. Annual Stockholders Meeting

At the Annual Stockholders Meeting of the Company held today, July 22, 2020, via Remote Communication in accordance with the Guidelines, Rules and Regulations of the Securities and Exchange Commission, the stockholders of the Company:

1. Approved the Minutes of the Annual Meeting held on May 24, 2019;
2. Approved the Annual Report and the Audited Financial Statements of the Company as of December 31, 2019;
3. Approved and ratified all acts, contracts, investments and resolutions of the Board of Directors, Board Committees, Corporate Officers and Management since the last annual meeting;
4. Elected the following as members of the Board of Directors for the year 2020-2021 and until their successors shall have been duly elected and qualified;
  - a. Tomas I. Alcantara
  - b. Martin Kriegner
  - c. John William Stull
  - d. Rajani Kesari
  - e. Leandro Javier (Independent Director)
  - f. Thomas Aquino (Independent Director)
5. Approved the appointment of Navarro Amper & Co. as External Auditor of the Company for the year 2020- 2021.

### III. Organizational Meeting of the Board of Directors

At the Organizational Meeting of the Board held today, July 22, 2020 via video conference in accordance with the Guidelines, Rules and Regulations of the Securities and Exchange Commission, the following officers were elected to serve for the year 2020-2021, until their successors shall have been duly elected and qualified:

Chairman	- Tomas I. Alcantara
Vice Chairman	- Martin Kriegner
President & Chief Executive Officer	- John William Stull
Senior Vice-president, Chief Finance Officer/ Treasurer/ Investor Relations Officer	- Jesusa Natividad L. Rojas
Senior Vice-president, Head of Cement Industrial Performance	- Eung Rae Kim
Senior Vice-president, Head of Sales	- William C. Sumalinog
Senior Vice-president, Head of Marketing and Innovation	- Ramakrishna Maganti
Senior Vice-president, Head of Organization and Human Resources	- Bernadette Tansingco
Senior Vice-president, Head of Logistics	- Edwin Villas
Vice-president, General Counsel, Corporate Secretary and Compliance Officer	- Belinda Dugan
Vice-president, Head of Health, Safety & Security	- Richard Cruz
Vice-president, Head of Communications	- Ann Claire Ramirez
Vice-president, Head of Strategy	- Zoe Verna Sibala
Vice-president, Plant Manager (Bulacan)	- Bobby Garza
Vice-president, Plant Manager (Davao)	- Samuel Manlosa, Jr.
Vice-president, Plant Manager (La Union)	- Eraño Santos

Vice-president, Plant Manager (Lugait)	-	Arnold Pepino
Vice-president, Head of Geocycle	-	Frederic Vallat
Vice-president, Regional Head of Mindanao and Offshore Region	-	Ernesto Paulo Tan
Vice-president, Regional Head for Northern and Central Luzon Region.	-	Albert Leoveras
Chief Audit Executive	-	Victoria Tomelden
Assistant Corporate Secretary	-	Beatrix R. Guevarra
Data Protection Officer	-	Guia Marie Tomaneng

In the same meeting, the following members of the Committees of the Board were also elected:

**Executive Committee**

1) Martin Kriegner	-	Chairman
2) Tomas I. Alcantara	-	Member
3) Rajani Kesari	-	Member
4) John William Stull	-	Member

**Audit Committee**

1) Thomas Aquino (Independent)	-	Chairman
2) Leandro Javier (Independent)	-	Member
3) Rajani Kesari	-	Member

**Corporate Governance Committee**

1) Martin Kriegner	-	Chairman
2) Tomas I. Alcantara	-	Member
3) Leandro Javier (Independent)	-	Member
4) Thomas Aquino (Independent)	-	Member

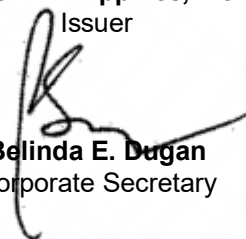
Lead Independent Director – Thomas Aquino

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Holcim Philippines, Inc.**

Issuer



**Belinda E. Dugan**  
Corporate Secretary

July 22, 2020

Date

Beatrix R. Guevarra <beatrix.guevarra@lafargeholcim.com>

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**Holcim Philippines, Inc\_SEC Form 17-C\_25August2020**

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**ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>  
To: beatrix.guevarra@lafargeholcim.com

Tue, Aug 25, 2020 at 5:24 AM

Dear Customer,

SUCCESSFULLY ACCEPTED  
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **20 August 2020**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**                      3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**  
Exact name of registrant as specified in its charter
5. **Philippines**                                            (SEC Use Only)  
Province, country or other jurisdiction of Incorporation                      Industry Classification  
Code:
7. **7<sup>th</sup> Floor Two World Square, McKinley Hill**  
**Fort Bonifacio, Taguig City**                      **1634**  
Address of principal office                      Postal Code
8. **(632) 815811511**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the  
RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	6,452,099,144

11. Indicate the item numbers reported herein: *Item 9 (Other Events)*

At the Regular Meeting of the Board of Directors held on 20 August 2020 the Board approved the change in designation of the following officers:

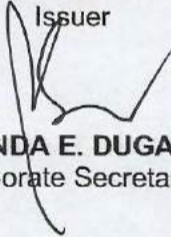
NAME	PREVIOUS DESIGNATION	NEW DESIGNATION
Victoria T. Tomelden	Chief Audit Executive	Vice President, Chief Audit Executive
Ike C. Tan	Head of Procurement	Vice President, Head of Procurement

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer



**BELINDA E. DUGAN**  
Corporate Secretary

**August 24, 2020**

Date

Beatrix R. Guevarra <beatrix.guevarra@lafargeholcim.com>

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## Holcim Philippines, Inc.\_SEC Form17-C\_18September2020

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

Fri, Sep 18, 2020 at 2:20 PM

To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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Thank you.

SEC ICTD.



At the Special Board Meeting held today, 17 September 2020, Ms. Tan Then Hwee, Singapore National, was elected as director and member of the Audit Committee of Holcim Philippines, Inc. to serve for the unexpired portion of the term of Ms. Rajani Kesari and until her successor shall have been duly elected and qualified.

Ms. Tan, a Singapore national, holds an MBA and BBA in marketing from Wichita State University, Kansas, USA. She has over twenty years of human resources management experience in an international business environment across Asia Pacific.

She is currently the Vice president HR, Global Head Learning & Development of Lafargeholcim Ltd and concurrently a director of Ambuja Cements Ltd, India. Prior to joining Lafargeholcim in 2019, Ms. Tan was the Vice President HR, Asia Pacific of Singapore from April 2007 to March 2019.

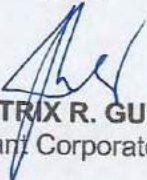
The CV of Ms. Tan is attached for your consideration. A special meeting of the Committee will be held on 17 September 2020, 4:30 p.m to discuss the eligibility of Ms. Tan for the positions. Questions or clarifications relative to the candidate may be electronically communicated to the Corporate Secretary from receipt of this memo.

#### SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**  
Issuer

**September 17, 2020**  
Date

  
**BEATRIX R. GUEVARRA**  
Assistant Corporate Secretary



Beatrix R. Guevarra <beatrix.guevarra@lafargeholcim.com>

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## Holcim Philippines, Inc.\_SEC Form 17-C\_18September2020

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

Fri, Sep 18, 2020 at 2:05 PM

To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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Thank you.

SEC ICTD.



In connection with the disclosure of Holcim Philippines, Inc. (the "Company") on October 18, 2018 regarding the dispute with Seasia Nectar Port Services, Inc. ("Seasia") on the termination of their Port Services Agreement, please be advised that the Arbitral Tribunal, which was constituted under the Rules of the Philippine Dispute Resolution Center, Inc. ("PDRCI") for the purpose of resolving such dispute, issued an order which the Company received on 14 September 2020.

The Arbitral Tribunal declared that the Company validly terminated the Port Services Agreement. However, the Arbitral Tribunal ruled that the Memorandum of Agreement, which required the Company and Seasia to enter into the Port Services Agreement after certain conditions had been fulfilled, was not superseded with the execution of the Port Services Agreement and, thus, continued to govern Seasia and the Company even after the Company's termination of the Port Services Agreement. The Arbitral Tribunal therefore ruled that Seasia was entitled to compensation as a result of the suspension of the Memorandum of Agreement. The Arbitral Tribunal gave Seasia two options: (i) receipt from the Company of the amount of P588,379,260.00, net of VAT, which supposedly represents the the minimum revenue of Seasia during the period that the Memorandum of Agreement had been suspended as a result of this dispute; or, (ii) two-year extension of the Memorandum of Agreement for a total remaining term of seven (7) years and ten and a half (10 ½) months. The Arbitral Tribunal also required the Company to reimburse Seasia the amount of P21,961,151.16, representing the amount Seasia paid PDRCI.

The Company has thirty (30) days from 14 September 2020 to file a petition to vacate or set aside the Arbitral Tribunal's decision.

#### SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer

  
**BEATRIZ R. GUEVARRA**  
Assistant Corporate Secretary

**September 14, 2020**

Date

Beatrix R. Guevarra <beatrix.guevarra@lafargeholcim.com>

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## Holcim Philippines, Inc. SEC Form 17C\_20 November 2020

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Fri, Nov 20, 2020 at 4:42 PM

To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **19 November 2020**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**
3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**  
Exact name of registrant as specified in its charter
5. **Philippines**  (SEC Use Only)  
Province, country or other jurisdiction of Incorporation Industry Classification Code:
7. **7<sup>th</sup> Floor Two World Square, McKinley Hill**  
**Fort Bonifacio, Taguig City** **1634**  
Address of principal office Postal Code
8. **(632) 85811511**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	6,452,099,144

11. Indicate the item numbers reported herein: *Item 9. Other Events*

At the regular meeting of the Board of Directors (the "Board") of Holcim Philippines, Inc held on 19 November 2020, the Board approved the following:

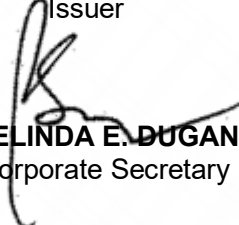
1. Merger of Holcim Philippines Manufacturing Corporation, Bulkcem Philippines, Inc. and Mabini Grinding Mill Corporation into Holcim Philippines, Inc..
2. Dissolution of HuBB Stores and Services, Inc., Holcim Philippine Business Service Center, Inc. and Wellborne Group International Limited.
3. Holding of Special Stockholders' Meeting on January 15, 2021 via remote communication and delegation to the Corporate Secretary of the authority and responsibility to determine and finalize the agenda, time, venue and other details of the meeting.

### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer

  
**BELINDA E. DUGAN**  
Corporate Secretary

**November 19, 2020**

Date

Beatrix R. Guevarra <beatrix.guevarra@lafargeholcim.com>

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## Holcim Philippines, Inc.\_SEC Form 17C

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**ICTD Submission** <ictdsubmission+canned.response@sec.gov.ph>  
To: beatrix.guevarra@lafargeholcim.com

Tue, Dec 8, 2020 at 5:48 AM

Dear Customer,

SUCCESSFULLY ACCEPTED  
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Thank you.

SEC ICTD.





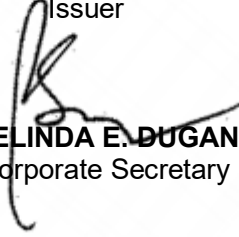
Please be advised that the Corporation's Vice President, Chief Audit Executive, Atty. Victoria Tomelden availed of early retirement effective January 1, 2021.

## SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**HOLCIM PHILIPPINES, INC.**

Issuer



**BELINDA E. DUGAN**  
Corporate Secretary

**November 19, 2020**

Date

**Sustainability Report**

# Annex A: Reporting Template

## Contextual Information

Company Details	
Name of Organization	Holcim Philippines, Inc. (HPI) and its Subsidiaries
Location of Headquarters	7/F Two World Square, McKinley Hill, Fort Bonifacio, Taguig City
Location of Operations	<p>Head Office: Taguig City</p> <p>Cement Plant:</p> <ol style="list-style-type: none"> <li>1. Bacnotan, La Union</li> <li>2. Norzagaray, Bulacan</li> <li>3. Lugait, Misamis Oriental</li> <li>4. Bunawan District, Davao City</li> </ol> <p>Terminal:</p> <ol style="list-style-type: none"> <li>1. Manila Harbour Centre, City of Manila</li> <li>2. Calaca, Batangas</li> <li>3. Lapuz District, Iloilo City</li> </ol> <p>Grinding Plant: Mabini, Batangas</p> <p>Paper Bag Plant: Calumpit, Bulacan</p> <p>Dry Mix Plant: Bicutan, Parañaque</p>
Report Boundary: Legal entities included in this report	<ol style="list-style-type: none"> <li>1. Holcim Philippines, Inc.</li> <li>2. Excel Concrete Logistics, Inc.</li> <li>3. Holcim Philippines Manufacturing Corporation</li> <li>4. Mabini Grinding Mill Corporation</li> <li>5. Bulkcem Philippines, Inc.</li> <li>6. Calamba Aggregates, Inc.</li> </ol>
Business Model, including Primary Activities, Brands, Products, and Services	The Company is primarily engaged in the manufacture, sale and distribution of cement and cementitious materials.
Reporting Period	January 1 to December 31, 2020
Highest Ranking Person responsible for this report	Ann Claire Ramirez

## Materiality Process

### **Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>**

A materiality assessment was conducted in December 2020 to aid Holcim Philippines Inc. (HPI) in the identification of specific economic, environmental, social, and governance (EESG) issues that matter to its business and stakeholders. The results of the assessment are deemed valuable for strategic planning and operational management and may serve as a guide to sustainability reporting and communication strategies in the near future.

