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H O L C I M P H I L I P P I N E S I N C .

(Company's Full Name)

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S T . M C K I N L E Y T O W N C E N T E R

F O R T B O N I F A C I O T A G U I G

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

MIA JAZMIN M. ORMITA

Contact Person

687-1195

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Annual Corporate
Governance Report

FORM TYPE

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles
Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document LD.

Cashier

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May 29, 2017

Corporate Governance and Finance Department
Securities and Exchange Commission (SEC)
G/F Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City, 1307

Re: Holcim Philippines, Inc.
Submission of Corporate Governance Manual and
Annual Corporate Governance Report for the Year 2016

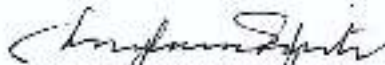
Dear Sirs:

Pursuant to SEC Memorandum Circular No. 6 (S2009) and SEC Memorandum Circular No. 19 (S2016), Holcim Philippines, Inc. (the "Company") hereby submits the following:

1. the Company's Annual Corporate Governance Report for the Year 2016, and
2. the Company's New Corporate Governance Manual.

Thank you.

Very truly yours,


Kristine NL Evangelista
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter HOLCIM PHILIPPINES, INC.
3. 7TH Floor Two World Square
McKinley Hill, Fort Bonifacio
Taguig City, Philippines
Address of Principal Office

1634
Postal Code


4. SEC Identification Number 26126
5. (SEC Use Only)

Industry Classification Code
6. BIR Tax Identification Number 000-121-507
7. (02) 4593333
Issuer's Telephone number, including area code
8. Not Applicable
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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(a) Composition of the Board

Complete the table with information on the Board of Directors: (as of December 31, 2016)

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator In the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/ Special Meeting)	No. of years served as director
<i>Martin Kriegner</i>	NED	<i>Holderfin B.V.</i>	<i>Holderfin Board</i>	<i>August 18, 2016</i>	<i>August 18, 2016</i>	<i>Annual Special Meeting of Board of Directors</i>	0
<i>Daniel N. Bach</i>	NED	<i>Union Cement Holdings Corp. (UCHC)</i>	<i>UCHC Board</i>	<i>May 6, 2008</i>	<i>May 18, 2016</i>	<i>Annual Meeting</i>	5
<i>Eduardo A. Sahagun</i>	ED	<i>UCHC</i>	<i>UCHC Board</i>	<i>July 2010</i>	<i>May 18, 2016</i>	<i>Annual Meeting</i>	6
<i>Tomas I. Alcantara</i>	NED	<i>UCHC</i>	<i>UCHC Board</i>	<i>July 4, 2003</i>	<i>May 18, 2016</i>	<i>Annual Meeting</i>	14
<i>Yasuo Kitamoto</i>	ID	<i>n/a</i>	<i>Racquel M. De Guzman (not related)</i>	<i>May 17, 2012</i>	<i>May 18, 2016</i>	<i>Annual Meeting</i>	5
<i>Simeon V. Marcelo</i>	ID	<i>n/a</i>	<i>Racquel M. De Guzman (not related)</i>	<i>May 16, 2014</i>	<i>May 18, 2016</i>	<i>Annual Meeting</i>	3
<i>David L. Balangue</i>	ID	<i>n/a</i>	<i>Racquel M. De Guzman (not related)</i>	<i>May 18, 2015</i>	<i>May 18, 2016</i>	<i>Annual Meeting</i>	2

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The corporate governance policy adopted by the Company's Board of Directors (the Board) as set out in the Company's Revised Manual on Good Corporate Governance (the Manual) is transparency, recognition, and promotion, and protection of the rights of shareholder and other stakeholders. Further, compliance with the principles of good corporate governance shall always start with the Board. It is essential that all material

information about the Company which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed through appropriate mechanisms.

It is the duty of the Board to promote shareholder rights, remove impediments to their exercise, and allow possibilities to seek redress for violation of their rights. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

(c) How often does the Board review and approve the vision and mission?

The Board has not set a specific period for review of the Company's vision and mission. The Board reviews the vision and mission, from time to time, at the instance of a director or of Management, to ensure that the business conducted by the Company is in line with the Company's vision and mission.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group¹

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<u>Martin Kriegner</u>	Holcim Philippines Manufacturing Corp.	Non-Executive Director
<u>Eduardo A. Sahagun</u>	Holcim Philippines Manufacturing Corp.	Executive Director
<u>Tomas I. Alcantara</u>	Holcim Philippines Manufacturing Corp.	Non-Executive Director
<u>Daniel N. Bach</u>	Holcim Philippines Manufacturing Corp.	Non-Executive Director
<u>Yasuo Kitamoto</u>	Holcim Philippines Manufacturing Corp.	Independent Director
<u>David L. Bolangue</u>	Holcim Philippines Manufacturing Corp.	Independent Director
<u>Martin Kriegner</u>	Union Cement Holdings Corporation	Non-Executive Director
<u>Eduardo A. Sahagun</u>	Union Cement Holdings Corporation	Non-Executive Director
<u>Daniel N. Bach</u>	Union Cement Holdings Corporation	Non-Executive Director
<u>Daniel N. Bach</u>	Clinco Corporation	Non-Executive Director
<u>Eduardo A. Sahagun</u>	Clinco Corporation	Executive Director/Chairman
<u>Daniel N. Bach</u>	Cemco Holdings, Inc.	Non-Executive Director
<u>Eduardo A. Sahagun</u>	Cemco Holdings, Inc.	Executive Director/Chairman
<u>Eduardo A. Sahagun</u>	Mabini Grinding Mill Corporation	Non-Executive Director/Chairman
<u>Eduardo A. Sahagun</u>	Bulcem Philippines Inc.	Non-Executive Director/Chairman
<u>Eduardo A. Sahagun</u>	Calambo Aggregates Co. Inc.	Executive Director/Chairman
<u>Eduardo A. Sahagun</u>	Excel Concrete Logistics Inc.	Executive Director/Chairman
<u>Eduardo A. Sahagun</u>	Holcim Philippines Business Services Center, Inc.	Executive Director/Chairman
<u>Eduardo A. Sahagun</u>	HuBB Stores and Services, Inc.	Executive Director/Chairman

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the Company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

¹ The Group is composed of the parent company, subsidiaries and its affiliates

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<i>Tomas I. Alcantara</i>	<i>Alsons Consolidated Resources, Inc. Philweb Corporation</i>	<i>Executive Director/Chairman Independent Director</i>
<i>David L. Balangue</i>	<i>Phinma Energy Corp. Roxas Holdings, Inc. Philippine Bank of Communications Manulife Financial Corporation</i>	<i>Independent Director Independent Director Independent Director Independent Director</i>

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
<i>Martin Kriegner</i>	<i>Holderfin B.V.</i>	<i>nominee director</i>
<i>Eduardo A. Sahagun</i>	<i>Union Cement Holdings Corp.</i>	<i>nominee director</i>
<i>Tomas I. Alcantara</i>	<i>Union Cement Holdings Corp.</i>	<i>nominee director</i>
<i>Daniel N. Bach</i>	<i>Union Cement Holdings Corp.</i>	<i>nominee director</i>

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

For 2016 and prior years, the Company did not set a limit on the number of Board seats in other companies that an individual director or the CEO may simultaneously hold. However, upon effectivity of the Company's new Corporate Governance Manual, the non-executive directors shall only concurrently serve as directors to a maximum of five publicly-listed companies in the Philippines.

The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards.

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company: *(as of December 31, 2016)*

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>Eduardo A. Sahagun</i>	<i>1</i>	<i>n/a</i>	<i>0.00%</i>
<i>Yasuo Kitamoto</i>	<i>1</i>	<i>n/a</i>	<i>0.00%</i>
<i>Tomas I. Alcantara</i>	<i>1</i>	<i>n/a</i>	<i>0.00%</i>
<i>Simeon V. Marcelo</i>	<i>1</i>	<i>54,262/Maria Rosanna A. Marcelo</i>	<i>0.00%</i>
<i>Martin Kriegner</i>	<i>1</i>	<i>n/a</i>	<i>0.00%</i>
<i>Daniel N. Bach</i>	<i>1</i>	<i>n/a</i>	<i>0.00%</i>
<i>David L. Balangue</i>	<i>1</i>	<i>94,600/BPI Securities Corporation</i>	<i>0.00%</i>
TOTAL	7	148,862	0.00%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	Tomas J. Alcantara
President	Eduardo A. Sahagun
Chief Operating Officer	Sapna Sood

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer/ Chief Operating Officer
Role/ Accountabilities/ Deliverables	<p>(i) Preside at all meetings of the stockholders and of the Board;</p> <p>(ii) Ensure that the meetings of the Board are held in accordance with the By-laws or as the Chairman may deem necessary;</p> <p>(iii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and</p> <p>(iv) Maintain qualitative and timely lines of communication and information between the Board and Management;</p> <p>(v) Perform such other duties incident to his office or are properly required of him by the Board.</p>	<p>(i) Have general supervision of the affairs of the Company;</p> <p>(ii) Sign all stock certificates;</p> <p>(iii) Sign, whenever authorized to do so by the Board, all approved contracts and other instruments in behalf of the Company;</p> <p>(iv) See that the resolutions of the Board are duly executed and carried out;</p> <p>(v) Make reports to the Board and stockholders;</p> <p>(vi) Perform all such other duties as are incident to his office or as are properly required of him by the Board.</p>

- 3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

Under the Manual, the minimum internal control mechanisms for the performance of the Board's oversight responsibility include:

- (1) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
- (2) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- (3) Evaluation of proposed senior management appointments;
- (4) Selection and appointment of qualified and competent management officers; and
- (5) Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

As of 31 December 2016, the Company has not adopted a formal policy on Board diversity. The Board, however, implements a process for selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

While there is no formal policy, there are three non-executive directors and one independent director in the Company who have experience in the industry.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role/ Accountabilities/ Deliverables	<p>(1) Implement a process for selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning for Management;</p> <p>(2) Provide sound strategic policies and guidelines to the Company on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;</p> <p>(3) Ensure that the Company faithfully complies with all relevant laws, regulations and best business practices;</p> <p>(4) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or Chief Financial Officer (CFO) shall exercise oversight responsibility over this program;</p> <p>(5) Identify the Company's stakeholders in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;</p> <p>(6) Adopt a system of internal checks and balances. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. A continuing review of the Company's internal control system shall also be conducted in order to maintain its adequacy and effectiveness;</p> <p>(7) Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability;</p> <p>(8) Define the role, duties, and responsibilities of the CEO as necessary, integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;</p> <p>(9) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;</p> <p>(10) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and</p>		

	<p>responsibilities;</p> <p>(11) Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;</p> <p>(12) Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration;</p> <p>(13) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations;</p> <p>(14) Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.</p>
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company has adopted its definition of "independent director" from the Securities Regulation Code and its Implementing Rules which provides:

2. As used in Section 38 of the [Securities Regulation Code], an 'independent director' is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

A. Is not a director or officer of the covered company or of its substantial shareholders except when the same shall an independent director of any of the foregoing;

B. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;

C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and spouse of such child, brother or sister;

D. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

E. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;

F. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the covered company, any of its related companies and/or any of its substantial shareholders within the last two (2) years; or

G. Has not engaged and does not engage in any transaction with the covered company or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

The Nomination Committee pre-screens the qualifications of the nominees for independent director, and prepares the Final List of Candidates eligible for election as independent director/s.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company follows SEC Memorandum Circular No. 9 (December 5, 2011), and SEC Advisory dated March 31, 2016. The Company's independent directors can serve for five consecutive years. After the five-year period, an independent director shall be ineligible for election unless he undergoes a two-year "cooling off" period. After the "cooling-off" period, an independent director may be re-elected as such and he can serve for another five consecutive years. However, if there are no suitable replacement, said independent director may be re-elected without taking a cooling-off period for a term of four consecutive years subject to prior written notice and justification to the Securities and Exchange Commission. After serving for ten years or nine years, as the case may be, the independent director shall be perpetually barred from being elected as such in the Company. These term limits are in place as of January 2, 2012, when the circular took effect. All previous terms served by the existing independent directors shall not be included in the application of the term limits.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Mr. Ian S. Thackwray resigned on August 18, 2016. Mr. Martin Kriegner was elected on the same date to replace Mr. Thackwray.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<i>Directors are elected annually by the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors. The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees.</i>	<i>The Company's By-laws and Manual provide for the qualification and disqualification of nominees for regular director and an independent director to the Board.</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		
b. Re-appointment		
(i) Executive Directors	<i>Directors hold office for one year. If nominated at the next annual stockholders' meeting, they may be elected for another one-year term. Please see response in Item a above.</i>	<i>The Company's By-laws and Manual provide for the qualification and disqualification of nominees for regular director and an independent director to the Board.</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	<i>The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees.</i>	<i>The Company's Manual provides for grounds that will constitute permanent disqualification for a director.</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		

d. Temporary Disqualification		
(i) Executive Directors	The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees.	The Company's Manual provides for grounds that will constitute permanent disqualification for a director.
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	Notice and hearing are required prior to the imposition by the Board of the penalty of removal from office.	The Board may impose other penalties in addition to those provided in the applicable regulations of the Commission, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation. The commission of a grave violation of this Manual by any member of the Board shall be sufficient cause for removal from directorship.
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-Instatement		
(i) Executive Directors	None	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Notice and hearing are required prior to the Imposition by the Board of the penalty of suspension from office.	The Board may impose other penalties in addition to those provided in the applicable regulations of the Commission, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual Stockholders Meeting

Name of Director	Votes Received
<i>Jon S. Thackwray*</i>	<i>6,165,397,556</i>
<i>Daniel N. Bach</i>	<i>6,183,119,725</i>
<i>Eduarda A. Sahagun</i>	<i>6,183,119,725</i>
<i>Tomas J. Alcantara</i>	<i>6,183,119,725</i>
<i>Simeon V. Marcelo</i>	<i>6,183,119,725</i>
<i>Yasuo Kitamoto</i>	<i>6,183,119,7251</i>

David L. Balangue	6,183,119,725
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*Replaced by Martin Kriegner on August 18, 2016

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

Following the effectivity of the Company's new Corporate Governance Manual on June 1, 2017, the Board will establish an orientation program for the directors.

- (b) State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years:

The Directors and Senior Management attended a Corporate Governance Seminar held on the following dates conducted by Risks Opportunities Assessment and Management (ROAM), Inc.

December 4, 2015

May 18, 2016

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director	Programs and Seminars	Date
Tomas I. Alcantara	Corporate Governance Seminar conducted by ROAM, Inc.	May 18, 2016
Daniel N. Bach	Corporate Governance Seminar conducted by ROAM, Inc.	May 18, 2016
David L. Balangue	Corporate Governance Seminar conducted by ROAM, Inc. Corporate Governance: Going Forward conducted by Center for Training and Development, Inc.	May 18, 2016 March 4, 2016
Yasuo Kitamoto	Corporate Governance Seminar conducted by ROAM, Inc.	May 18, 2016
Simeon V. Marcelo	Corporate Governance Seminar conducted by ROAM, Inc.	May 18, 2016
Eduardo A. Sahagun	Corporate Governance Seminar conducted by ROAM, Inc.	May 18, 2016
Jan S. Thackwray	Corporate Governance Seminar conducted by ROAM, Inc.	May 18, 2016

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Manual	HPHI Way; Anti-Bribery & Corruption Directive (ABCD) Code of Business Conduct (COBC) Conflict of Interest (COI) Directive	
(b) Conduct of Business and Fair Dealings	Manual	HPHI Way; ABCD; COBC, Third Party Due Diligence Directive (TPDD)	
(c) Receipt of gifts from third parties	None	ABCD; Gifts, Hospitalities, Sponsorships & Donations Guidelines; COBC	

² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(d) Compliance with Laws & Regulations	<i>Manual</i>	<i>HPHI Way; ABCD; Fair Competition Directive; COBC</i>
(e) Respect for Trade Secrets/Use of Non-public Information	<i>Manual</i> <i>Policy on Dealing in Securities</i>	<i>HPHI Way; COBC; Policy on Dealing in Securities</i>
(f) Use of Company Funds, Assets and Information	<i>Manual</i>	<i>HPHI Way; ABCD; COBC</i>
(g) Employment & Labor Laws & Policies	<i>None</i>	<i>HPHI Way; COBC</i>
(h) Disciplinary action	<i>None</i>	<i>HPHI Way; COBC</i>
(i) Whistle Blower	<i>None</i>	<i>ABCD; Integrity Line; COBC</i>
(j) Conflict Resolution	<i>None</i>	<i>None</i>

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company is now supported by a Compliance Officer (a position distinct from the Compliance Officer under the Manual which is delegated to the Corporate Secretary) who is specifically tasked to establish and implement the Company's Compliance Program, which includes the COBC, ABCD, Integrity Line, COI Directive, and TPDD. The Compliance Officer conducts trainings and workshops on the various directives and policies, attendance to which trainings and workshops are mandatory. Certain directives are supported by e-Learning online tools which are required to be accessed annually with signed certifications.

- 4) Related Party Transactions

- (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

The Company ensures financial management and all related transactions are compliant with local regulations and corporate rules. Furthermore, transactions between Group companies are to be undertaken at arm's length principle to avoid tax or other legal exposures. All Group companies are subject to the performance of an external statutory audit and internal audit reviews according to Group standards.

Under the arm's length principle, whenever there is a sale of goods or rendering of services, each party in the related party transaction should be justly compensated for its sale of goods, for the use of its assets or for services that is rendered. The buyer of the good or service, on the other hand, should just be paying a price/fee commensurate to the goods or services received as if the good/service was provided by an unrelated party. The reasonableness of the compensation/payment is generally weighed against the nature of the goods transferred/services rendered, the functions performed by buyer and seller, contractual terms, the risks borne by the buyer and seller, as well as the assets that they employ, among others.

The application of arm's length principle would, first and foremost, involve the identification of comparable situation(s) or transaction(s) undertaken by independent parties against which the associated enterprise transaction or margin is to be benchmarked. It entails an analysis of the similarities and differences in the conditions and characteristics that are found in the associated enterprise transaction with those in an independent party transaction. Once the impact of these similarities or differences have on the transfer price have been determined, the arm's length price/margin (or a range) can then be established using an appropriate transfer pricing method.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Transactions between Group companies are undertaken at arm's length principle in accordance with IFRS, PFRS, the Group's Accounting Reporting and Controlling Policy as well as its Transfer Pricing Directive.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Manual; HPHI Way; ABCD, COI Directive
Group	Group Code of Business Conduct; ABCD; COI Directive

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,¹ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

¹ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	None
Corporation & Third Parties	None
Corporation & Regulatory Authorities	None

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Yes.