The survey was used to generate a materiality matrix that reflects the importance of each sustainability topic to HPI's business and stakeholders and would serve as a guide for the Company's prioritization process and to the disclosures to be contained in the 2020 HPI Annual Integrated Report (AIR). The resulting materiality matrix is shown in the next page.

The materiality assessment consisted of the following steps:

#### **1. Topic selection (industry-wide)**

Material topics specific to the cement industry were consolidated. This includes topics identified by the standards from Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) for the sector of Construction Materials. Material topics published in the annual integrated or sustainability reports of LafargeHolcim (LH) Group and our peers were also included. The peer companies considered were Cemex Philippines, Cemex (International), Heidelberg Cement, and the Titan Cement Group.

#### **2. Topic selection (Holcim Philippines-specific)**

From the consolidated material topics, each department in Holcim Philippines assigned persons of contact, and represented each department in consultations on the relevance of the identified topics to the Company. The resulting list of topics were the ones included in the materiality survey.

#### **3. Materiality survey**

An online survey was conducted with the participation of thirteen Leadership Team and Executive Committee members to better reflect Holcim Philippines' strategy and priorities. The respondents compose the core team in handling the prioritization and decision-making matters for the company, hence, are aware of all aspects of operations at Holcim Philippines.

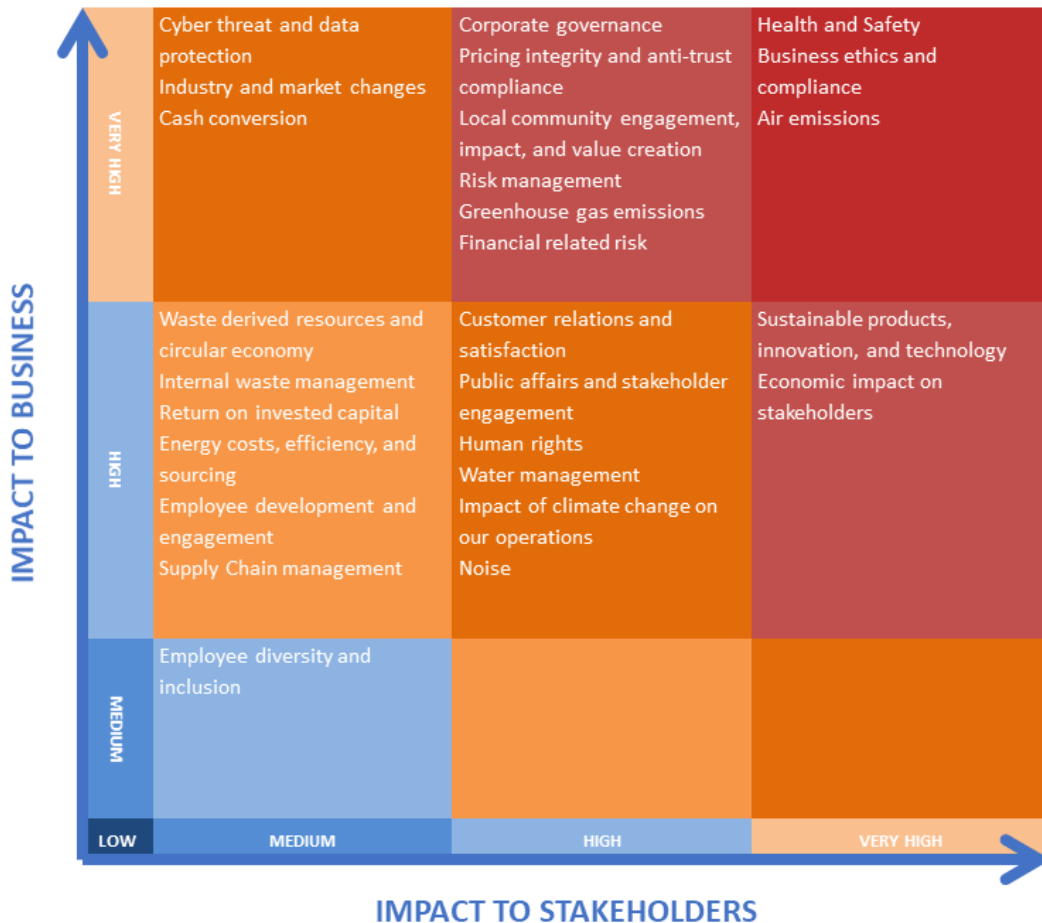
Each sustainability topic was assessed based on their impact to business and impact to stakeholders.

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<sup>1</sup> See [GRI 102-46](#)(2016) for more guidance.

#### 4. Analysis and presentation of results

The ratings received from the thirteen Leadership Team and Executive Committee members were averaged for each sustainability topic and were placed in the appropriate degree in the materiality matrix based on the scores for impact to business and impact to stakeholders. The materiality matrix follows the same format as the LH Group for consistency.



Emerging as highly critical topics are Health and Safety, Business ethics and compliance, and Air Emissions. This shows that the Company strongly values conducting business the right way through thorough regulatory compliance, ensuring the safety and welfare of its employees especially with the COVID-19 pandemic, and managing its air emissions to preserve a healthy environment for its employees and nearby communities.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount (in '000)	Units
Direct economic value generated (revenue)	26,015,342	PhP
Direct economic value distributed:		
a. Operating costs	5,687,853	PhP
b. Employee wages and benefits	1,771,213	PhP
c. Payments to suppliers	15,355,937	Php
d. Interest payments to loan providers	357,460	PhP
e. Taxes paid to government	3,179,618	PhP
f. Investments in community (e.g., donations, CSR)	10,774	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Holcim Philippines' operations provide employment opportunities particularly to the communities where we operate.</p> <p>In addition, the Company's Corporate Social Responsibility (CSR) programs include projects for education, health, livelihood, skills training that aim to help in the development of the communities where our plants are located.</p>	<p>Employees, host community</p>	<p>The Company greatly values our employees and provides competitive compensation and benefits. Beyond the basic financial incentives, Holcim Philippines has put in place a Total Rewards System with core and non-core benefits.</p> <p>The core benefits provide additional cash opportunities to earn which include overtime pay, holiday pay and rest day pay among the rank-and-file employees. This is given in addition to the statutory bonus of 13th month pay, and the Company provides 14th month bonus to regular employees with a variable performance bonus</p>

		<p>scheme applied across the organization. Annual paid vacation and sick leaves are provided to employees to allow them to go on personal leave or recuperate from illness before reporting for work, respectively. Employees occupying managerial positions are provided a car allowance as one of their work tools and for personal/family use.</p> <p>The non-core benefits augment the individual and family unit needs of the employees including medical health benefits, medical subsidies (including optical and dental), insurance coverage, and rice subsidy. There are also employee assistance programs such as educational loan, calamity assistance, and bereavement assistance, which can be availed based on their individual needs and circumstances.</p> <p>Given the Company's goal to support the LH Group's sustainability strategy, <i>The 2030 Plan</i>, there is more effort given to align the stakeholder engagement programs to our strategic pillars. These consider in perspective the critical needs of the communities and provide a deeper understanding of the target issues where the Company's operating sites can support and help. Through our CSR Managers or Officers, the plant or terminal would conduct formal and informal consultation meetings or engagements with their respective local communities. This is where Holcim Philippines can craft and develop the right programs that would be relevant to address the identified needs.</p>
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<p>The Company contributes to the growth of various suppliers and contracted service providers engaged with in its day-to-day operations.</p>	<p>Suppliers and service providers</p>	<p>The Company seeks to engage in long-term relationships with suppliers that are committed to sustainable development. Holcim Philippines' goal is to partner with suppliers to deliver value-for-cost procurement for the Group and the customers, and to demonstrate responsible supply chain management.</p> <p>We set guidelines in the selection process of suppliers whether it is local or foreign to ensure a fair, competitive, and transparent negotiation process which is according to our policies and values.</p>
<p>Holcim Philippines' building products and solutions provide high performance and efficiency to a diverse range of projects, from small home repairs to massive infrastructures.</p> <p>Our products are also essential to the success of the government's Build Build Build program and other major private projects.</p> <p>Some of our key projects in 2020 include road networks built by the Department of Public Works and Highways (DPWH), Light Rail Transit (LRT) Line 1 South (Cavite) Extension, Tarlac-Pangasinan-La Union Expressway (TPLEX) Extension Project, National Irrigation Administration (NIA) irrigation and flood control projects, and the Central Luzon Link Expressway (CLLEX).</p> <p>Aside from supplying our products to government projects, we also support them by faithfully paying our business taxes to provide vital revenues for the local and national government.</p>	<p>Government, customers and end-users (builders, property developers, users of buildings, roads and other infrastructure)</p>	<p>Holcim Philippines aims to drive innovation to the building industry through research and development initiatives. We also leverage on the global technological expertise provided by the LH Group.</p> <p>Each of our integrated plants can conduct in-house tests through our cement and concrete testing laboratories. We also have Holcim Mobile Laboratories capable of conducting off site tests to provide our key customers with easy access to our services.</p> <p>The Company has a technical sales team who provide support to customers on concrete and other building solutions to enhance efficiency and productivity.</p> <p>The Company also continuously invests on new facilities and maintains existing facilities to improve our services to our customers and comply with the latest safety and local regulations. Alongside with this, we are also fast-tracking our initiatives in Digitalization ranging from commercial, cement production, and dispatch processes.</p>



What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Foreign currency risks	Investors and shareholders, direct and indirect employees, customers, and end-users	The Company has foreign exchange exposure but is naturally hedged, arising primarily, from purchases of goods and services in currencies other than the Philippine Peso. Should the Company require certain foreign currency-denominated lending or other instruments, it may hedge by entering derivative transactions. At the time of submission, no foreign loans have been availed. Due to the local nature of the cement business, foreign currency risk is limited.
Interest rate risks		The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rate. At the time of submission, the Company has minimal exposure to interest rate risk since loan availments are mostly short term and fixed interest in nature to bridge working capital requirements only. Should there be a need in the future, the Company's interest rate exposure may be addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter derivative transactions.
Credit risks		The Company trades only with recognized, credit-worthy third parties, it is the company policy that all third parties who wish to trade in credit terms are subject to credit verification and/or post a collateral coming from a reputable financial institution. In addition, accounts receivable balances are monitored on an ongoing basis to reduce the companies' exposure to bad debts to a minimum.