2) Attendance of Directors (January 2016 to December 2016)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Tomas J. Alcantara	May 18, 2016	8	8	100%
Member	Jon S. Thackwray	May 18, 2016 (until August 18, 2016)	8	3	57%
Member	Martin Krieger*	August 18, 2016	8	2	29%
Member	Eduardo A. Sahagun	May 18, 2016	8	8	100%
Member	Daniel N. Bach	May 18, 2016	8	8	100%
Independent	Yasuo Kitamoto	May 18, 2016	8	8	100%
Independent	Simeon V. Marcelo	May 18, 2016	8	8	100%
Independent	David L. Balague	May 18, 2016	8	8	100%

* Elected as director only on August 18, 2016.

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

The non-executive directors did not hold such meetings.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Under the Company's By-laws, a quorum at any Board meeting shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any question at the meeting.

5) Access to Information

(a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

⁴ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the

One week.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary shall be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other records of the Company.

As to the agenda, the Corporate Secretary is tasked to get a complete schedule thereof at least for the current year and inform the members of the Board, in accordance with the By-laws, of the agenda. Also, the Corporate Secretary must ensure that the members of the Board have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

The Corporate Secretary should have a working knowledge of the operations of the Company. Furthermore, the Corporate Secretary should assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒

No ☐

Committee	Details of the procedures
Executive	<i>The Corporate Secretary prepares all materials for Board and Board Committee meetings, which are required to be sent to the Board members at least one week prior to the meeting. The Board members may ask the Corporate Secretary for information or materials to allow them to prepare for meetings.</i>
Audit	
Nomination	
Executive Compensation	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
<i>No formal procedure</i>	<i>The Board or Committees ask for external advice as they may deem necessary.</i>

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on

existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
	None	

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<i>Based on the Company compensation policy, the Total Rewards System (TRS), which is performance-based, competitive and sustainable.</i>	<i>Based on the Company's TRS</i>
(2) Variable remuneration	<i>Based on the Company's TRS</i>	<i>Based on the Company's TRS</i>
(3) Per diem allowance	<i>None</i>	<i>None</i>
(4) Bonus	<i>Based on the Company's TRS</i>	<i>Based on the Company's TRS</i>
(5) Stock Options and other financial instruments	<i>None</i>	<i>None</i>
(6) Others (specify)	<i>Benefits under the Company's TRS, such as insurance coverage, medical care, car benefit, retirement benefit, etc.</i>	<i>Benefits under the Company's TRS, such as insurance coverage, medical care, car benefit, retirement benefit, etc.</i>

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<i>Not entitled to directors per diem Compensation as Company officer only based on the Company's TRS</i>		
Non-Executive Directors	<i>Fixed annual per diem</i>	<i>Annual per diem for directors Annual per diem per Board committee chairmanship and membership</i>	<i>Based on current competitive rates (sufficient level to attract and retain directors)</i>

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Pursuant to the Company's Manual, the Board Executive Compensation Committee shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and to designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board.

The Company's Annual Reports and Information Statements distributed and accessible to stockholders before the annual meetings disclose the compensation of its executive officers and directors for the previous fiscal year and the ensuing year. At annual meetings, stockholders are asked to ratify all acts and resolutions of its Board and its Committees, hence, they have the opportunity to approve decisions on total remuneration.

Remuneration Scheme	Date of Stockholders' Approval
Annual remuneration per director, per committee	May 23, 2013
Annual remuneration per director, per committee	May 16, 2014
Annual remuneration per director, per committee	May 18, 2015
Annual remuneration per director, per committee	May 18, 2016

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than Independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration	Based on the Company's TRS	None	None
(c) Per diem Allowance	Not entitled to directors per diem; Compensation as Company officer only based on the Company's TRS	Effective August 1, 2015: Annual Per Diem for Directors: P2,600,000 Chairman of the Board: P500,000 Annual Per Diem Per Committee: Member of Compensation Committee = P200,000 Member of Nomination Committee = P100,000 Chairman of Audit Committee Chairman = P400,00 Member of Audit Committee Member = P300,000	None
(d) Bonuses	Based on the Company's TRS	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None

Total	<i>Amount varies depending on individual and Company performance</i>	<i>Amount varies depending on committee membership</i>	<i>Amount varies depending on committee membership</i>
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Other Benefits	Executive Directors	Non-Executive Director (other than Independent directors)	Independent Directors
1) Advances	<i>None</i>	<i>None</i>	
2) Credit granted	<i>None</i>	<i>None</i>	
3) Pension Plan/s Contributions	<i>Based on the Company's TRS</i>	<i>None</i>	
(d) Pension Plans, Obligations incurred	<i>Based on Company retirement plan</i>	<i>None</i>	
(e) Life Insurance Premium	<i>Based on the Company's TRS</i>	<i>None</i>	
(f) Hospitalization Plan	<i>Based on the Company's TRS</i>	<i>None</i>	
(g) Car Plan	<i>Based on the Company's TRS</i>	<i>None</i>	
(h) Others (Specify)	<i>Other benefits under the Company's TRS, such as other medical care, educational and cement loans, calamity, burial, relocation, maternity assistance, etc.</i>	<i>None</i>	
Total	<i>Amount varies depending on benefit avallment</i>	<i>None</i>	

4) Stock Rights, Options and Warrants

a. Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
<i>None</i>				

(a) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any Incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
<i>None</i>		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
<i>Sapna Saad/ Chief Operating Officer</i>	Php 115,323,695
<i>Kevin Michael Savory / Head, Procurement & Logistics</i>	
<i>Benjamin L. Jimenez/ Head, Marketing</i>	
<i>Roman Menz/ Head, Cement Industrial Performance</i>	
<i>Araceli Gonzales/ Head, Organization & Human Resources</i>	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board: *(as of May 18, 2016)*

Committee	No. of Members			Committee Charter	Functions/ Key Responsibilities/ Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)		
<i>Board Executive Committee</i>	1	3		<i>Manual</i>	<p>(i) Advise and aid the officers of the Company in all matters concerning its interest and the management of the Company's business; and</p> <p>(ii) Except for the following powers, exercise all the powers of the Board of Directors in the management of the business and affairs of the Company during the intervals between the meetings of the Board: such powers as granted by law to the Board; the power to fill vacancies in the Board; and such powers as the Board may expressly reserve at any time.</p>
<i>Audit Committee</i>		1	2	<i>Manual</i>	<p>(i) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p> <p>(ii) Provide oversight over Management's activities specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>(iii) Perform oversight functions over the Company's internal and external auditors. It</p>

					<p>should ensure the independence of both internal and external auditors from each other. Furthermore, the audit committee shall make certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>(iv) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;</p> <p>(v) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>(vi) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>(vii) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</p> <p>(viii) Review the reports submitted by the internal and external auditors;</p> <p>(ix) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p> <ol style="list-style-type: none"> (1) Any change/s in accounting policies and practices; (2) Major judgmental areas; (3) Significant adjustments resulting from the audit; (4) Going concern assumptions; (5) Compliance with accounting standards; (6) Compliance with tax, legal and regulatory requirements; <p>(x) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>(xi) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his</p>
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					<p><i>Independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;</i></p> <p><i>(xii) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee;</i></p> <p><i>(xiii) The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties;</i></p> <p><i>(xiv) Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit;</i></p> <p><i>(xv) Elevate to international standards the accounting and auditing, process, practices and methodologies, and develop the following in relation to this reform:</i></p> <p><i>(1) A definitive timetable within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant;</i></p> <p><i>(2) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task;</i></p> <p><i>(xvi) Develop a transparent financial management system to ensure the integrity of internal control activities throughout the Company through a step-by-step procedure and policies handbook that will be used by the entire organization;</i></p> <p><i>(xvii) Supervise Management in the formulation of rules and procedure on financial reporting and internal control in accordance with the guidelines provided in the Code.</i></p>
Nomination Committee		1	2	Manual	<p>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. In carrying out its duties, the Nomination Committee may request the assistance of the Human Resources Director/Manager of the Company.</p> <p>Subject to the pertinent provisions of the By-laws on the disqualification of persons engaged in business antagonistic to that of the Company, the Nomination Committee shall pre-screen and shortlist all candidates nominated to become members of the Board.</p>
Executive Compensation Committee		1	2	Manual	<p>(i) Establish a formal and transparent procedure for developing a policy on</p>

					<p>executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment;</p> <p>(ii) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully, subject to approval of the Board;</p> <p>(iii) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired;</p> <p>(iv) Disallow any director to decide his or her own remuneration;</p> <p>(v) Provide in the Company's annual reports prescribed by the Commission, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year, consistent with the guidelines of the Commission;</p> <p>(vi) Review the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts;</p> <p>(vii) In the absence of such the Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.</p>
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2) Committee Members

(a) Board Executive Committee (January 2016 to December 2016)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman(NED)	<u>Martin Krieger</u>	August 18, 2016	0	0		0
Member (NED)	Daniel N. Bach	May 18, 2015	0	0		3 years
Member (ED)	Eduardo A. Sahagun	May 18, 2015	0	0		4 years

(b) Audit Committee (January 2016 to December 2016)

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	David L. Balangue	May 18, 2016	7	7	100%	2 years
Member (ID)	Simeon V. Marcelo **	May 18, 2016	7	7	100%	3 years
Member (NED)	Daniel N. Bach**	May 18, 2016	7	7	100%	3 years
Member (NED)	Tomas I. Alcantara*	May 18, 2015	7	4	57%	2 years

*Member of the committee only until May 17, 2016.

** Previously elected on May 16, 2014

Disclose the profile or qualifications of the Audit Committee members. (as disclosed in Sec Form 17-A)

David L. Balangue, 65, is a certified public accountant with a Bachelor's Degree in Commerce in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University and a Master of Management degree, with distinction, from the Kellogg Graduate School of Management. He placed second highest in the 1972 Philippine CPA Board Examinations. Mr. Balangue's career in the accounting and auditing professions spanned 38 years at SGV & Co., where he was Chairman from January 2004 to January 2010 and Managing Partner from January 2004 to February 2009, after being admitted to partnership in 1982. He is currently the Chairman of the Philippine Center for Population and Development, the Philippine Financial Reporting Standards Council, the National Citizens Movement for Free Elections (NAMFREL) and Coalition Against Corruption and a non-executive Independent director of the following listed companies: Phinma Energy Corp., Roxas Holdings, Inc., Philippine Bank of Communications and Manulife Financial Corp.

Simeon V. Marcelo, 63, graduated among the top of his class at the University of the Philippines - College of Law and placed 5th in the 1979 bar examination. He served as Solicitor General from February 2001 to October 2002 and was Ombudsman from October 2002 to November 2005. From 2007 to 2010, Mr. Marcelo served as Executive Secretary of the Asian Development Bank Administrative Tribunal and from 2008 to June 2014, was a member of the World Bank's Independent Advisory Board (on good governance and anti-corruption matters). Mr. Marcelo was also elected as the President of the Philippine Bar Association from 2009 to 2010. During its Centennial Year 2013, the University of the Philippines Alumni Association conferred upon him the Distinguished Alumni Award in Public Service. He is the Chief Executive Officer of Cruz Marcelo & Tenebrancia Law Offices. Mr. Marcelo was elected as independent director of the Company in 2014.

Daniel N. Bach, 53, was formerly a member of the Board of Directors and the Company's Senior Vice President for Manufacturing in 2007 until his assignment as CEO of Holcim Romania in 2011. In January 2014, he took on a new role as Holcim's Area Manager for South East Asia. He graduated with a Mechanical Engineering degree and a doctoral degree in Technical Sciences, both from the Swiss Federal Institute of Technology in Zurich, Switzerland. In July 2015, Mr. Bach was appointed Area Manager for South East Asia (East).

Describe the Audit Committee's responsibility relative to the external auditor.

Perform oversight functions over the Company's internal and external auditors. It should ensure the independence of both internal and external auditors from each other. Furthermore, the audit committee shall make certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly

explained;

Review the reports submitted by the internal and external auditors;

Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.

Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Simeon Marcelo	May 18, 2016	5	5	100%	2 years
Member (ID)	Yasuo Kitamoto	May 18, 2016	5	5	100%	5 years
Member (NED)	Tomas I. Alcantara	May 18, 2016	5	5	100%	1 years

(d) Executive Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Daniel N. Bach	May 18, 2016	1	1	100%	3 years
Member (ID)	David L. Balangue	May 18, 2016	1	1	100%	2 years
Member (ID)	Simeon V. Marcelo	May 18, 2016	1	1	100%	3 years

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

There are no other Board committees.

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year 2016 and the reason for the changes:

Name of Committee	Name	Reason
Board Executive Committee	Jan S. Thackwray Martin Kriegner	Jan S. Thackwray resigned as member of the Board on August 18, 2016. Martin Kriegner was appointed as member on August 18, 2016 to replace Mr. Thackwray.
Audit Committee	Tomas I. Alcantara	Tomas I. Alcantara is no longer a member of the Audit Committee.
Nomination Committee	Tomas I. Alcantara David L. Balangue	Tomas I. Alcantara was appointed as member on May 18, 2016. David L. Balangue is no longer a member of the

		Nomination Committee
Executive Compensation	No change	

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Board Executive Committee	None	None
Audit Committee	Reviewed and approved Audited Financial Statements, Annual Report and Quarterly Reports	Usual deliberations on financial reports, audit reports, discussion on risks
Nomination Committee	Screened and qualified candidates nominated for the term 2016-2017. Screened and qualified candidates for the COO and the CFO positions.	Assessment based on required qualifications and yearly performance
Executive Compensation Committee	Reviewed compensation of the Board and the Company	Deliberations on ensuring compensation is competitive, performance-based and sustainable

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Board Executive Committee	None	None
Audit Committee	Revise the Audit Committee Charter	Update charter based on SEC rules and best practices
Nomination Committee	Continue performing functions	
Executive Compensation	Continue performing functions	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- Overall risk management philosophy of the company;
- A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- Period covered by the review;
- How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- Where no review was conducted during the year, an explanation why not.

The Company believes that excellence in the management of risk is an essential part of its competitive strategy. In line with corporate strategy, the Board is tasked with approving the risk management and control policy, and periodic monitoring of the internal control and reporting systems. On the basis of the general guidelines mandated by the Board, the Management Committee (ManCom) establishes necessary corporate policies that specify the guidelines approved by the Board. In this context, and to perform its duties appropriately, the ManCom relies on the essential duties carried out by the Steering Committee (SC) – Business Risk Management (BRM) whose main responsibility includes spearheading the performance of company-wide annual risk assessment, definition of long-term objectives, and development of strategic and business plans. The Business Development (BD) unit, under the Finance function, of the Company facilitates such risk assessment.

The Board acknowledges its responsibility for the Company's system of internal control and for reviewing its adequacy and effectiveness. The system is designed to manage the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The risks associated with the Company's activities are reviewed regularly by the Board, which assesses the Company's risk appetite/tolerance, and considers major risks and evaluates their impact on the Company. Policies and procedures, which are reviewed and monitored by the Head of Internal Audit, are in place to deal with any matters, which may be considered by the Board to present significant exposure.

The key features of the Company's risk management process, which serve as measure of its effectiveness, include the following:

- Each significant risk is documented, showing an overview of the risk, how the risk is managed, and any improvement actions or corrective initiatives. Risks are categorized based on the impact to EBITDA.
- The risk profiles ensure that internal audit reviews of the adequacy, application and effectiveness of risk management and internal controls are targeted on the key risks.
- Risk management is cascaded from corporate to business operating unit level. Risk assessment meetings are held at least annually, and the standard agenda include discussion of risk and control issues, and review and updating of risk profiles.
- Risk and control self-evaluation exercises are undertaken by each business operating unit level at least twice a year, and updated risk profiles are prepared.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Market Risk	Company enters into derivative financial instruments to manage volatility relating to such exposures.	To reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency and interest rate risk.
Foreign Currency Risk	Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.	To manage foreign currency risk exposures related to its foreign currency-denominated loan.
Interest Rate Risk	The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. To manage the risk, the Company may enter into derivative transactions, as appropriate.	To manage the risk exposure related to fluctuation in market interest rates.
Credit Risk	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 Company's exposure to bad debts to minimal.
Liquidity Risk	The Company monitors the risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial	To maintain a balance between continuity of funding and flexibility through the use of bank

	<i>assets and projected cash flows from operations.</i>	<i>credit facilities, finance leases and purchase contracts.</i>
<i>Operational Risk</i>	<i>The Company monitors the operational risk through risk profiling and self-evaluation exercises undertaken at least twice a year at business operating unit level. Risks are profiled based on impact to Operating EBITDA.</i>	<i>To assess corporate risks (both general country and company specific risks) along with business segment specific risks.</i>

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
	<i>Same as above</i>	

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<i>Minimal risk in view of minority shareholders' rights given</i>

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

The Company has in place a robust internal control system. This includes clearly defined reporting lines and authorization procedures, a comprehensive budgeting and monthly reporting system, and written policies and procedures. In addition to a wide range of internal audit reports, senior management also receive assurance from other sources including security inspections, third party reviews, company financial control reviews, external audit reports, summaries of whistle-blowing activity, fraud reports and risk and control self-evaluations.