Liquidity risks		The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, available/unused credit lines and readily available marketable securities to always meet its liquidity requirements.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Holcim Philippines expresses its support to the government as a partner for progress. We continue to assess our operations to check the need for further capacity expansion to meet the growing Philippine demand and to support the development of the local manufacturing industry.	Investors and shareholders, direct and indirect employees, customers, end-users, and government	<p>The Company works and maintains communication with government stakeholders through actively participating in public consultations and trade policy planning.</p> <p>We recognize that tax payments support the programs of the government. Compliance to tax regulations is treated in an adamant manner hence, we conduct quarterly reporting on taxes paid and tax risks to the LH Group as part of being transparent in the contributions to the government.</p>
The Company aims to be known as one of the best building solutions providers in the country. We are working on this goal through producing innovative products and solutions which enhance efficiency, productivity, and promote sustainable construction.	Customers, end-users, contractors, government agencies (Department of Trade and Industry, Department of Public Works and Highways)	<p>Holcim Philippines continues to strengthen our Marketing and Innovation department.</p> <p>A Product Development Committee oversees the development of sustainable and environmentally friendly products. We continuously review and expand our product and service offerings to include related concrete and construction solutions. We also take the lead in educating the market on new construction practices based on international practice.</p>

## Climate-related risks and opportunities<sup>2</sup>

<b>Governance</b> Disclose the organization’s governance around climate related risks and opportunities	
a) Describe the board’s oversight of climate-related risks and opportunities	<p>Holcim Philippines, being a member of the LH Group, aligns its climate policies and strategies with the Group. The local Chief Executive Officer, who is a member of the Board, oversees the Company's sustainability initiatives. He leads the Executive Committee as they work together in ensuring that the Company achieves its sustainability commitments aligned to the Group strategy. Board meetings are conducted quarterly.</p> <p>Sustainability strategies and targets are cascaded by the Group to local operating companies (OpCo). The sustainability initiatives are embedded in the Company's short-, mid-, and long-term development plans and budgets which are translated to performance objectives and local targets. These are monitored at the Group level and are also discussed in the monthly local performance meetings including regional meetings (APAC).</p>
b) Describe management’s role in assessing and managing climate-related risks and opportunities	<p>The Group has the overall governance and management while the OpCo's led by its Executive Committee ensures that the Company achieves its sustainability commitments aligned to the Group strategy. The assessment and management of climate-related issues are led by the LH Group. The Group, being a leader in providing building solutions and located across several countries, the Company has a critical role to lead the building industry in the net-zero pathway. The OpCos such as Holcim Philippines are to implement the sustainability strategies and initiatives aligned to the Group according to local setting.</p> <p>The OpCo Executive Committee ensures the implementation of the sustainability strategy and its integration to the overall planning and operations. The sustainability strategy and commitments are translated into functional objectives, action plans, milestones, and responsibilities across the operations.</p>
<b>Strategy</b> Disclose the actual and potential impacts <sup>3</sup> of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the	<p>The Philippines cement industry is associated with high CO<sub>2</sub> intensity, and Holcim Philippines is subject to a variety of government regulations and has committed to Philippine Nationally Determined Contribution (NDC) to Paris Agreement to reduce CO<sub>2</sub> emissions. These regulations can affect the business activities of the Company. In addition, a</p>

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

<sup>3</sup> For this disclosure, impact refers to the impact of climate-related issues on the company.

short, medium, and long term	perception of the sector as a high emitter could impact its reputation, thus reducing its attractiveness to investors.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Being a signatory of the Paris Agreement, the Philippine government has revised and submitted its nationally determined contribution (NDC) to the reduction of carbon emissions, which includes mitigation options for the cement industry such as transition to low-carbon products. This shift entails increase in production of blended cement and introduction of innovative cement solutions. Although there are already some regulations to use more blended cement in the market, a push from the government is necessary to implement these. In addition, should the government fail to incentivize consumption of low-carbon products, customers may be unwilling to pay additional costs and the cement sector's low carbon roadmap might be compromised.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	The Company aligns its sustainability strategy and targets with LafargeHolcim Group. The Group is the first global building materials company to sign the "Business Ambition for 1.5°C" pledge with intermediate targets in 2030 approved by the Science-Based Targets initiative (SBTi) in alignment with net zero pathway.
<b>Risk Management</b> Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	<p>The Company follows the risk management approach of LH Group composed of several stages:</p> <ol style="list-style-type: none"> <li>1. Risk Identification and Analysis: The management assesses and evaluates the potential impact and likelihood of the key risks which could have a material adverse effect on the current or future operation of business. The risk horizon includes long-term strategic risks and short- to medium-term business risks.</li> <li>2. Risk Mitigation: The management defines the actions and/or controls to mitigate the risks identified.</li> <li>3. Monitor and Reporting: Regular progress on the action and/controls are followed up by risk leaders at country level and reported to the Group.</li> <li>4. Verification and Remediation: Internal control audit performs assessments of the effectiveness of the risk assessment process. The Group Internal Audit also performs independent assessment of the effectiveness of Internal Control.</li> </ol>
b) Describe the organization's processes for managing climate-related risks	<p>Since cement operation is resource and energy-intensive and contributes to carbon emissions, these are the areas of priority in reduction of our environmental impact.</p> <p>The LH Group sustainability strategy addresses CO<sub>2</sub> and climate challenge in the construction value chain. It is divided into two sets of</p>

	<p>actions: short-term and long-term. These actions are cascaded to the OpCOs by the Group.</p> <p>Short-term actions:</p> <ul style="list-style-type: none"> <li>i. improved clinker production technology;</li> <li>ii. higher usage of alternative fuels and alternative raw materials;</li> <li>iii. optimization of the cement portfolio with lower CO<sub>2</sub> footprint;</li> <li>iv. optimization of the concrete product portfolio;</li> <li>v. increase share of solutions and products with favorable CO<sub>2</sub> impact</li> </ul> <p>Long-term actions that are focused on innovation and research and development of the following:</p> <ul style="list-style-type: none"> <li>i. carbon capture solutions and alternative clinker;</li> <li>ii. decarbonized fuel and energy;</li> <li>iii. low-carbon cement;</li> <li>iv. low-carbon concrete;</li> <li>v. ultimate construction methods to reach low-carbon construction.</li> </ul> <p>Holcim Philippines also engages proactively and transparently with external stakeholders based on positions that are aligned and consistent with the goals of the Paris Agreement.</p>
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>Responsibilities concerning risks are clearly defined following the underlying principle that risk management is a line management responsibility. Clear roles and responsibilities are defined aligned to the sustainability strategy and commitments.</p>
<p><b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	
<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>Our sustainability strategy is divided into four pillars namely:</p> <ol style="list-style-type: none"> <li>1. Climate and Energy</li> <li>2. Circular Economy</li> <li>3. Environment</li> <li>4. People and Communities</li> </ol> <p><b>Climate and Energy:</b> Holcim Philippines measures its climate goals in terms of reduced net CO<sub>2</sub> emissions (measured in kilograms of CO<sub>2</sub> per tonne of cementitious material, or kg CO<sub>2</sub>/tonne). The Company's emission targets are aligned with and contribute to the Group's target</p>

	<p>of 475 kg/t by 2030. The CO<sub>2</sub> calculation is aligned with the international CO<sub>2</sub> protocol established by the Cement Sustainability Initiative (now Global Cement and Concrete Association).</p> <p><b>Circular Economy:</b> The Company promotes a circular economy to address society's waste problem. We will increase the use of waste-derived resources (metric tons) in the operations. Examples of waste-derived resources are fly ash, slag and alternative raw materials and fuel from other industries.</p> <p><b>Environment:</b> To reduce our impact on water resources, we have targets to reduce our freshwater withdrawal per ton cementitious product (liters/ton cem). This is measured through monitoring of water meters installed at production sites.</p> <p><b>People and Communities:</b> We make sure to create value for the communities in which we operate, live, and work. For our <i>Community</i> pillar, we measure the total number of people benefitting from our community programs and investments (number of beneficiaries).</p> <p>We have monthly monitoring of sustainable solutions that we offer by monitoring the total net sales under the following criteria:</p> <ol style="list-style-type: none"> <li>1. Affordable Housing Solution</li> <li>2. Circular Economy Solution (Waste Management Solution through Geocycle)</li> <li>3. Low-carbon materials and solutions</li> </ol>
<p>b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>The Group was the first global building materials company to sign the <i>Business Ambition for 1.5°C</i> pledge with intermediate targets in 2030 approved by the Science-Based Targets initiative (SBTi) in alignment with net zero pathway. Holcim Philippines being a member of LH aligns its sustainability strategy and targets with the Group.</p> <p>We have set our targets on each pillar:</p> <ol style="list-style-type: none"> <li>1. Climate and Energy: reduce our specific CO<sub>2</sub> emission to 475 kgCO<sub>2</sub>/ton cem by 2030 using the 1990 baseline</li> <li>2. Circular Economy: double the increase of waste-derived resources in our operations by 2030 using the 2020 baseline</li> <li>3. Environment: reduce our specific freshwater withdrawal according on the Group's target<sup>a</sup></li> <li>4. People and Communities: target 1.6 million total number of beneficiaries from 2020 to 2030</li> </ol>

<sup>a</sup> The target will be released by the second quarter of 2021.

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		
- HPI <sup>a</sup>	80	%
- Geocycle Philippines <sup>b</sup>	100	%

<sup>a</sup> HPI Procurement handles the purchase of raw materials and spare parts for equipment and other logistical equipment for Geocycle.

<sup>b</sup> Geocycle Procurement handles the purchase for alternative fuel requirements (AFR).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Holcim Philippines mostly procured from local suppliers in 2020. This provided us the following advantages:</p> <ul style="list-style-type: none"> <li>• Shorter lead time;</li> <li>• Lower shipping costs;</li> <li>• Allows for lower inventory; and</li> <li>• Easier management and communication with suppliers.</li> </ul>	Employees, suppliers, and contractors	Holcim Philippines procures general hardware, equipment, consumables, and raw materials from local suppliers subject to quality and compliance parameters. However, there are certain equipment and parts which need to be procured from Original Equipment Manufacturer (OEM) and Original Parts Manufacturer (OPM) for operational safety and efficiency.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Procuring from local suppliers also entails risks. Some local suppliers (repair and maintenance services) lack the technical capabilities to perform the job which limits the number of resources available locally. There is also the risk of being supplied with non-genuine, sub-standard parts. Some suppliers may not be fully complying with government laws and regulations as well as the Company's directives and sustainability initiatives.</p>	Employees, suppliers and contractors	<p>Holcim Philippines mitigates the risks by only dealing with local authorized distributors as validated by the original equipment manufacturer and original parts manufacturer. We also review our suppliers' performance and track record in and out of the Company.</p> <p>We also perform regular evaluation of new and current suppliers on Business Code of Conduct, Occupational Health and Safety, Human Rights and Labor,</p>

		Environmental Systems, and Legal requirements which are the focus areas of our Sustainable Procurement Initiative (SPI). We provide a self-assessment questionnaire to the suppliers and they are assessed by Dun and Bradstreet (D&B), Holcim Philippines' partner in assessing the eligibility of vendors.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Holcim Philippines recognizes the opportunity to push our sustainability agenda in our supply chain. We get our suppliers involved in our sustainability objectives and encourage their management to adapt the same or similar standards for sustainable development.	Suppliers and contractors	The Company involves our suppliers through educating and informing workers of their rights, including contractors in our health and safety related programs, conducting technology transfer, and implementing the SPI.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to		
- HPI <sup>a</sup>	60	%
- Geocycle Philippines	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	36 <sup>b</sup>	%

<sup>a</sup> Figure includes the suppliers that are part of HPI's 80% top spend in 2020.

<sup>b</sup> For 2020, Medium and High Exposed employees were enrolled in an online learning module, while Face-to-Face training was conducted to Senior Management and New Employees based on a multiyear training plan.



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Holcim Philippines endeavors to conduct our business with integrity. We practice zero tolerance to corruption in our private and public relations and have aligned our policies with global policies on ethical business conduct. Training and Communications have been effective in building the vision of doing business with integrity.</p>	<p>Employees, communities, government, suppliers and service providers</p>	<p>Communications of the policies under the LafargeHolcim Code of Business Conduct (CoBC) are made annually and on a quarterly basis messages from the Chief Executive Officer (CEO), infographics, email reminders, posters and other modes of communications are utilized. The Company also has a local communications online page called LH Connect which cascades other means of communications and reminders on Company policies and directives.</p> <p>All new employees receive introductory training on the Code of Business Conduct which emphasizes the Anti-Bribery and Corruption Directives of the Company. The Company's compliance program determines employees' level of exposure and from which develops a training method and cycle for their continuous training. In 2020, medium- and high- exposed employees were enrolled in an online anti-bribery and corruption learning module, a timely form of training during this COVID-19 pandemic.</p> <p>For the senior management, an annual workshop-format training facilitated by the Regional Compliance Officer was held, fostering greater participation, and sharing of actual and practical experiences in daily operations, as well as best practices which helped the Company navigate related issues.</p> <p>In the case of suppliers, our zero-tolerance on Anti-Bribery and</p>