Sound Internal Control System (ICS) for financial reporting also exists. Controls are in place at entity and business process levels while general controls on Information Technology are likewise implemented. The company uses an effective consolidation system which is used for both internal management reporting, budgeting and planning as well as external reporting. The group has a comprehensive budgeting process with the budget being approved by the Board. Forecasts for the year are reported at least quarterly. Actual results at business unit and at corporate level are reported monthly and variances are reviewed.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>Financial Reporting Risks</i>	<i>The Group external auditor provides an opinion regarding existence of the ICS on the consolidated and statutory financial statements.</i>	<i>The Company is required to have in place a formalized internal controls system for its processes affecting financial reporting. This requirement is triggered by Swiss legislation that asks the external auditor to verify the existence of the system of internal controls.</i>

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as above		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism/ Details of its Functions
Internal Audit	<i>Corporate ICS - overall process, effected by the Board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of compliance, financial reporting, and operating objectives. It consists of the policies and procedures adopted by the management of an organization to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.</i>

G. INTERNAL AUDIT AND CONTROL:

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The Company's ICS is an overall process, effected by the Board, management, and other personnel, designed to provide reasonable assurance concerning:

- the reliability of the financial reporting and statements,*
- compliance with laws and regulations,*
- protection of assets and fraud prevention,*
- And the effectiveness and efficiency of processes.*

It is based on key documents such as the Board functions, the Code of Business Conduct, policies, procedures and directives. In addition to entity level controls, the system also includes internal controls to address business risks having an impact on the financial reporting and statements in the following processes:

- ✓ Record to Report (R2R)*
- ✓ Purchase to Pay (P2P)*
- ✓ Order to Cash (O2C)*
- ✓ Hire to Retire (H2R)*
- ✓ IT General Controls*

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board through its Audit Committee reviews and monitors the Company's established systems and processes for risk management, internal control and good governance. In the review of the design

effectiveness and adequacy of internal controls particularly those processes relating to financial reporting, the Audit Committee is assisted by the Internal Control and Quality Assurance group, and the external auditor. Results of the review are presented to the Audit Committee every quarter.

- (c) Period covered by the review;

2016

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Company's ICS is reviewed quarterly and annually. Scope, focus area and criteria are all defined in the Annual Certification Process Instruction issued at the Corporate Group level. Per ICS methodology, a control deficiency in design effectiveness exists when the design of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis and therefore the control does not meet the control objective.

- (e) Where no review was conducted during the year, an explanation why not.

Not Applicable

2) Internal Audit

- (a) Role, Scope, and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether in-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>It helps the organization to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</i>	<i>The scope of Internal Audit encompasses the examination and evaluation of the adequacy, effectiveness and appropriateness of the organization's governance, risk management and system of internal control and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.</i>	<i>In-house</i>	<i>Atty. Victoria T. Tomelden, CPA, CIA</i>	<i>Internal Audit reports functionally to the Audit Committee and reports administratively to the CEO.</i>

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. This is documented in the Internal Audit Charter.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Yes. The Internal Audit is given full and complete access to any of the organization's records, physical properties and personnel relevant to the review. The Head of Internal Audit is also given full and free access to top management and reports directly to the Audit Committee of the Board. This authority is embodied in the IA's Charter as well.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Catherine S. Encinas, Audit Manager	Resigned due to personal reason effective Feb. 28, 2016
Amel J. Ocol	Lead Auditor from Holcim Australia took the role as Audit Manager effective March 01, 2016

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the Internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	<i>All projects stated in the audit plan for 2016 were completed plus 2 special requests from Management.</i>
Issues⁵	<i>None</i>
Findings⁶	<i>Most of the major observations noted pertain to sustainability of the process owners' compliance with documented business process, policies and/or procedures.</i>
Examination Trends	<i>Aside from looking at compliance with key internal control procedures, audit examination is also geared towards looking and assessing process inefficiencies to contribute to the Company's bottom line.</i>

The relationship among progress, plans, Issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

- (f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "implementation."

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

⁶ "Findings" are those with concrete basis under the company's policies and rules.

Policies & Procedures	Implementation
ICS Key Control EL.C09 – Audit Committee’s oversight responsibility on financial reporting and on internal control This entity level control provides that there is a charter outlining the Audit Committee’s duties and responsibilities, member composition and qualifications. This control also defines the regularity of meetings with Management, external auditors, internal auditors and legal and compliance team to discuss judgment assumptions and estimates and their impact on the financial reporting process. Significant cases of management override of internal controls as well as results of ICS testing are also discussed in these meetings.	Being implemented based on the result of ICS testing and audits conducted.
ICS Key Control EL.C38 – Independent Assessment of Internal Control System This entity level control provides that internal audit is an independent function within the organization and they are prohibited from performing operating activities. It also provides that Internal Auditors have direct access to the Board or Audit Committee. The internal audit function adheres to professional standards.	Being implemented based on the result of ICS testing conducted.
Internal Audit Charter – where the internal audit activity’s purpose, authority and responsibility are defined. It established the internal audit activity’s position in the organization; authorizes access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.	Being Implemented based on the result of ICS testing conducted.
Internal Audit Manual – The IA Manual enumerates IA principles, processes and methodologies/ procedures to be used/adapted by internal auditors in conducting internal audit activity. It also includes appendices for sample reporting purposes.	Being implemented and reviewed periodically.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Internal Audit Function: To safeguard the independence of Internal Audit function, the Head of Internal Audit reports functionally to the Chairman of the Audit Committee and administratively to the CEO. All audit projects including the scope to be performed by IA will need the approval of the Audit Committee prior to execution. The Head of Internal Audit is also given unrestricted access to the Audit Committee of the Board and top management. Appointment or removal of the Head Internal Audit needs approval from the Audit Committee as well.	Not Applicable	Not Applicable	Not Applicable
External Auditor: Monitoring for compliance is in place for: (a) Relevant provisions under Amended SRC 68 (b) Code of Ethics of Professional Accountants (c) Terms and conditions set forth in the audit engagement letter			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors,

officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Chairman, CEO, Independent Directors.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<i>Standardized business processes Customer rewards program</i>	<i>Annual review of processes Annual customer conference</i>
Supplier/contractor selection practice	<i>Procurement Policy Supplier Code of Conduct</i>	<i>Review of accreditation process Orientation of vendors</i>
Environmentally friendly value-chain	<i>Geocycle/AFR Policy Environmental Policy Biodiversity Directive Water Directive</i>	<i>Use of Alternative Fuel Resources CO2 reduction</i>
Community interaction	<i>Corporate Social Responsibility (CSR) Policy</i>	<i>Various activities in adopted communities</i>
Anti-corruption programmes and procedures	<i>ABCD Integrity Line TPDD</i>	<i>Face to Face Training e-Learning tool TPDD Tool</i>
Safeguarding creditors' rights	<i>None</i>	<i>None</i>

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes, the Company has a Sustainable Development function under which CSR is encompassed.

- 3) Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare?

*Health & Safety Policy
Health & Safety Rules
Directives on Fatality Prevention Elements*

- (b) Show data relating to health, safety and welfare of its employees.

As a Company engaged in manufacturing, the Company has an OH&S function overseeing this concern for the Company. The Company's cement plants are ISO certified OH&S 18001 for OH&S Management.

- (c) State the company's training and development programmes for its employees. Show the data.

The Company provides continuous training and development to its employees that include local training in leadership, innovation and foundation courses as well as global technical trainings.

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has a Total Rewards System which sets out the Company's compensation and rewards policy.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company has an Integrity Line under its Anti-Bribery and Corruption Directive, which specifically mandates non-retaliation for good faith reporting of genuine concerns.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

[a] Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Union Cement Holdings Corp.	3,906,425,509	60.55%	Union Cement Holdings Corp. (same as record owner)
Holderfin B.V.	1,168,450,997	18.11%	Holderfin B.V. (same as record owner)
Sumitomo Osaka Cement Co., Ltd.	594,952,725	9.22%	Sumitomo Osaka Cement Co., Ltd. (same as record owner)
Cemco Holdings, Inc.	456,689,560	07.08%	Cemco Holdings, Inc. (same as record owner)

No member of the senior management holds 5% or more shareholding of the Company.

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	No
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	No
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The Company's Annual Report contains the disclosure requirements imposed by the SRC, its Implementing Rules and Regulations, and the issuances of the SEC.

3) External Auditor's fee (for year 2016):

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Co	Php 9 million	Php 3.7 million

The non-audit fees of Sycip Gorres Velayo & Company for the year 2016 are for tax advisory and due diligence audit and advisory services.

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Regular briefings for media and investor analysts; continuing publicity efforts; annual meetings and report for stockholders; meetings with potential investors as requested.