		Corruption is clearly stated in our Supplier Code of Business Conduct which are not only communicated to suppliers but are also referred to and included in Supplier and Service Contracts. Our contracts with suppliers have a provision on our Anti-Bribery and Corruption Directive.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Our zero tolerance for corruption faces challenges in terms of maintaining a culture of compliance, ensuring the consistency of the “Tone from Top”, and guaranteeing good practices are exercised by exposed employees in their functions.</p> <p>The lack of training and communications on anti-corruption policies and directives may result in inadequate emphasis on building a culture of business integrity. This problem poses risks of exposure to private and public bribery and corruption incidents which may put the Company at risk of violation of Anti-bribery and corruption laws and policies.</p>	Employees, communities, government, suppliers and service providers	<p>Holcim Philippines subscribes to the LH CoBC in pursuit of building business with Integrity. The Anti-Bribery and Corruption (ABC) Directive is among the pillars of the CoBC. It offers guidance and provides examples to help the Company and our people whenever we encounter challenging situations in our daily operations. Aside from the ABC Directive, the Code includes directives on Anti-Retaliation, Gifts, Hospitalities, Entertainment and Travel Policy, Fair Competition, and Conflict of Interest that are included in the Code.</p> <p>The Local Compliance Officer (LCO) is primarily responsible for the management, implementation and oversight regarding these ethics- and compliance-related policies. In support of the LCO and, under the LH Group Directives, the General Counsel and the CEO remain the principal officers and drivers responsible in ensuring the "Tone from Top" on business integrity always persists.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company’s Legal and Compliance team’s efforts to develop and strengthen the culture of doing the right thing has gained support and	Employees, communities, government, suppliers and service providers	The Company explores various means of communicating and learning to effectively reach all stakeholders. In 2020, Holcim Experts Talks was launched and

collaboration from all functions and its partners. This has led to recognition of Holcim Philippines as a brand which upholds business integrity.		became a vehicle to invite external and internal speakers to increase awareness on sustainability, environment, gender issues, corruption, and business integrity.
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### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Holcim Philippines has recorded zero incidents of corruption for 2020.	Employees, communities, suppliers and service providers	All incidents of corruption are treated seriously, and investigations are instituted and completed leading to resolution or administrative action. The Company's Code of Discipline called the <i>HPHI Way</i> is the basic guide to conducting administrative investigations whenever corruption involves officers or employees of the Company.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
A challenge identified in upholding the Company's integrity and compliance is the presence of corruption risks in employee interactions with external parties (e.g., customers, communities and local government, permits and licensing offices, etc.). Checks and balances should be constantly	Employees, communities, suppliers and service providers	The Company has a five-element compliance program for anti-corruption which includes risk assessment, controls, training and communications, monitoring and follow-up, and organization and governance.  The Company initially identifies and assesses its exposure to risks of

<p>reviewed and reinforced to incorporate needed adjustments based on previous incidents.</p>		<p>anti-bribery and which functions are exposed to the identified risks.</p> <p>After this step, existing controls are reviewed, assessed, modified and implemented to address the risks.</p> <p>Holcim Philippines also believes that training and communications play a vital role in ensuring that the policies and directives are understood and provide sufficient guidance in all levels of the organization.</p> <p>Monitoring and persistent follow up using tools and scheduled reviews are also implemented to check risks and controls and the effectiveness of communications and training.</p> <p>Lastly, governance and a consistent tone from top is one of the most important tools used by the Company. Matters and issues on ethics and compliance are discussed during meetings of the Audit and Executive Committee meetings.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>The Company has a whistleblower platform called the Integrity Line under the LH Compliance Reporting Directive. Employees and third parties may report through the toll-free number: 080038393839 or the online platform <a href="https://integrity.lafargeholcim.com/">https://integrity.lafargeholcim.com/</a></p> <p>The Integrity Line enables anyone to report in good faith concerns or to ask for further advice on any integrity or compliance issue. In this way, stakeholders are encouraged to speak up and</p>	<p>Employees, communities, suppliers and service providers</p>	<p>The Company does not tolerate retaliation against any employee who reports a concern in good faith. Individuals who take action against a person for raising a concern or participating in an investigation will be subject to disciplinary action, up to and including termination of employment. Identities of anyone who reports through the Integrity Line remain anonymous and protected under the LH Compliance Policies.</p> <p>Internal Audits are periodically performed to check controls and</p>

<p>report any possible, imminent, or actual violation of policies on the CoBC.</p>		<p>directives implemented to address the risks and cases of possible corruption practices. In addition, the LH Group and the Company also employs external auditors to annually review and ensure that there are sufficient oversight and control mechanisms in all functional areas of the Company.</p> <p>The Company annually reviews the internal audit findings and shares best practices to develop more controls and effective training and communications to create a culture based on business integrity and doing the right thing.</p>
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# ENVIRONMENT

## Resource Management

### Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	MWh
Energy consumption (gasoline)	286	L
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	6,438,097	L
Energy consumption (electricity)	551,313	MWh

### Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	MWh
Energy consumption (gasoline)	26	L
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	2,126,423	L
Energy consumption (electricity)	92,123	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines' operations include the manufacturing of cement which is an energy-intensive process. We aim to continuously improve our energy efficiency as it reduces the carbon intensity of our products and lowers our production costs. It is critical for the Company to lessen our environmental impact, operate sustainably, and lessen our energy costs.	Employees, community, suppliers and service providers	<p>The Company has energy management processes in place to ensure high performance in respect to energy consumption and cost, sustainable operations, and continuous improvement.</p> <p>For each cement integrated plant, Thermal and Electrical Energy Reference Values (RV) are determined and embedded in the business process. The Energy</p>

		<p>Management Process is built around the Energy RVs and includes adaptation of RVs for benchmarking, budgeting and target setting, gap analysis by process audits and corresponding action plan, follow up and roadmap to minimize and ultimately close the gap. Beyond closing the gap versus the reference values, the company also looks at potential reduction through:</p> <ol style="list-style-type: none"> <li>1. Efficient production planning by improving production rates</li> <li>2. Alternative raw material use</li> <li>3. Equipment modification</li> <li>4. Process Optimization (i.e., grinding aid optimization)</li> </ol> <p>We monitor our electrical energy consumption by total and specific electrical energy consumption (SEEC) in kWh/ton cement while thermal energy consumption is specific thermal energy consumption (STEC) in MJ/ton clinker. These data are linked to our centralized Technical Information System (TIS) for real-time monitoring.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>High energy costs and unstable supply of raw materials are risks that may impact our operations.</p> <p>Additionally, current legislation proposals on banning importation of some alternative fuels may affect the sustainable supply of alternative fuels.</p>	<p>Employees, community, suppliers and service providers</p>	<p>To ensure continuous supply of power to our sites, the Company secured long-term contracts with power service providers. As for coal and fuel, we secure our supply annually. We also aim to increase our usage of alternative fuels through Geocycle to support some of our fuel requirements.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

<p>Holcim Philippines is committed to explore alternative energy supplies to lessen our environmental impact.</p>	<p>Employees, community, suppliers and service providers</p>	<p>The use of alternative fuels (AFR) through our Geocycle is strongly being positioned to reduce our coal consumption. The Company has partnered with different industries and municipalities to use their qualified wastes to be used as alternative fuel in our operations through our co-processing technology.</p> <p>We also plan to explore waste-heat recovery in the long run to reduce our electrical energy consumption.</p>
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### Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	1,494,083	Cubic meters
Water consumption	1,085,798	Cubic meters
Water recycled and reused	9,081	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>While the construction material industry is not water intensive, we still consider water as an essential resource which needs to be sustainably managed.</p>	<p>Employees, community, suppliers and service providers</p>	<p>Holcim Philippines implements the following actions to ensure the sustainable management of water resources and reduce the water impact of our operations:</p> <ol style="list-style-type: none"> <li>1. Measurement of operational water footprint</li> <li>2. Managing our water usage through improvement of plant water efficiency by water recycling, rainwater harvesting and stormwater management. This also includes automation of water systems to optimize water use especially for cooling systems and regular maintenance of water infrastructures to prevent leakages.</li> </ol>



		<p><b>3.</b> Evaluating and mitigating water-related risks</p> <p><b>4.</b> Identifying opportunities to make positive contributions on water resources and ecosystems such as engagement with stakeholders to communicate the use of water resources more effectively and efficiently and providing water supply infrastructures to communities especially in water-scarce areas.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The increasing demand for water brought about by population growth, urbanization, and industrialization would lower the supply and cause its price to rise.	Employees, community, suppliers and service providers	<p>Holcim Philippines implements water efficiency measures to lessen withdrawals of fresh water.</p> <p>Cooling our equipment requires the most water in our operations. Hence, our plants are equipped with a water recycling system, a close-loop system where cooling water is recycled.</p> <p>The water being withdrawn by the plants are considered as make-up water for spraying and domestic use. Rainwater harvesting is also practiced at our sites in La Union, Lugait, and Bulacan.</p> <p>Watershed characterization studies have also been done and georesistivity studies were conducted for groundwater assessment to ensure our sustainable sourcing of water.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Holcim Philippines shares water resources with nearby communities, pushing us to be more efficient in utilizing water resources for our operations.	Employees, community, suppliers and service providers	The Company's target, aligned to LH Group's target, is to reduce our water consumption. We also target to increase the volume of consumption of our rainwater

		harvested. Continuous improvement of water systems in the plant are also being done such as increasing our recycling efficiency rate.
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### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
a. Renewable	457,116	kg/liters
b. Non-renewable	7,718,535	Tons
Percentage of recycled input materials used to manufacture the organization's primary products and services	6	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Cement production is a resource-intensive process as it utilizes raw materials such as limestone, silica, and shale to produce clinker, the main ingredient of cement. Mineral components such as pozzolan, limestone, fly ash, and slag are added to the limestone to produce cement. Gypsum is also added as a cement retarder.</p> <p>We source most of our raw materials for clinkers from our associate company, Holcim Mining and Development Corp. (HMDC) and its subsidiaries. Meanwhile, the mineral components are sourced from various suppliers.</p>	Employees, community, suppliers and service providers	One of the main drivers in reducing our material consumption is the reduction of the clinker component of cement by producing more blended cement. This reduces our consumption of natural raw materials like limestone. As an alternative, we utilize waste-derived resources or cement additives such as fly ash and granulated blast furnace slag (GBFS) and synthetic phosphogypsum. These materials are by-products of other industrial processing plants. We also utilize other alternative raw materials such as contaminated soil or bottom ash in producing clinkers to lessen our consumption of natural resources.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

The sustainable supply of raw materials, especially mineral components, remain to be at risk since these are non-renewable resources.	Employees, suppliers and service providers	<p>Holcim Philippines promotes the production of more blended cement with lower clinker content. Quality control is essential to clinker optimization, so we can add more cement additives while improving strength.</p> <p>We also explore the utilization of alternative raw materials for clinker production to reduce our usage of natural resources such as limestone. We partner with coal power plants, the steel industry, and other industries to collect their by-products that can be utilized in our operations.</p> <p>Overall, these initiatives lower our carbon footprint.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Holcim Philippines is shifting towards utilizing more waste-derived resources to reduce our use of virgin raw materials mined from quarries.	Employees, suppliers and service providers	One of our sustainability targets is to increase the use of waste-derived resources. The LH Group targets to increase reuse of waste-derived resources by 100 million metric tons in 2030.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	#
Habitats protected or restored	N/A	ha
IUCN <sup>4</sup> Red List species and national conservation list species with habitats in areas affected by operations	N/A	

<b>What is the impact and where does it occur? What is the</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
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<sup>4</sup> International Union for Conservation of Nature

<b>organization's involvement in the impact?</b>		
This is not considered as a material topic for Holcim Philippines.		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
This is not considered as a material topic for Holcim Philippines.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
This is not considered as a material topic for Holcim Philippines.		

## Environmental Impact Management

### Air Emissions

#### GHG

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Direct (Scope 1) GHG Emissions	3,183,751	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	413,162	Tonnes CO <sub>2</sub> e
Emission of ozone-depleting substances (ODS)	N/A	Tonnes CO <sub>2</sub> e

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The main GHG emission of cement operation is CO <sub>2</sub> . The main sources are from the calcination process of limestone, the major component of clinker needed to produce cement, and the combustion of traditional fossil fuels such as coal in clinker production. Limestone (CaCO <sub>3</sub> ), when heated at extremely high temperatures, is broken down into CaO and CO <sub>2</sub> as emissions.	Employees, community, suppliers and service providers	Holcim Philippines monitors our GHG emission and has set targets to reduce our CO <sub>2</sub> emissions as aligned to the LH Group target. In terms of reporting, we follow the CO <sub>2</sub> protocol or CO <sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Sector established by the Cement Sustainability Initiative (CSI), now called the Global Cement and Concrete Association (GCCA). The protocol is based on the Intergovernmental Panel on Climate Change (IPCC) Reporting Protocol, and the Greenhouse Gas Protocol designed

		<p>by the World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI).</p> <p>CO<sub>2</sub> reporting is done monthly, discussed in management meetings, and monitored by the LH Group. We monitor the following parameters for CO<sub>2</sub> emission reporting:</p> <ol style="list-style-type: none"> <li>1. Clinker Production Volume</li> <li>2. Cement Production Volume</li> <li>3. Fuel consumption (traditional fuel) and chemical analysis</li> <li>4. Alternative Fuel and Raw Materials (AFR) consumption</li> <li>5. Clinker factor (clinker content of cement)</li> <li>6. Specific thermal energy consumption (STEEC)</li> <li>7. Electrical energy consumption (SEEC)</li> </ol>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The supply of alternative fuels and waste-derived resources like fly ash and slag is still limited.	Employees, community, suppliers and service providers	The Company continues to explore more sources and industry partners and provide support for regulations allowing importation of alternative fuels due to local supply limitations.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
DTI's amendment of the Philippine National Standard (PNS) on Portland Cement promotes the use of different types of mineral components such as slag and fly ash from waste-derived resources for the production of blended cement for different construction applications.	Employees, community, suppliers and service providers	<p>Holcim Philippines targets to reduce our CO<sub>2</sub> emission to 475 kg CO<sub>2</sub> per metric ton of cementitious product by 2030. This is aligned with the LH Group target as validated by the Science-Based Targets initiative (SBTi).</p> <p>The Company's initiatives are to:</p> <ol style="list-style-type: none"> <li>1. <b>Increase clinker substitution</b></li> </ol>

		<p>Replacing clinkers with alternative mineral components such as pozzolan and fly ash or slag, which are waste-derived resources from other industries, to produce blended cement. Blended cement has a lower carbon footprint compared to ordinary portland cement (OPC). Holcim Solido, our relatively new blended cement product launched in 2018 is an alternative to OPC for road and building constructions. It is estimated to have a 10-20% lower CO<sub>2</sub> footprint than OPC. Holcim Excel, our general-purpose cement on the other hand, has a 20-25% lower CO<sub>2</sub> footprint than OPC. In addition, the Holcim Wallright masonry cement has the lowest CO<sub>2</sub> footprint, 35% lower compared to OPC.</p> <p><b>2. Increase use of alternative fuel</b> Using pretreated waste and low-carbon fuels is another way to reduce the carbon intensity of cement. Such alternative fuels emit less CO<sub>2</sub> than traditional fuels. Other sources, such as biomass that we use, are considered carbon neutral. Using these alternative energy sources also divert waste from incineration or landfill, providing a solution to waste management issues, and helps in keeping fossil fuels in the ground.</p> <p><b>3. Improve energy efficiency</b> Improving energy efficiency through process optimization and replacement of least-energy efficient equipment or</p>
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		<p>technology is also considered and implemented.</p> <p>We measure our target in terms of reduced net CO<sub>2</sub> emissions (measured in kilograms of CO<sub>2</sub> per tonne of cementitious material, or kg CO<sub>2</sub>/tonne). Our target by 2030 was revised in 2020 to a more aggressive target, from 520 to 475 kg CO<sub>2</sub>/tonne.</p>
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### *Air Pollutants*

Disclosure	Quantity	Units
<b>NO<sub>x</sub></b>		
Bulacan Plant	451.82	mg/Nm <sup>3</sup>
La Union Plant	386.66	
Lugait Plant	229.44	
Davao Plant	311.73	
<b>DENR Regulatory Limit</b>	<b>1,000</b>	
<b>SO<sub>x</sub></b>		
Bulacan Plant	24.18	mg/Nm <sup>3</sup>
La Union Plant	6.69	
Lugait Plant	32.42	
Davao Plant	0.75	
<b>DENR Regulatory Limit</b>	<b>1,500</b>	
<b>Particulate Matter (PM 10)</b>		
Bulacan Plant	31.52	mg/Nm <sup>3</sup>
La Union Plant	15.63	
Lugait Plant	32.03	
Davao Plant	14.32	
<b>DENR Regulatory Limit</b>	<b>150</b>	
<b>Carbon Monoxide (CO)</b>		
Bulacan Plant	375.87	mg/Nm <sup>3</sup>
La Union Plant	224.13	
Lugait Plant	307.55	
Davao Plant	92.62	
<b>DENR Regulatory Limit</b>	<b>500</b>	
<b>Persistent organic pollutants (POPs)</b>		
<ul style="list-style-type: none"> <li>PCB-contaminated transformers</li> </ul>	N/A	kg
<b>Volatile organic compounds (VOCs)</b>		
Bulacan Plant	17.99	mg/Nm <sup>3</sup>
La Union Plant	12.90	
Lugait Plant	6.50	
Davao Plant	1.20	

<b>DENR Regulatory Limit</b>	N/A	
<b>Hazardous air pollutants (HAPs)</b>	N/A	kg
<b>Dioxins/Furans</b>		
Bulacan Plant	0.002	ng/M <sup>3</sup>
La Union Plant	0.004	
Lugait Plant	0.0026	
Davao Plant	0.0009	
<b>DENR Regulatory Limit</b>	0.1	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Air emissions are one of the key environmental impacts of cement production. The Company monitors and manages our emissions from point sources and fugitive sources.	Employees, community, suppliers and service providers	<p>Our integrated plants are equipped with Continuous Emission Monitoring System (CEMS) to measure and monitor major atmospheric emissions such as dust or particulate matter, NO<sub>x</sub>, SO<sub>x</sub>, VOC, and CO. The company ensures 100% compliance to regulatory requirements including the LH Group's standard. We aim for the 100% availability of our CEMS through regular maintenance and annual calibration by a third-party. We also conduct external monitoring through the following:</p> <ol style="list-style-type: none"> <li>1. Multi-partite monitoring with a team composed of representatives from the local government, community, non-government organizations and DENR-PENRO / CENRO which conducts quarterly monitoring and witnesses ambient monitoring.</li> <li>2. Annual testing of house measurements at point sources – a third-party service provider conducts stack sampling and testing in all plants to validate the results from the CEMS. They also provide information on heavy</li> </ol>



		<p>metals emissions including levels of dioxins and furans during testing.</p> <p><b>3.</b> Quarterly ambient air monitoring (area sources) – engagement of DENR-accredited third-party laboratory to conduct quarterly monitoring for self-monitoring.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
In the long run, there may be stricter regulatory limits for air emissions in the Philippines.	Employees, community, suppliers and service providers	The Company continuously improves our air emissions management through process optimization and emission control techniques. Our plants are equipped with electrostatic precipitators (EP) and baghouses to manage dust or particulate matter emission. We also continuously improve our thermal process through optimization to effectively manage NOx, VOC, and CO. We have in place strict quality controls for raw materials, fuels and AFR to manage SOx and heavy metals emissions and other emissions.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
We are committed to significantly reduce our air emissions below the regulatory limits.	Employees, community, suppliers and service providers	Our main focus is on the management of dust or particulate matter emissions. In relation to this, we have implemented dust abatement projects. In 2020, Holcim Philippines spent about 16 million PHP and will continue to invest in the proper technology and processes to ensure proper and efficient operation of our air pollution control facilities.

## Solid and Hazardous Wastes

### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	300,016	kg
Reusable	0	kg
Recyclable	182,240	kg
Composted	20,058	kg
Incinerated	0	kg
Co-processed	70,680	kg
Residuals/Landfilled	27,038	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines follows proper management and disposal of wastes in our sites, in compliance with regulatory requirements.	Employees, community, suppliers and service providers	<p>It is critical to have an effective solid waste management system to comply with environmental regulations such as R.A. 9003, and to mitigate environmental impacts and reputational risks.</p> <p>Holcim Philippines follows the waste management hierarchy which prioritizes waste avoidance, reduction, re-processing, and recycling. The materials at the plants that can be recycled are sold to accredited scrap buyers while some of the wastes are composted when applicable and the rest are sent to Geocycle for co-processing. These practices are included in the Company's waste management protocols which are strictly being implemented in the sites. In areas with no nearby co-processing facility, the wastes are collected by the municipality or barangay.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Having employees and contractors who do not follow proper waste management protocols may result in non-compliance to environmental regulations and reputational risks.</p>	<p>Employees, community, suppliers and service providers</p>	<p>Holcim Philippines conducts proper waste management campaigns utilizing rewards and consequence management to promote a positive change in behavior of our employees and contractors.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Geocycle is our sustainable waste management solutions business. We receive non-recyclable wastes from the industries, local government units, and agriculture sector and convert these to alternative fuels and use co-processing to treat these. This helps provide environmentally sound solutions to customers in treating their wastes and at the same time contributes to lowering Holcim Philippines' carbon footprint.</p>	<p>Employees, community, suppliers and service providers</p>	<p>Geocycle uses co-processing technology. It is a safe and secure method of waste management. Waste materials are pre-processed to transform it to alternative fuel and co-processed at temperatures ranging from 1,200°C to 2,000°C and a long residence time. These high temperatures and long residence time ensure the total treatment of wastes through thermal oxidation. High temperatures and availability of oxygen likewise avoid the formation of dioxins and furans.</p> <p>Geocycle partners with industries including municipalities and collect their wastes to be used as alternative fuel or alternative raw material. Wastes are managed by diverting them from traditional disposal facilities like landfills, incinerators, and dumpsites.</p> <p>Geocycle has clients in various sectors, including agriculture, chemicals, consumer goods, construction, transportation, petroleum, pharmaceuticals, and food processing, among others. Waste processed by the service ranges from hazardous chemicals like paint and oil, rubber waste, agricultural by-products and other materials that can no longer be reused or recycled.</p>

		Geocycle adheres to strict standards in qualifying wastes for pre-processing and use of alternative fuels and alternative raw materials for co-processing, ensuring it complies with health, environmental, safety and product quality regulations and Company standards.
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#### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated		
Used oil	180,906	L
Busted bulbs	1,608	pcs
Batteries	423	pcs
Empty ink cartridge	2,050	kg
Electrical and electronic equipment	514	kg
Empty containers (i.e paint, chemicals)	73	kg
Paint/Oil contaminated materials	3,101	kg
Total weight of hazardous waste transported	143.281	tons

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines practices proper management and disposal of hazardous wastes in our sites, in compliance with regulatory requirements.	Employees, community, suppliers and service providers	The plants are equipped with proper hazardous storages according to the requirements of Hazardous Wastes Act (R.A. 6969). The plant generates mostly used oil and grease and oil-contaminated materials. These materials are co-processed through Geocycle. The

		used oil generated is reduced through proper maintenance of equipment. Other wastes generated such as batteries, busted bulbs, empty ink cartridges and electronic equipment that cannot be co-processed are treated and disposed through third-party DENR-accredited treatment, storage, and disposal (TSD) facilities.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Improper management of hazardous wastes could lead to notice of violations, fines, and reputational risks.	Employees, community, suppliers and service providers	We were issued a notice of violation by DENR-EMB Region XI for one of our plants. Drums containing contaminated wastewater as alternative fuel which came from an external source were seen to be temporarily stored in an open area during regulatory inspection. The drums accumulated in the plant due to COVID-related plant shutdowns. The wastewater was immediately co-processed upon kiln resumption.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Holcim Philippines aims to continuously improve our hazardous waste management.	Employees, community, suppliers and service providers	Annual internal and external audits are done to monitor compliance.  We also improved our site spill control management as part of our annual improvement plan.
Holcim Philippines contributes to providing solutions in properly managing and disposing hazardous waste from external sources.	Employees, community, suppliers and service providers	Our Bulacan, La Union, Davao and Lugait integrated cement plants have TSD permits where there are co-processing facilities. In addition, each plant has a hazardous waste ID generation in compliance with DENR-EMB's online hazardous system.

## Effluents

Disclosure	Quantity	Units
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Total volume of water discharges	408,285	Cubic meters
Percent of wastewater recycled	0	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company produces minimal effluent and facilities are already in place to manage the effluent in compliance with the Clean Water Act.	Employees, community, suppliers and service providers	<p>The plants generally have no wastewater discharge from operations. However, water run-off such as rainwater may be contaminated with material such as cement spillages contributing to high total suspended solids (TSS) and/or pH levels.</p> <p>To manage this, the plants are equipped with pollution control facilities such as siltation ponds to manage effluent and surface run-off. The root causes of spillages are also addressed, and regular housekeeping is also being done.</p> <p>The following treatment facilities are also in place: septic tanks and water treatment facilities for treatment of sewage, grease traps for removal of grease/oil, and oil/water separators for oil storage run-off. The main industrial wastewater parameters being monitored in cement plants are temperature, pH and TSS according to DAO 2016-08.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There is a risk of spill or leakages in our sites.	Employees, community, suppliers and service providers	Our sites have a site spill pollution program where all sources of spill or leakages are identified, and containment systems are in place. Proper storages for material and oil are in place with secondary containment. Regular audits are conducted for continuous improvement.

		Pollution control facilities are also in place such as a siltation pond and oil-water separator as a containment system in case of spills. Proper work instructions to prevent spills are also in place which includes an emergency spill plan.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company utilizes rainwater as a means to minimize effluents and water withdrawals from freshwater and groundwater sources.	Employees, community, suppliers and service providers	Holcim Philippines targets to increase the volume of consumption of our rainwater harvested and increase the water recycling efficiency rate in our operations.