5) Date of release of audited financial report:

The Company's SEC Form 17A (Annual Report with Audited Financial Statement) was filed with the Commission and disclosed to the PSE in March 2, 2016.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes.
Financial statements/reports (current and prior years)	Yes.
Materials provided in briefings to analysts and media	Yes.
Shareholding structure	Yes.
Group corporate structure	Yes.
Downloadable annual report	Yes.
Notice of AGM and/or EGM	Yes.
Company's constitution (company's by-laws, memorandum and articles of association)	Yes.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT :

RPT		Relationship	Nature	Value (in thousand pesos)
Clinco	Clinco Corporation	Parent	Payment of expenses	4.00
			Due from related party	33.00
Cemco	Cemco Holdings, Inc.	Parent	Payment of expenses	5.00
			Due to related party	5,130.00
UCHC	Union Cement Holdings Corporation	Parent	Payment of expenses	226.00
			Due to related party	5,190.00
HMDC	Holcim Mining Development Corporation	Associate	Interest on loan	299.00
			Asset transfer	89,568.00
			Expenses for various charges	3,901.00
			Service contract	34,819.00
			Lease of land	126,931.00
			Additional Investment	110,150.00

			Purchase and/or expense	601,193.00
			Due from related party	255,175.00
HRDC	Holcim Resources and Development Corporation	Associate	Expenses from various charges	386,987.00
			Service contract	77,086.00
			Advances	16,679.00
			Asset lease	16,105.00
			Due from related party	83,035.00
LHAI	LafargeHolcim Aggregates, Inc.	Associate	Purchase and/or expense	1,350.00
			Sales	82,672.00
			Due to related party	335,827.00
APC	APC Properties, Inc.	Associate	Various reimbursements	721.00
			Due from related party	52,263.00
QLI	Quilman Limestone, Inc.	Associate	Expenses from various charges	39.00
			Various reimbursements	1,907.00
			Short-term loan	2,127
			Due from related party	77,352.00
SCMC	Sigma Cee Mining Corporation	Associate	Due from related party	867.00
LORVI	Lucky One Realty Ventures, Inc.	Associate	Expenses from various charges	256.00
			Foreshore lease	36,584.00
			Due to related party	20,141.00
Others		Associate	Expenses from various charges	18.00
			Due from related party	18.00
HEAB	Holcim East Asia Business Service Centre B.V	Affiliate	Service contract	600,616.00
			Advances	12,518.00
			Asset transfer	87,221.00
			Due to related party	2,284.00
HTSX	Holcim Technology and Services	Affiliate	Purchases and/or expense	1,897,844.00
			Due to related party	363,921.00
Holcim Trading	Holcim Trading Pte. Ltd., Singapore	Affiliate	Purchases and/or expense	168,064.00
			Due to related party	205,173.00
HTPL	Holcim Technology (Singapore) Pte. Ltd.	Affiliate	Purchases and/or expense	108,909.00
			Advances	21,689.00
			Due from related party	15,483.00
Other Holcim Group Affiliates		Affiliate	Purchases and/or expense	23,839.00
			Advances	25,698.00
			Due from related party	26,861.00

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Company ensures financial management and all related transactions must be compliant with local regulations and corporate rules. Furthermore, transactions between Group companies are to be undertaken at arm's length principle to avoid tax or other legal exposures. All Group companies are subject to the performance of an external statutory audit and internal audit reviews according to Group standards. See discussion in B4.

1. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	<i>Majority of the entire subscribed capital stock of the Company represented in person or by proxy</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<i>A motion is made, voted on and carried during the AGM for the ratification of corporate acts.</i>
Description	

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
<i>Notice of Meeting complying with the period for giving out notices, the contents of the notice and authorization requirements for the person issuing the notice</i>	<i>Special laws and the Company's By-laws provide for other rights not in the Corporation Code, such as:</i> <ul style="list-style-type: none"> ▪ <i>Longer notice period (15 business days)</i> ▪ <i>Transmittal to stockholders of a written information statement and management report which has been reviewed by the SEC</i>
<i>Appraisal right</i>	
<i>Voting - voting by proxy, cumulative voting, creation of voting trusts</i>	
<i>Higher voting requirement for approval of certain corporate acts</i>	

Dividends

Declaration Date	Record Date	Payment Date
<i>May 18, 2016</i>	<i>June 15, 2016</i>	<i>July 5, 2016</i>

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include

in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
<p>a. The Company duly discloses in its Information Statement (which is distributed fifteen working days prior to the meeting date) to stockholders of items requiring stockholder approval.</p> <p>b. The Chairman requests and takes questions from the stockholders during the meeting.</p> <p>c. The Chairman answers or requests Company officers to respond to the stockholders' questions.</p>	

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution
 - Authorization of additional shares
 - Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company duly discloses in its Information Statement to stockholders of items requiring stockholder approval, the vote required and voting procedure therefor.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

The Company's Amended Bylaws provide that notices to stockholders for meetings shall be prepared and mailed no less than fifteen working days prior to the meeting date.

- Date of sending out notices: April 25, 2016
 - Date of the Annual/Special Stockholders' Meeting: May 18, 2016
2. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

No questions.

3. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
<i>Approval of the Minutes of the Annual Meeting held on May 18, 2015</i>	6,183,119,725		
<i>Approval of the Annual Report and the Audited Financial Statements of the Company as of December 31, 2015</i>	6,183,119,725		
<i>Approval and ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last annual meeting</i>	6,183,119,725		
<i>Election of the following as members of the Board for the year 2015-2016:</i> <ol style="list-style-type: none"> <i>Tomas I. Alcantara</i> <i>Ian S. Thackwray</i> <i>Eduardo A. Sahagun</i> <i>Daniel N. Boch</i> <i>Simeon V. Marcelo (Independent Director)</i> <i>Yasuo Kitamoto (Independent Director)</i> <i>David L. Balangue (Independent Director)</i> 	6,165,397,556	17,722,169	
<i>Approval of the appointment of SyCip Gorres Velayo & Co. as External Auditor of the Company for the</i>	6,183,119,725		

year 2015			
Approval of the Amendment to Article III, Section 8 of the Amended By-Laws (authority to fix the remuneration of the Company's directors and officers)	6,183,119,725		

4. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the AGM are disclosed to the Philippine Stock Exchange as soon as the meeting is adjourned, and a copy thereof is duly filed with the Commission in a SEC Form 17-C Report.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

There are no modifications to the 2016 annual stockholders' meeting regulations.

(f) Stockholders' Attendance

- (i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. Tomas L. Alcantara 2. Ian S. Throckway 3. Eduardo A. Sahagun 4. Daniel N. Bach 5. Yasuo Kitamoto 6. Simeon V. Marcelo 7. David L. Balangue	May 18, 2016	Viva voce	0.00%	95.83%	95.83%
Special	None					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The Company's stock and transfer agent, Stock Transfer Service, Inc., validates the attendance. The votes are based on the validated attendance.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

The common shares carry one vote for one share. The Company has no issued and outstanding preferred shares. The preferred shareholders shall not be entitled to vote except in those cases expressly provided by the law.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	<i>Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</i>
Notary	<i>Not required</i>
Submission of Proxy Several Proxies Validity of Proxy Proxies executed abroad Invalidated Proxy Validation of Proxy Violation of Proxy	<i>Proxy shall be in writing and duly presented to the Corporate Secretary for inspection and recorded at or prior to the opening of the meeting. All proxies shall be in writing, signed by the stockholders and filed in the office of the Corporate Secretary at least five (5) days before the meeting.</i> <i>No proxy bearing a signature which is not legally acknowledged shall be recognized at any meeting unless such signature is known and recognized by the Secretary of the meeting.</i>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<i>The Company's Amended Bylaws provide that notices to stockholders for meetings shall be prepared and mailed no less than fifteen working days prior to the meeting date pursuant to SRC Rule 20(3)(c)(iv).</i>	<ul style="list-style-type: none"> <i>The information statement and the management report under paragraph (4) of this Rule, if applicable, shall be distributed to security holders at least fifteen (15) business days from the date of the stockholders' meeting. [SRC Rule 20(3)(c)(iv)]</i> <i>Written notice, stating the date, time and place of the annual meeting shall be sent to all stockholders of record at least two (2) weeks prior to the scheduled annual stockholders' meeting, unless a different period is required by the by-laws. The distribution to stockholders of information statement (SEC Form 20-15) within the prescribed period under this Rule shall be sufficient compliance with the notice requirement. [SRC Rule 20(11)(a)(iii)]</i> <i>For the holding of any stockholders' meeting, the Exchange must be given a written notice thereof at least Ten (10) trading days prior to the record date fixed by the Issuer. The notice must include all the necessary details including the time, venue and agenda of the meeting and the inclusive dates when the stock and transfer books shall be closed. (PSE Revised Disclosure Rules, Section 7)</i> <i>The Issuer shall further submit within Five (5) trading days after the record date the list of stockholders who are entitled to notice and to vote at a regular or special stockholders' meeting. (PSE Revised Disclosure Rules, Section 7)</i>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<i>5,572 stockholders as of record date, April 18, 2016.</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<i>Starting April 25, 2016</i>

Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	Starting April 25, 2016.
State whether CD format or hard copies were distributed	Hard copies were distributed.
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies were distributed.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	The notice of annual meeting is sent with the Information Statement containing the profiles of directors nominated for re-election.
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	The notice did not include a dividend policy as there is no dividend declaration made at the time of the release of the notice.
The amount payable for final dividends.	The Company declared a cash dividend in the amount of Php0.87 per share to all stockholders of record as of June 15, 2016
Documents required for proxy vote.	The Company stated that it is not requesting for a proxy.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<ul style="list-style-type: none"> A director shall not be removed without cause if it will deny minority shareholders representation in the Board. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and the best practice. The minority shareholders shall have access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice. 	These provisions in the Company's Manual are currently in effect and are being implemented.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTOR RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has a global and country policy on media relations, but has not been updated in the last five years. Media releases are routinely approved by the Head, Communication and Corporate Affairs, and those with major business implications are reviewed by the COO, CFO and, as necessary, the Corporate Secretary/Corporate Information Officer.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Major avenues for stockholder communication are the Annual Report and Annual Stockholders Meeting. Communication with potential investors is done upon request, mostly by the CEO/ COO. Investor analysts' questions are received during quarterly media briefings on the Company's financial performance conducted by the CEO and Head, Communication and Corporate Affairs.