## Environmental Compliance

### Non-compliance with Environmental Laws and Regulations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	2	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
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<p>Holcim Philippines' environmental policy, aligned to the LH Group Global Framework, aims to go beyond compliance to relevant laws and regulations. We are committed to improve the affected environments in which we operate to create sustainable sites for our stakeholders.</p>	<p>Employees, community, suppliers and service providers</p>	<p>Environmental compliance is mandatory for the company to manage and reduce our environmental impact and associated reputational risks. Environmental key performance indicators are set in each plant to monitor and improve environmental performance and ensure full compliance.</p> <p>The Plant Manager per site as the Managing Head is responsible in ensuring that sites are compliant to existing environmental regulations. A designated Pollution Control Officer in each plant reports to the Managing Head and works closely with the Corporate Environment Manager to monitor environmental performance and implement improvement actions. The Corporate Environment Manager cascades and ensures implementation of the strategies and directives from the Group in all the sites. Active stakeholder engagements with environmental regulatory bodies are also being conducted to anticipate changes in policies that may affect operations.</p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>The risks of non-compliance to environmental laws and regulations are potential environmental fines and reputational risks.</p>	<p>Employees, community, suppliers and service providers</p>	<p>Regular site inspections and audits are conducted to ensure compliance.</p> <p>Internal mandatory environmental training is also participated until supervisor level for cascading of regulatory requirements and for training in environmental impact assessment.</p> <p>Environmental incidents are also reported in a centralized online system to monitor implementation of corrective actions.</p>



		Management monitoring led by the Legal department of permits and licenses are also implemented and discussed regularly in management meetings.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Our integrated plants and cement grinding plants are ISO 14001:2015 (Environmental Management System) certified, ensuring proper management of our environmental risks and impacts.</p> <p>We conduct our business consistent with sustainable development principles and aim to continuously improve environmental performance to protect the environment and make positive contributions to nature and society.</p>	Employees, community, suppliers and service providers	<p>Holcim Philippines' commitment towards environmental management is to:</p> <ul style="list-style-type: none"> <li>● ensure compliance with environmental laws, local regulations and standards applicable to our products and operations.</li> <li>● assess and measure our environmental impacts and continuously improve to promote best practices in our industry.</li> <li>● ensure that all environmental impacts and risks are effectively managed and mitigated.</li> <li>● optimize the use of resources through reusing, recovering and/or recycling waste materials in own production process</li> <li>● engage proactively with our stakeholders and cooperate proactively with legislators and regulators</li> </ul> <p>Going beyond regulatory compliance, the Company voluntarily reports our CO<sub>2</sub> emissions and has set ambitious targets to reduce our emissions. In terms of other air emissions, we have set internal targets even below the regulatory limit. For example, for dust or particulate matter, we have set 50 mg/Nm<sup>3</sup> as</p>

		a benchmark vs. 150 mg/Nm <sup>3</sup> local standard.
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## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee Data

Disclosure	Quantity	Units
Total number of employees <sup>5</sup>	1,174	#
a. Number of female employees	242	#
b. Number of male employees	932	#
Attrition rate <sup>6</sup>	2	%
Ratio of lowest paid employee against minimum wage	5:2	Ratio
Total number of workers through contractors	0	#
a. Number of female workers	0	#
b. Number of male workers	0	#

##### Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	10	12
PhilHealth	Y	8	2
Pag-IBIG	Y	12	8
Parental leaves	Y		
- Paternal Leave		-	6
- Maternity Leave		9	-
- Solo Parent Leave		2	-

<sup>5</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

<sup>6</sup> Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Vacation leaves	Y	102 <sup>a</sup>	99
Sick leaves	Y	38	38
Medical Benefits (aside from PhilHealth)	Y	27	16
Housing assistance (aside from Pag-IBIG)	Y	3	2
Retirement fund (aside from SSS)	Y	1	3
Further education support	Y	8	11
Company stock options	N	-	-
Telecommuting	Y	74	19
Flexible-working Hours	N	-	-

<sup>a</sup> Figure includes employees who have resigned in 2020.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Holcim Philippines' compensation and benefits policies, along with our employee engagement and communication programs affect our employees' productivity, performance, retention, and attrition.</p>	<p>The Company's policy enables us to provide a competitive compensation package aimed to attract and retain high-performing employees which is reflective of our performance-focused culture.</p> <p>Aside from this, the Company has an Employee Relations Policy in place that aims to maintain a healthy relationship towards high productivity, safe environment, industrial peace, high level of retention and positive company reputation.</p> <p>We implement and sustain employee retention programs such as employee engagement and communication programs, rewards and recognition, learning and development and succession planning. Holcim Philippines' Total Rewards System is performance-based, competitive, and sustainable which drives our employees to deliver superior performance.</p>
What are the Risk/s Identified?	Management Approach

<p>As with other companies, Holcim Philippines has identified the risk of employee separations which could lead to disruption of business operations.</p> <p>Common causes of employee separations are retirement, resignation, death, and end of contract. The main reasons for resignations in 2020 were better opportunities outside the organization, and partly the divestment announcement in 2019. Some opted to work overseas while others went back to their hometown due to the COVID-19 pandemic.</p> <p>Also, because of the stricter government regulations to help curb the pandemic, on-site operations were disrupted and limited to make room for health and safety protocols.</p>	<p>To avoid disruption of business operations in case of employee separations, the company observes the 30-day policy where resigning employees must file their resignation at least 30 days prior to their intended separation from the company to facilitate proper turnover.</p> <p>Additionally, Talent Review, Succession Planning, and a monthly People Review are in place to discuss replacement or transition plans for retiring or resigning employees.</p> <p>In response to COVID-19 restrictions, Holcim Philippines implemented a flexible work arrangement – combination of work on-site, work from home, and forced leave in all sites and temporary deployment of employees to essential roles.</p> <p>Work arrangements are continuously adjusted depending on the quarantine protocols of the local sites and the requirement of the business. These are discussed by the Executive Committee during the regular Business Resilience Team Meeting. These actions allowed us to cope with the business situation and support our recovery.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p>Holcim Philippines constantly validates that our benefits and policies are aligned to our target market group.</p>	<p>The Company goes beyond compliance to labor laws and standards. Our policies and programs for our base salary and benefits plan are beyond the mandatory requirements.</p> <p>Aside from these, the company participates in an external salary survey every two (2) years. The latest survey was conducted in 2019 by an independent consultant, where Holcim Philippines’ pay and benefits was compared to its target market group.</p>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	6,252.95	Hours

b. Male employees	18,999	Hours
Average training hours provided to employees		
a. Female employees	25.84	hours/employee
b. Male employees	20.39	hours/employee

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>Holcim Philippines invests in the learning and development of our employees. With this, we ensure that employees are:</p> <ol style="list-style-type: none"> <li>1. Equipped with technical and leadership skills needed in their roles;</li> <li>2. In the right roles with the right competencies;</li> <li>3. Provided career growth and professional development;</li> <li>4. Retained in the Company; and</li> <li>5. Constantly improving in their individual performance.</li> </ol>	<p>The objective of the Company is for all employees to have their own Learning &amp; Development Plan. To achieve this, each employee should follow the Learning &amp; Development process:</p> <ol style="list-style-type: none"> <li>1. Competency assessment;</li> <li>2. Identification of gaps;</li> <li>3. Creation of development actions to address gaps; and</li> <li>4. Execution of development actions.</li> </ol>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>With the COVID-19 pandemic, there is a greater challenge in ensuring the learning and development of our employees. Not overcoming this challenge may lead to:</p> <ol style="list-style-type: none"> <li>1. Incompetent employees handling critical tasks which may lead to low productivity or even accidents;</li> <li>2. Increased attrition rate;</li> <li>3. Disengaged employees; and</li> <li>4. Low individual performance resulting in adverse impact on overall Company performance</li> </ol>	<p>To prevent these risks, Holcim Philippines implemented the following approaches on learning and development:</p> <ol style="list-style-type: none"> <li>1. Physical or face-to-face trainings were converted to online or virtual classroom trainings;</li> <li>2. Optimized the use of Percipio, the LafargeHolcim e-learning platform for leadership, behavioral and management related trainings; and</li> <li>3. Use of 70:20:10 learning and development model</li> </ol> <p>The Company assessed the effectiveness of the adjustments through placing a completion rate of 80% for learning and development actions and setting a goal of "Fully meets expectations" performance. These changes also led to reduction of training costs while still ensuring the personal and professional development of our employees.</p>

What are the Opportunity/ies Identified?	Management Approach
<p>Holcim Philippines recognizes that classroom trainings are not the only means of developing our employees.</p>	<p>The Company advocates the 70:20:10 L&amp;D Model which is:</p> <ul style="list-style-type: none"> <li>● 10% education – face-to-face classroom trainings, workshops, e-learnings &amp; virtual classroom trainings</li> <li>● 20% exposure – learning from others through coaching, mentoring, networking, and benchmarking</li> <li>● 70% experience – learning on the job by leading or being a member of a project, leading special assignments, taking OIC roles, and other developmental assignments.</li> </ul>
<p>The Company has a rewards and recognition programs in place, as well as performance bonuses and merit-based increases as part of our programs in recognizing employee performance.</p>	<p>We evaluate our employees' performance through the Performance Management/Goal Management System. It comprises of:</p> <ul style="list-style-type: none"> <li>● Objective Setting – setting objectives to transform Company and team priorities into individual accountabilities</li> <li>● Mid-Year Review – checking the direction and the progress of the WHAT, the HOW and the Individual Development Plans</li> <li>● Annual Review – assessing past performance and recognizing the employee’s accomplishments of objectives and demonstrated behaviors.</li> </ul> <p>With this program, all employees must work on their individual objectives that are aligned with the Company Objectives/Goals for the year. To ensure that the individual goals are parallel with the Company-wide goals, the Functional Heads introduces the goals at the start of every year.</p> <p>Because of COVID-19, Objective Setting was deferred until the Mid-Year Review, during which any necessary adjustments in objectives were discussed and agreed considering the impact of the pandemic on our operations. One-on-one discussions and team performance reviews were converted to virtual meetings for employees who were working offsite from their homes. For face-to-face performance discussions, safety protocols such as physical distancing were maintained. Meanwhile, the</p>

	required orientation of managers was carried out as usual to support the performance management process.
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### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	56.3	%
Number of consultations conducted with employees concerning employee-related policies	168 <sup>a</sup>	#

<sup>a</sup> Total number of consultations for all facilities.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Holcim Philippines respects the employees' freedom of association, in compliance with the Labor Code. The existence of nine (9) labor unions in the Company is a manifestation of our openness to conduct collective bargaining with the labor unions.	The Company maintains good labor-management relations through regular joint Labor Management Council (LMC) meetings and labor union involvement in company initiatives and programs. Further, the Company had already established over the years an open environment with the union where any labor-related issues and concerns can be discussed and addressed without waiting for the scheduled LMC.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The possible risk of not maintaining a good relationship with worker unions is the non-resolution of labor cases which may result in silent protest or escalation to third party institutions. Such may also affect plant performance and productivity of employees.	The Company conducts consultations through the LMC meetings. Union officers are also part of the Health and Safety Working Team who assesses and discusses the Company's Health and Safety Policies and Programs in the sites.  Our Employee Engagement Programs encourages the workers to present their ideas as part of work-related decision-making. Policies are communicated to the Union through the Labor Management Council. Whenever needed, the Management organizes a meeting with the Union for important business updates. Selected Union officers are invited for annual planning and conferences.



	And whenever there are labor cases or protests, the Company endeavors to resolve it through plant level dialogue first before escalating to third party mediation.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
With the COVID-19 pandemic, the Company maximized the use of digital platforms to ensure continuous communication with the labor unions.	<p>The Company, through our Plant leaders and HR Business Partners, continued to connect with the officers and members of the Union using available digital platforms like social media to extend information, carry on with the basic services, and provide support as needed. Face-to-face meetings were minimized but the communication remained to be open.</p> <p>We will continue to assess the workers' needs and utilize available digital platforms to enhance our services for the workers to further improve our labor-management relations.</p>

### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	21	%
% of males in the workforce	79	%
Number of employees from indigenous communities and/or vulnerable sector <sup>a</sup>	0	%

<sup>a</sup> Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company strives to have a diverse employee population since we believe diversity provides a broader perspective in the different aspects of business and allows for a more creative employee population. It also increases our chance of attracting and retaining talent and engaging employees.	The Company has a non-discrimination policy called the Diversity and Inclusion (D&I) Policy to show our commitment towards achieving our gender balance targets. Holcim Philippines hires, develops, and deploys talent according to the best available match between current job requirements, future business needs, and applicant profiles. D&I is integrated in all the Company's people processes, to minimize biases

	and ensure diverse talent is considered in all recruitment and talent management decisions. Further, the Total Rewards System of the Company was designed to be position or role and performance based and not gender based.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
There is no significant risk identified.	Holcim Philippines continues to educate the whole organization regarding the importance and the benefits of D&I to the organization through talks and training workshops. This mitigates any risk regarding perceived discrimination or inequality. Female employees are also encouraged to assume male dominated positions.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Aside from the promotion of the D&I policy, Holcim Philippines also promotes inclusivity in the workplace.	We do this by providing breastfeeding rooms, ensuring that provision for PWD access is available in strategic places, utilizing communication tools, and by complying to the standards of the Bureau of Working Conditions and Health & Safety.

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity	Units
Total Man-Hours	7,671,262.60	Man-hours
No. of work-related injuries	13	#
No. of work-related fatalities	0	#
No. of work-related illnesses	0	
No. of safety drills	83	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company acknowledges the impact of our operations to the health and safety of our workforce, including our employees, contractors, and transporters of goods and	Holcim Philippines recognizes health and safety as one of our most critical topics affecting both business operations and our stakeholders. With this, we have an annual Health and Safety

<p>materials. We may also affect the health and safety of our nearby communities.</p>	<p>Improvement Plan (HSIP) sponsored by the Executive Committee and Leadership Team.</p> <p>The plan focuses on Road Safety, Health, Contractor Safety Intervention Program, raising hazard awareness, and controlling hot meal exposure through equipment and procedure improvement. All sites have their own HSIP tailored to address their specific concerns.</p> <p>Annual corporate health and safety audits are done to validate the effectiveness of programs and initiatives in the HSIP.</p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Management Approach</b></p>
<p>The COVID-19 pandemic is a major health and safety risk. This has resulted in several additional regulations for the Company to follow to protect our workers, customers, and local communities.</p>	<p>Business Resumption Protocols aligned with LH Group Policy and the local enforcement units (DOLE, DTI, DOH, and IATF) were developed, cascaded and implemented prior to restarting the Business after the lockdown. These guidelines and protocols were constantly updated whenever there were changes from the LH group or local enforcement units.</p> <p>We also implemented several Trigger and Action Response Plan (TARP) phases 1 to 4, Stabilization and Adapt, including drill exercises for different scenarios and sites. We also provided the following COVID-related personal protective equipment (PPE): permeable gown, anti-cut nitrile palm gloves, surgical mask, and face shield.</p> <p>All these actions led to continuous operations of Lugait Plant and successful restart of the Bulacan, Davao, La Union, and Mabini Plants and Terminals with zero work-related cases of COVID-19.</p>
<p>For our regular operations, the health and safety risks identified are on road safety, construction safety, occupational health risks such as dust, noise, and manual handling, and hot meal material.</p>	<p>Occupational health and safety risks are identified through High-Level Risk Assessment, Work Permit System, Job Planning Tool, Life Saving Talk, Personal Risk Assessment, and Journey Management.</p> <p>To mitigate the risks, rules, policies, and standards were formulated and constantly communicated. Training is regularly conducted to ensure the employees' knowledge on proper handling of materials and equipment and</p>

	<p>emergency protocols. Equipment is also regularly monitored to ensure that they are in the best condition. Audits and performance/behavioral monitoring is also conducted to ensure that rules, policies, and standards are being followed and implemented properly.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p>Holcim Philippines strives for continuous improvement through improving our performance on road safety, continuing occupational health programs, holding training, conducting corporate audits, and considering our customers' health and safety.</p>	<p>The Health and Safety Improvement Plan 2020 involves initiatives on several focus areas.</p> <p>On road safety, we are continuously improving our drivers' competency through classroom and in-cab training. This was continued virtually throughout the pandemic and we were able to train a total of 257 drivers from July to December 2020. We are also implementing a Drivers' Rewards and Consequence Management System. Transporters were advised to improve their Route Assessment Program to anticipate hazards during deliveries of products and raw materials.</p> <p>On health risks, we implemented dust abatement projects, noise reduction, ear fit validation and testing, and manual handling surveys.</p> <p>On conducting training and ensuring competency of our employees, online training was conducted to comply with the mandatory eight-hours training required by DOLE. All employees in all sites were able to complete this training despite the current situation.</p> <p>Corporate Audits on the Health and Safety Management System were done virtually and 100% of sites audited were compliant with LH Group and Philippine Health and Safety Standards.</p> <p>We also implemented a virtual Customer Safety Engagement Program (e-CSEP) where Sales Officers cascaded Holcim Philippines' Health and Safety rules and COVID-19 best practices to customers to help keep them safe and assist their businesses in continuing operations despite these challenging times.</p>

## Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g., harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	Holcim Philippines complies with the Labor Code in terms of forced labor. No local company policy.
Child labor	N	Holcim Philippines complies with the Labor Code in terms of child labor. No local company policy.
Human Rights	Y	Code of Behavior (HPHI Way), Sexual Harassment Policy, Health & Safety Policies, Data Privacy Policy, Solo Parent Policy, Diversity & Inclusion Policy

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company ensures full compliance to labor laws and human rights as these have a direct impact on the safety of employees, Company reputation, and avoidance of potential financial risk.	Holcim Philippines is fully compliant to labor laws and human rights as complemented by our own policies and programs.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Non-compliance to labor laws and human rights will greatly affect the reputation of the Company and retention and attraction of talents. This may also lead to closure of business.	The Company had established policies, guidelines, and control standards to prevent the occurrence of forced or compulsory labor and child labor.  Also, whenever there are grievances or legal actions, the Company endeavors to resolve it through plant level dialogue first before escalating to third party mediation. The Company utilizes the grievance mechanism available to discuss and resolve issues. The same

	<p>is also discussed during the regular LMC Meeting.</p> <p>In cases when employees have committed violations, Holcim Philippines ensures that due process is observed at all times. The Code of Conduct sets a fair process when conducting investigations and coming up with decisions. All parties involved are given the opportunity to explain their sides before a decision shall be finalized and executed.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p>Our employees are free to discuss their concerns and grievances to their immediate superiors, department heads, functional heads, O&amp;HR, and Legal. If they are not comfortable to speak up via face-to-face, the Company has established the Integrity Line, our secure web-based and phone-based advice and issue reporting system administered by an independent third party.</p>	<p>The Company, together with the Labor Union, had established a Grievance Procedure to discuss and resolve any grievance or disputes raised. The steps are as follows:</p> <ol style="list-style-type: none"> <li>1. The aggrieved employee and his union representative, if any, shall state in writing the circumstances, witnesses, and reasons for the dispute. The written grievance shall then be submitted to the Plant Manager concerned for resolution. This precludes that the discussion at the section and department level has already been exhausted and no resolution is reached.</li> <li>2. The Plant Manager concerned shall render his decision on the grievance within seven (7) working days upon receipt of the grievance. He may opt to conduct further hearing or investigation in resolving the grievance. Should the aggrieved employee be satisfied with the decision, then the grievance is rendered resolved.</li> <li>3. If the grievance remains unresolved, it is submitted to the Grievance Council (GC) for deliberation within twelve (12) working days upon submission thereof. If the aggrieved employee is satisfied with the result, the grievance is considered ended.</li> <li>4. If the GC fails to resolve the grievance to the aggrieved employee's satisfaction, the grievance is submitted for voluntary arbitration, which decision shall be final and executory, subject only to an appeal with the Supreme Court.</li> </ol>

## Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes.

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Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Signed Vendor Master Agreement
Forced labor	Y	
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	

<p><b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b></p>	<p><b>Management Approach</b></p>
<p>Holcim Philippines has a supplier accreditation process which considers different environmental, social, and governance topics as requirements for our suppliers, depending on the type of product or service to be provided.</p>	<p>As part of the Company's accreditation process, suppliers are required to answer a self-assessment questionnaire on sustainable development and to sign a Vendor Master Agreement (VMA) which affirms, among others, the suppliers' commitment to the SPI.</p> <p>In addition, suppliers also agree to a fact-finding inspection or audit, if necessary, by Holcim Philippines or a designated representative to check actual compliance with the SPI.</p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Management Approach</b></p>
<p>Some suppliers such as service providers, suppliers of quarried materials, and transport providers may have a high ESG impact.</p>	<p>The Company determines the potential ESG impacts of our suppliers through the self-assessment questionnaire on Sustainable Procurement. The process includes validation and audit.</p> <p>In case of non-compliance to our Anti-Bribery Corruption Directives and other serious violations, suppliers are blacklisted. This is monitored via reports in the LH Group's Integrity Line. There were no instances of supplier blacklisting in 2020.</p>

What are the Opportunity/ies Identified?	Management Approach
The Company only deals with legitimate businesses that comply with relevant laws and regulations and embrace the ideals and policies of the LH Group. We acknowledge the opportunity of pushing our sustainability agenda throughout our supply chain through the SPI.	The Company encourages our suppliers to be more sustainable through educating and informing workers of their rights, implementing health and safety related programs for contractors, and executing the SPI.

## Relationship with Community

### Significant Impacts on Local Communities

Operations <sup>b</sup> with significant impacts on local communities	Location	Vulnerable groups <sup>a</sup>	Does the particular operation have impacts on indigenous people?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures or enhancement measures
Bulacan Integrated Plant	Norzagaray, Bulacan	Children, Elderly	No	Fugitive dust negatively affecting the communities near the plant	Information campaign and consultation meetings held with key stakeholders to cascade continuous technical improvements to the plant to mitigate environmental concerns. Open communication is also promoted to all stakeholders to immediately address issues and prevent misunderstanding.
Davao Integrated Plant	Bunawan, Davao City		No		
La Union Integrated Plant	Bacnotan, La Union		No		
Lugait Integrated Plant	Lugait, Misamis Oriental		No		
Mabini Grinding Plant	Mabini, Batangas		No		
Calumpit Bag Plant	Calumpit, Bulacan	N/A	No	N/A	Community impact is minimized because although the facility is situated near



					households, the noise and dust levels are insignificant since cement products are not produced here. The remaining risk of washed ink for bag coloring seeping in nearby irrigation canal but is mitigated by pollution control facilities installed in the plant.
Calaca Terminal	Calaca, Batangas	N/A	No	N/A	Community impact is minimized because the site is situated inside an industrial estate/zone.
Bicutan Dry-Mix Plant	Bicutan, Paranaque	N/A	No	N/A	
Manila Terminal	Tondo, Manila	N/A	No	N/A	Community impact is minimized because the site is situated inside a port-city complex
Iloilo Terminal	Lapuz, Iloilo City	N/A	No	N/A	

<sup>a</sup> *Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

<sup>b</sup> *These are business operations that excludes CSR projects.*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:           N/A          

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
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<p>The Company’s site CSR personnel gather feedback via their regular interactions with the primary impact community and key stakeholders. They report to the Plant Management Team any concern that requires immediate action.</p>	<p>The stakeholder engagement strategy utilized by Holcim Philippines is guided by the LH Group directives. The local team is then tasked to apply the directive via regular engagement with the primary impact communities. The annual sustainability report led by the LH Group provides an added safeguard to the learning process and necessary adjustments are continued. The sites also set-up local Community Advisory Panels. This group acts as a venue for interactions with representatives from the local community with the site manager, members of the management team, and supporting functions as required.</p> <p>Feedback gathered by the CSR personnel requiring immediate action are reported to the Plant Management Team. If the concern cannot be resolved at this level, it is elevated to the concerned department or functional head at the Corporate Office who can best address the grievance and provide appropriate advice. The Communications Team supports the coordination for this process.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p>Holcim Philippines subscribes to the LH Group’s sustainable development strategy, The 2030 Plan. This summarizes the Company’s vision and embraces this main challenge for society around the world, which should resonate with all types of stakeholders. Out of the 17 Sustainable Development Goals, the Company aims to support 14 of those that equally address key focus areas: (1) Climate, (2) Circular Economy, (3) Water &amp; Nature, and (4) People &amp; Communities. Under People &amp; Communities is Holcim Philippines’ overall corporate citizenship campaign, Holcim Helps, which provides direction for all CSR initiatives across all operating sites.</p>	<p>Given the corporate goal to support the 2030 Plan, there is more effort given to align our CSR programs to the key focus areas. These consider in perspective the critical needs of the communities and a deeper understanding of the target issues where our operating sites can support and help. The site CSR personnel would conduct regular community consultations for the development of the right programs that would be relevant to address the identified needs.</p> <p>The Company partners with several civic organizations and LGUs to ensure the proper implementation of our programs. We are also hoping to utilize the CSR networks we are currently participating in, such as the various foreign chambers, the League of Corporate Foundations, Philippine Business for Social Progress, and the Fair Building Network to maximize the reach and scale of our CSR interventions. Partnership projects have been implemented with the United Nations Human Settlement Programme, the Habitat for Humanity, the Manila Water Foundation, and</p>

	government agencies like the TESDA, DENR, and DILG.
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## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
Customer Satisfaction <sup>a</sup>	52%	N

<sup>a</sup> NPS Score based on Case Management data only.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company's Customer Satisfaction (CSAT) surveys are being conducted as part of our Feedback Resolution process, commonly known as Case Management. This process aims to address negative feedback or complaints; and to document the positive feedback or commendation of the customers. These CSAT results were logged in the company's Customer Relationship Management (CRM) tool via Salesforce.com.</p>	<p>Aside from the CSAT incorporated in the Case Management process, the company also conducts After Action Reviews to obtain areas for improvement and get positive experiences from the customers on our initiatives. In the interest of our customers' safety, some of the trade marketing activities have been transformed to digital engagement as a means to adapt to the changing ways of business conduct. To ensure effectiveness, the Sales Activation Team has rolled out a CSAT survey to ensure that the objective of the initiative is being met; and to improve the initiative further, as deemed fit.</p> <p>The shift in digital engagement for the majority of customer engagements is a result of the Customer Pulse Survey conducted at the start of Q3 2020 to understand the situation of our business partners, and to determine the kind of engagement that will be most effective especially during the pandemic. The result, which validated the importance of digital engagements, were presented to colleagues and to the members of the Executive Committee.</p>
What are the Risk/s Identified?	Management Approach
<p>Customer Satisfaction may be greatly affected by issues and concerns experienced by</p>	<p>Issues and/or concerns raised by the customers were assigned to solution providers for</p>