	Details
(1) Objectives	<i>Communicate business and organization performance and key developments to primary stakeholders</i>
(2) Principles	<i>Proactive for media; generally conservative for potential investors given marginal float</i>
(3) Modes of Communications	<i>Regular briefings for media and selected investor analysts; continuing publicity efforts; annual meetings and report for stockholders; meetings with potential investors as requested</i>
(4) Investors Relations Officer	<i>The CFO is mostly responsible for undertaking the task of an investor relations officer in coordination with the Corporate Secretary/Corporate Information Officer and Head, Communication and Corporate Affairs</i>

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Should the Company undertake such transactions, it shall comply with applicable laws and its Fair Competition Directive.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Should the Company undertake such transactions, it shall appoint such independent parties as may be necessary to evaluate the transaction as a whole as well as the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
<i>Holcim galing Mason</i>	<i>The Company's flagship program focuses on bringing dignity to Filipino masons through skills training and competitions. The graduates of the program are certified by a government authority, TESDA, as skilled laborers which opens up better opportunities for them.</i>

<i>Various livelihood, infrastructure education projects</i>	<i>Various adopted communities of the Company</i>
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M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	<i>None</i>	
Board Committees	<i>None</i>	
Individual Directors	<i>annual assessment during qualification of nominees</i>	<i>qualifications under the Manual</i>
CEO or COO /President	<i>annual performance evaluation</i>	<i>defined yearly targets</i>

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

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

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

Violations	Sanctions
<i>None</i>	

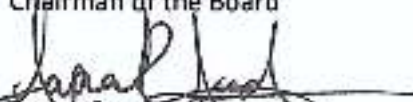
Pursuant to SEC Memorandum Circular No. 19, Series of 2016 (otherwise known as the Code of Corporate Governance for Publicly-listed Companies) (the "New CG Code"), the attached Annex A is a report on the Company's compliance with the New CG Code recommendations.

Pursuant to the requirements of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in Taguig City, Philippines on 26 May 2017.

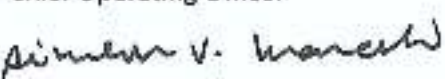
SIGNATURES


Tomas I. Alcantara

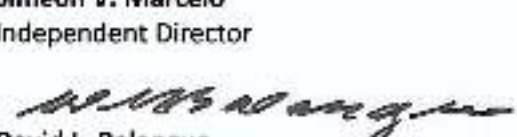
Chairman of the Board


Sapna Sood

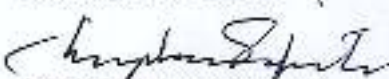
Chief Operating Officer


Simeon V. Marcelo

Independent Director


David L. Balangue

Independent Director



Kristine N. L. Evangelista

Corporate Secretary/Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 26, 2017 day of _____, 2016, affiants exhibiting to me the following competent evidence of their identity:

Name	Government-Issued ID	Date and Place of Issue
Tomas I. Alcantara	TIN 105-252-550	
Sapna Sood	GBR passport ID No. 517992574	United Kingdom / Issued on Jan. 10, 2014
Simeon V. Marcelo	TIN 105-823-196	UK Great Britain
David L. Balangue	passport ID No. 859578760	Philippines Manila / Issued on Nov. 13, 2013
Kristine N. L. Evangelista	passport ID No. 808978388	Philippines Manila / Issued on August 9, 2013

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Page No.: 69
Book No.: IV
Series of 2017


GINO PAULO O. UY
Appointment No. 001 (2016-2017)
Notary Public for Pasig City
Until December 31, 2017
Attorney's Roll No. 61567
35th Floor The Orient Square Bldg.
F. Ortigas Jr. Road Ortigas Center Pasig City
PTR No. 2514687; 31.84-17; Pasig City
ISF No. 1051532; 01.05.11; RSM
MCLE Compliance No. 3014105 Valid Until 04.14.2018

STATUS OF COMPLIANCE OF WITH NEW CG CODE*

*Securities and Exchange Commission under SEC Memorandum Circular No. 19, Series of 2016 (the Corporate Governance Code for Publicly-listed Companies).

NEW CG CODE RECOMMENDATION		STATUS OF COMPLIANCE	ACTION/RECOMMENDATION/SUGGESTED TEXT FOR ACGR
1	Establishing a Competent Board		
1.1	The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/ sector. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.	Compliant	
1.2	The Board should be composed of a majority of non-executive directors* who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances. *Non-executive director - a director who has no executive responsibility and does not perform any work related to the operations of the corporation.	Compliant	
1.3	The Company should provide in its Board Charter and Manual on Corporate Governance a policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors.	For ongoing compliance.	The Company's new Board Charter and new Corporate Governance Manual (the "CG Manual") provides for this. The new CG Manual will be filed with the SEC no later than 31 May 2017.

HOLCIM PHILIPPINES, INC.
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1.4	The Board should have a policy on board diversity (gender, age, ethnicity, culture, skills, competence and knowledge)	For discussion and explanation in the Annual Corporate Governance Report (ACGR). Variance to recommendation.	Although the Company has not adopted a formal policy on Board diversity, it does, however, have a process for selection of directors who can add value and contribute independent judgement to the formulation of sound corporate strategies and policies in the best interests of Stakeholders. The best and most qualified people are appointed taking into account general principles of diversity.
1.5	The Board should ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.	For discussion and explanation in the AGCR Variance to Recommendation.	The Company's current Corporate Secretary is also the Compliance Officer, and has previously discharged both functions (in respect of corporate governance matters). Compliance (in respect of corporate governance) is the heart of the Corporate Secretary's duties, and is the proper officer, in respect of qualifications, competence and training, to discharge both the functions set out in Recommendation 1.5 (Corporate Secretary), and in Recommendation 1.6 (Compliance Officer). Given the size, risk profile and complexity of the operations of the Company, there is no need to appoint a separate individual to discharge the Compliance Officer functions which are all ancillary to the existing duties of the Corporate Secretary.
1.6	The Board should ensure that it is assisted in its duties by a Compliance Officer, who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. The Compliance Officer should not be a member of the Board of Directors and should annually attend a training on corporate governance.	See 1.5 above.	Same comment as for 1.5 (above).

2	Establishing Clear Roles and the Responsibilities of the Board		
2.1	The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders.	Compliant	
2.2	The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.	Compliant	
2.3	The Board should be headed by a competent and qualified Chairperson.	For ongoing compliance.	Enhanced duties are set out in the new CG Manual. However there is no significant departure from existing principles.
2.4	The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholder's value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation.	For explanation in the ACGR.	The Company will adopt succession planning principles over time. At this stage, it has no compulsory age for retirement of directors as it prefers to focus on the value, experience and skills each director can bring to the Company.
2.5	The Board should align the remuneration of key officers and board members with the long-term interests of the company. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration.	Compliant Explanation will be required for ACGR.	The Company's current Total Rewards System, for officers and executives is performance-based (both short and long term), competitive, and sustainable and reflects sound internationally recognised principles used by the LafargeHolcim Group. The Company's previous and new CG Manual provide that no director should participate in deciding on his remuneration.

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2.6	The Board should have and disclose in its Manual on Corporate Governance a formal and transparent board nomination and election policy including how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.	For ongoing compliance.	The new CG Manual provides that the Board shall approve a policy on board nomination and election. The policy on board nomination and election will be approved by the Board no later than 31 December 2017.
2.7	The Board should have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	For ongoing compliance.	The new CG Manual and new Audit Committee Charter provide that the AC shall formulate and endorse for Board approval an RPT policy. As discussed, the Audit Committee will formally have RPT's under its remit. The RPT policy will be approved by the Board no later than 31 December 2017.
2.8	The Board should be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).	Compliant	See note in 1.5, 12.3 and 12.5 regarding the relevant persons discharging the functions of the Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive. The roles and responsibilities of such people are already carried out by various people within the Company who also have other specific roles. There are more synergies and efficiencies if such roles are combined (with existing duties) as long as these people have a direct or indirect reporting line to the CEO.

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2.9	The Board should establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	
2.10	The Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members and shareholders. The Board should also approve the Internal Audit Charter.	Compliant	
2.11	The Board should oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/ business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	
2.12	The Board should have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly available on the company's website.	For ongoing compliance.	The Board has approved its new Board Charter.
3	Establishing Board Committees		
3.1	The Board should establish board committees that focus on specific board functions to aid in the optimal performance of its role and responsibilities.	Compliant	

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3.2	<p>The Board should establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.</p>	Compliant	
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3.3	<p>The Board should establish a Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, <u>all of whom should be independent directors</u>, including the Chairman.</p>	<p>For discussion and explanation in the ACGR. Variances to recommendations.</p>	<p>The AC and BOD have recommended to merge the Nomination Committee and Compensation Committee into one Corporate Governance Committee (with an expanded remit).</p> <p>The focus of the Committee should be on nominations and executive compensation and to a lesser extent, ensuring the Board as a whole is sufficiently conversant with best practices in corporate governance. This is because the responsibility for the overall corporate governance framework should rest with the Board and find that the Code's emphasis on this aspect at the committee level is misguided.</p> <p>For ACGR, given the nature of the Company's shareholdings, the composition of this Committee should also include at least three (3) independent directors and one (1) non-executive non-independent director (whose remuneration is not determined by the Corporate Governance Committee in any event) who shall be the Chairman of the Committee.</p>
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HOLCIM PHILIPPINES, INC.**Annex A to the 2016 Annual Corporate Governance Report**