<p>customers. Based on our Case Management Data, the common issues are invoicing in payment, logistics delivery and pickup, product and packaging quality, and product and service pricing.</p>	<p>resolution. The solution providers, identified per customer journey, were notified through SFDC - wherein they can see the detail of the feedback together with the supporting documents, if any. After the solution providers give their update in the case, the Customer Experience Team will get in touch with the customers to validate the company's action and to get their feedback on the overall issue resolution process.</p> <p>Holcim Philippines has implemented the following resolutions for the common issues raised:</p> <ul style="list-style-type: none"> <li>● Invoicing in Payment: Easybuild enhancement on eInvoice, an electronic version of the printed sales invoices which will be available for download and convenience. An automated email notification will be sent to the registered email address once an invoice becomes available. This initiative was released last December 7, 2020.</li> <li>● Logistics Delivery &amp; Pick Up: Improvement on operations and process review to provide sustainable solutions.</li> <li>● Product &amp; Packaging Quality: The Technical Services Team is working, on a per complaint basis, to address these complaints. Complaints on cement quality are usually attributed to workability of the concrete.</li> <li>● Product &amp; Service Offerings: Discussion with customers on the reason of price variance.</li> </ul>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management Approach</b></p>
<p>The Company is continuously working to improve customer engagement and experience even with the COVID-19 pandemic.</p>	<p>To address the feedback of the customers from the Customer Pulse Survey, Marketing and Sales Team recalibrated the way of conducting customer engagements. As an example, using free digital platforms, the company's leaders and Sales team held meetings called EKumustahan with close to a hundred key customers to provide important company updates in light of the pandemic, which had an average positive rating of 95% from participants.</p>

	<p>The Company also assured customers about the safety of operations through online sessions about the COVID-19 controls at its sites through the E-Customer Safety Engagement.</p> <p>Furthermore, Holcim Philippines shared tips to hardware store partners on how to keep safe amid the pandemic by sharing best practices in this area. Finally, the company established the Excellent Squad FB Community to engage tinderas and cement truck drivers of partners to take advantage of people’s heavy use of Facebook during this period. This enabled the Company to have a fun and light way to interact with these key people while also driving sales.</p> <p>The Company has also started the groundwork for the various improvements on its Easybuild Customer Portal (Easybuild) and other digital channels. To improve customer experience and provide further ease on the self-service platform, enhancements on Easybuild include improvement on sales order creation, inclusion of feedback management and information dissemination features, and introduction of e-invoice and e-pod functionalities. Majority of the enhancements will be released within the first two weeks of January 2021.</p>
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### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety <sup>a</sup>	0	#
No. of complaints addressed	0	#

<sup>a</sup> Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
Customers are insured and are aware of the proper storage, transport, and handling of products.	Holcim Philippines provides a material safety data sheet (MSDS) of cement products to the customers wherein information on the product content, safe use of product, and disposal

	<p>including the possible environmental or social impacts are indicated. We strictly implement quality control guidelines to ensure products are within the health and safety standards.</p> <p>We also engage with the customers through the CSEP spearheaded by the Sales Team wherein, proper storage, secured transport, and safe handling of products are communicated and illustrated.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The COVID-19 pandemic serves as a customer health and safety risk because of face-to-face interactions.	<p>Holcim Philippines' E-CSEP is meant to inform customers on the COVID-19 health and safety guidelines implemented in our sites and share best practices that business partners can implement in their operations. The Trade Marketing team held this for 150 customers with support from the company's Health, Safety, and Security department.</p> <p>During these E-CSEP sessions, the company also shared updates on business protocols in all sites aligned with those being implemented by local governments. The sessions also served as an avenue to discuss areas for improvement especially for possible breaches.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
There is no significant opportunity identified.	

### Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling <sup>a</sup>	0	#
No. of complaints addressed	0	#

<sup>a</sup> Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
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<p>Holcim Philippines complies with relevant marketing and labeling laws and regulations. Our stakeholders such as customers, government regulators, and advertising agencies are free to contact the Company through our hotline and commercial personnel in cases when there are inconsistencies in the marketing and labeling of our products.</p>	<p>Some of the guidelines, laws, and regulations related to marketing and labeling that is followed by the Company are:</p> <ul style="list-style-type: none"> <li>● PNS mandatory bag markings</li> <li>● LH Group Brand Guidelines (packaging)</li> <li>● LH Group Branding Guidelines</li> <li>● HPI Media Communications Guidelines</li> <li>● HPI Social Media Guidelines</li> </ul> <p>We also strictly adhere to the PNS directives of DTI BPS on matters related to product licensing and labeling. We participate in DTI’s annual audits in securing certification for our products, approval for new packaging designs prior to commercial run, and Technical Committee discussions for CEMAP.</p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Management Approach</b></p>
<p>Non-compliance to marketing and labeling regulations may lead to suspension, recall, and revocation of our Philippine Standards (PS) license; issuance of show cause order; ceasing from further supplying, distributing, and selling our products in the Philippine market; and issuing, publishing, and implementing product recall.</p> <p>Aside from legal repercussions, not having accurate marketing protocols may lead to our customers committing errors in selecting the proper product for the correct applications. Incomplete or wrong claims may result in misguided product expectations causing risk to structural integrity of structures where our products were used.</p>	<p>The Marketing &amp; Innovations team ensures adherence to proper labeling regulations issued by the government (DTI), as well as the LH Brand Guidelines which provides guidelines on product and usage information on our products' packaging and communication materials.</p> <p>The DTI released Memorandum Circular (MC) No. 20-56 on 28 October 2020 providing Supplemental Guidelines for the Implementation of DAO 17-06, Series of 2017 or “The New Rules and Regulations Concerning the Mandatory Certification of Portland Cement and Blended Hydraulic Cement with Pozzolan.” This requires all locally manufactured and imported cement products shipped in bulk and bagged in a PS-licensed bagging facility to be permanently marked with the name and address of the manufacturer, the country of manufacture, and the words “Bagged by:”, followed by the name and address of the bagging facility. The MC aims to address the concerns on the product label of imported cement products shipped in bulk and bagged in the Philippines but labeled as “Product of the Philippines” which causes confusion among consumers as it is not reflective of the imported products' country of origin or manufacture. Holcim Philippines is complying with the necessary markings as the MC is effective 60 days from effectivity of the circular,</p>

	wherein the DTI will conduct inspection of compliance to the MC by 31 December 2020.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
There is no significant opportunity identified.	

### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy <sup>a</sup>	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

<sup>a</sup> Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Holcim Philippines values our customers data privacy because they are our partners in business. Hence the Company requires our Sales Officers to ensure that Customers. accomplish External Consent Forms and measures to ensure privacy of customer data are in place.	<p>Our Customer Information Sheet was drawn up to ensure only necessary information are collected consistent with the purposes of the collection. The Company engages third parties who commit to uphold customer data privacy and enforces contractual commitments to comply with laws and regulations.</p> <p>The privacy rights of Customers and other third parties are always upheld and assistance in exercising their rights are available in various fora. Holcim Philippines' customer care hotlines and portals allow customers to update, review and/or revise any data provided pursuant with their dealings with the Company.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Improper handling of customer privacy may lead to compliance and reputational risks.	Holcim Philippines has a centralized structure for privacy management where the Data Protection Officer is responsible for privacy related matters including customer privacy. The Company continuously trains and communicates to employees who handle employee and customer



	<p>data to current policies and company directive to ensure customer privacy and protection are handled with prompt and caution.</p> <p>Holcim Philippines makes available venues for customers to raise concerns with regard to their individual privacy through and customer care hotlines and customer contact partners.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<p>We recognize the opportunity to continuously improve our customer privacy policies and measures.</p>	<p>The Company consistently updates and improves training for employees commencing from new employee onboarding and continues with periodic training on fundamental aspects of data privacy, data subject rights, cybersecurity and other practical and applicable policies and directives related to data protection.</p> <p>As part of the LH Group, the Company engages the services of independent third parties to review and audit the Company's actions within a specified period of time to determine compliance with current trends on data protection and cybersecurity and standard policies and guidelines. Likewise, the Company's Internal Controls and Quality Assurance Department and the Company's external auditor annually check the Company's compliance to LH Group's policies and guidelines, particularly, the administration of the required employee training and other requirements of data protection</p>

### Data Security

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of data breaches, including leaks, thefts and losses of data	0	#



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>Holcim Philippines highly values our IT Security for the protection of our information.</p>	<p>The Company adopts and enforces the LH Group's directives on IT Security. The Group's IT</p>

	Policy focuses on three domains: IT Security, IT Service Management, and other IT processes
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The Company faces usual cybersecurity risks that may lead to business disruption or competitive disadvantage.	Aside from utilizing measures consistent with industry standards and the LH Group Directives, The Company also ensures that employees who are exposed to risks undergo cybersecurity training and communications periodically to keep the updated with threats to data security and instruct them to immediately alert and notify our IT service desk and/or their immediate supervisor whenever suspicious activity, emails or issues arise for prompt action.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
We recognize the opportunity to continuously improve our cybersecurity policies and measures.	<p>The current demands of the business climate encourage the Company to establish and strengthen a culture of awareness in data protection and cybersecurity. Plans for continuous improvement of the efficiencies and measures to are discussed and completed alongside major projects and activities.</p> <p>The Business Continuity Plan (BCP) was developed to outline the general procedures to be taken in the event of a serious business disruption (or the threat thereof) affecting the operation of our key functions and this includes activities and protocols which must be performed during, after or in view of an imminent disaster or business disruption.</p>



# UN SUSTAINABLE DEVELOPMENT GOALS

## Product of Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

BLENDED CEMENT	
<p><b>Societal Value / Contribution to UN SDGs</b></p>	<p>Holcim Philippines minimizes its use of clinker and substitute it with alternative fuels to produce cement.</p> <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>  <p><b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</b>  <b>Target 9.4.</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>  <p><b>Ensure sustainable consumption and production patterns</b>  <b>Target 12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.  <b>Target 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>
<p><b>Potential Negative Impact of Contribution</b></p>	<p>It is during the production of clinker, the main component of cement, when most carbon dioxide emissions associated with cement occur. The majority of these emissions are unavoidable, as they result from the chemical reaction that occurs when the raw material (limestone) calcinirates into a clinker in the kiln.</p>
<p><b>Management Approach to Negative Impact</b></p>	<p>Replacing the clinker in the final product with alternative mineral components reduces the carbon footprint of cement production. As an alternative, we utilize waste-derived resources or cement additives such as fly ash and granulated blast furnace slag (GBFS) and synthetic phosphogypsum. These materials are by-products of other industrial processing plants. We also utilize other alternative raw materials such as contaminated soil or bottom ash in producing clinker to lessen our consumption of natural resources.</p>

## WASTE MANAGEMENT SOLUTION

<p><b>Societal Value / Contribution to UN SDGs</b></p>	<p>Holcim Philippines embraces the circular economy principle to contribute to the country’s solid waste management solution and to support the Group’s strategy to reduce its global carbon footprint.</p> <div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: flex-start;"> <div style="text-align: center; margin-right: 10px;"> <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div> <div> <p><b>Ensure sustainable consumption and production patterns</b></p> <p><b>Target 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> </div> </div> <div style="display: flex; align-items: flex-start;"> <div style="text-align: center; margin-right: 10px;"> <p><b>13</b> CLIMATE ACTION</p>  </div> <div> <p><b>Take urgent action to combat climate change and its impacts</b></p> <p><b>Target 13.2.</b> Integrate climate change measures into national policies, strategies and planning</p> </div> </div> </div>
<p><b>Potential Negative Impact of Contribution</b></p>	<p>Cement kiln co-processing itself cannot address the waste management challenges of the country but can be an integral part of the whole waste management value chain. This technology fits with any circular economy program following the waste management hierarchy which prioritizes first waste avoidance, reduction, reprocessing, and recycling.</p>
<p><b>Management Approach to Negative Impact</b></p>	<p>Holcim Philippines uses cement kiln co-processing technology; wherein qualified waste materials are used as an alternative to coal in producing cement. Co-processing provides a practical, cost-effective, and environmentally preferred alternative to landfills and traditional incineration. This technology is unique because it encompasses both material recycling and energy recovery within an industrial process.</p>