3.4	Subject to a corporation's size, risk profile and complexity of operations, the Board should establish a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.	Not compliant but easy explanation (covered by AC)	The Audit Committee already discharges this function and will continue to do so. Accordingly no new BROC needs to be created as this will be duplicative.
3.5	Subject to a corporation's size, risk profile and complexity of operations, the Board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	As above	The Audit Committee already discharges this function and will continue to do so. No new RPTC needs to be created as this would be duplicative.
3.6	All established committees should be required to have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees. It should be fully disclosed on the company's website.	For ongoing compliance.	The Audit Committee has a new Committee expressly providing the BROC and RPTC functions respectively. The new Corporate Governance Committee also has its own new charter.
4	Fostering Commitment		

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4.1	The directors should attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/video conferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.	Compliant	
4.2	The non-executive directors of the Board should concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/ views, and oversee the long-term strategy of the company.	For discussion and explanation in the ACGR. Variance to Recommendation.	The new CG Manual and new Board Charter provide that the non-executive directors of the Board should concurrently serve as directors to a maximum of five publicly listed companies in the Philippines. This allows LafargeHolcim non-executive directors to serve on multiple boards of companies, including publicly-listed companies outside the Philippines consistent with their duties.
4.3	A director should notify the Board where he/she is an incumbent director before accepting a directorship in another company.	For ongoing compliance.	This is provided in the new Board Charter.
5	Reinforcing Board Independence		
5.1	The Board should have at least three independent directors , or such number as to constitute at least one-third of the members of the Board, whichever is higher.	Compliant	
5.2	The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.	Compliant	

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5.3	The Board's independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.	For ongoing compliance	This is provided in the new CG Manual. This is a more appropriate check/balance than a mandatory retirement age imposed on directors.
5.4	The positions of Chairman of the Board and Chief Executive Officer should be held by separate individuals and each should have clearly defined responsibilities.	Compliant	The principle in 5.4 is already fulfilled by the Company. The new CG Manual expands on the responsibilities of the CEO. Not all of the elements as set out in the New CG Code (for example on strategy) are attributed to the CEO - it is the role of the whole Board to establish the strategic direction of the Company and not just the CEO.
5.5	The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.	For ongoing compliance/ explanation in the ACGR	The Chairman is not an independent director. The Board shall discuss and nominate a Lead Independent Director.
5.6	A director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	
5.7	The non-executive directors (NEDs) should have separate periodic meetings with the external auditor and heads of the internal audit, company secretary, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent directors.	For ongoing compliance.	This is provided in the new CG Manual and new Board Charter.

6	Assessing Board Performance		
6.1	The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.	For ongoing compliance.	This is provided in the new CG Manual and new Board Charter.
6.2	The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.	For explanation in the ACGR. Variances to recommendation.	The new CG Manual and new Board Charter provide that the Board shall establish a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees. As noted in 13.4, given the Company's size, risk profile and small public float, as well as the existing avenues available to shareholders in general, there is no additional feedback mechanism necessary for shareholders. Shareholders can raise relevant issues through Investor Relations or the Corporate Secretary in the first instance. The Company is committed to ensure that all shareholders are treated fairly and respectfully.
7	Strengthening Board Ethics		
7.1	The Board should adopt a Code of Business and Ethics, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees. It should also be disclosed and made available to the public through the company website.	Compliant	

HOLCIM PHILIPPINES, INC.**Annex A to the 2016 Annual Corporate Governance Report**

7.2	The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	Compliant	
8	Enhancing Company Disclosure Policies and Procedures		
8.1	The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	
8.2	The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	
8.3	The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	
8.4	<p>The company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report.</p> <p>Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p> <p>For explanation</p>	<p>The Board fees in general and the aggregate compensation of officers (including the top five executives) and directors are disclosed in the Annual Report, the Information Statement (following Securities Regulation Code (SRC) legal requirements) and the ACGR.</p> <p>As agreed by the AC and Board, the Company will not disclose remuneration on an individual basis as a matter of security and data privacy.</p>

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8.5	<p>The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p> <p>The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.</p>	<p>For ongoing compliance</p> <p>Compliant</p>	<p>The new CG Manual and new AC Charter state that the AC shall formulate and endorse an RPT policy for Board approval. The RPT policy will be approved by the Board no later than 31 December 2017.</p> <p>The material or significant RPTs are disclosed in the Audited Financial Statements, Annual Report, the Information Statement (following SRC legal requirements) and the ACGR.</p>
8.6	The company should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant.	
8.7	The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website.	Compliant	The new CG Manual will be posted on the Company's website after its submission with the SEC no later than May 31, 2017.
9	Strengthening the External Auditor's Independence and Improving Audit Quality		

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9.1	The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.	Compliant	
9.2	The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	
9.3	The company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant.	
10	Increasing Focus on Non-Financial and Sustainability Reporting		

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10.1	The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. Companies should adopt a globally recognized standard/framework in reporting sustainability and non-financial issues.	For explanation in the ACGR. Variances to recommendation. However, information is published by LafargeHolcim group.	The Company reports such data to the LH Group which publishes an annual <i>Sustainability Report</i> prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, and embraces the UN Global Compact (UNGC) principles.
11	Promoting a Comprehensive and Cost-Efficient Access to Relevant Information		
11.1	The company should include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	
12	Strengthening the Internal Control System and Enterprise Risk Management Framework		
12.1	The Company should have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.	Compliant	
12.2	The Company should have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	

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12.3	Subject to a company's size, risk profile and complexity of operations, it should have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel should be assigned the responsibility for managing the fully outsourced internal audit activity.	For explanation in the ACGR. Variances to recommendation	The Company has its own Internal Audit group (called the Internal Control and Quality Assurance team) which reports functionally to the Audit Committee Chairman and administratively to the CEO. This is set out in the new CG Manual and new Audit Committee Charter. The head of the team is appropriately qualified.
12.4	Subject to its size, risk profile and complexity of operations, the company should have a separate risk management function to identify, assess and monitor key risk exposures.	For explanation in the ACGR. Variances to the recommendation	Given the Company's size, risk profile and complexity of operations, the risk management function sits within the strategy department. The Company's Strategy function is responsible for managing and implementing the Business Risk Management (BRM) system based on LafargeHolcim and internationally agreed principles. This is set out in the new CG Manual.
12.5	In managing the company's Risk Management System, the company should have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations.	For explanation in the ACGR. Variances in the recommendation.	The Company's BRM system is overseen by the CEO, the Executive Committee and the AC, and managed by the Head of Strategy, who is the ultimate champion of the BRM and has adequate authority, stature, resources and support to fulfil her responsibilities (in respect of risk). This is set out in the new CG Manual. Given the Company's size, risk profile and complexity of operations, the level of risk and this functional management is appropriately managed through the above structure without having a person with the title of Chief Risk Officer.
13	Promoting Shareholder Rights		

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13.1	The Board should ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the company's website.	Compliant	
13.2	The Board should encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	For explanation	The 15-working day distribution provision is provided in the By-laws pursuant to the legal requirement under the SRC, which takes precedence over this recommendation. To the extent practicable, where the SEC can approve the information statement (which is distributed with the notice) early and publication can be completed with extra time, the Company may be able to meet the recommended 28-day notice period.
13.3	The Board should encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the company website within five business days from the end of the meeting.	Compliant.	
13.4	The Board should make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. This should be included in the company's Manual on Corporate Governance.	For explanation. Variance to recommendation	The Company has no formal alternative dispute resolution mechanism for shareholders. Given the Company's size, risk profile and small public float, as well as the existing avenues available to shareholders in general, this mechanism is not necessary. Shareholders can raise relevant issues through Investor Relations or the Corporate Secretary in the first instance. The Company is committed to ensure that all shareholders are treated fairly and respectfully.

13.5	The Board should establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO should be present at every shareholders' meeting.	For ongoing compliance. Variance to recommendation	The Company CFO discharges the function of the Investor Relations Officer as part of an integrated role. This is stated in the new CG Manual.
14	Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights		
14.1	The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Company is committed to open and transparent relations with all stakeholders and sustainability over the longer term.
14.2	The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	For explanation in ACGR. Some variances.	The Company seeks to always operate and conduct itself in a manner consistent with its Code of Business Conduct, and especially in interactions with stakeholders.
14.3	The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	For explanation in ACGR. Some variances.	The Company has established communication channels through the Investor Relations, Corporate Secretary, or Sustainable Development (CSR) channels. The Company has an open and transparent communications approach through the above offices.
15	Encouraging Employees' Participation		

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15.1	The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	For explanation in ACGR Some variances	The Company encourages employees to focus on the Company's goals in accordance with the governance framework, rather than participation in governance itself, and has established channels within which to provide feedback such as labor-management council meetings, townhall meetings, voice of the workforce surveys, group conferences and individual feedback sessions.
15.2	The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	
15.3	The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.	Compliant	The Company has an Integrity Line under its Anti-Bribery and Corruption Directive, which specifically mandates non-retaliation for good faith reporting of genuine concerns.
16	Encouraging Sustainability and Social Responsibility		
16.1	The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	The Company has a Sustainable Development function which, among others, implements corporate social responsibility programs.