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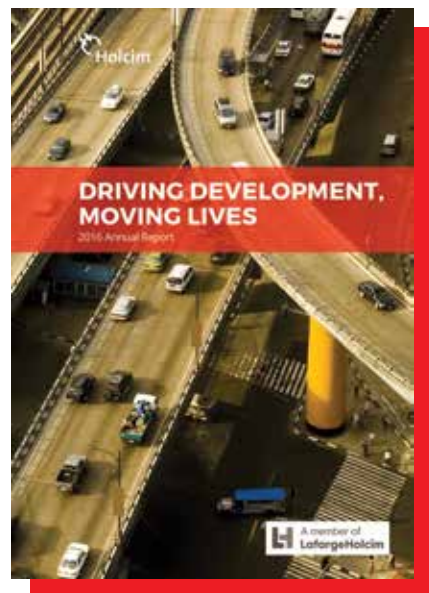
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DRIVING DEVELOPMENT, MOVING LIVES

2016 Annual Report





ABOUT THE COVER

As the Philippines enters its Golden Age of Infrastructure Development, industry leader Holcim Philippines offers the construction solutions that will help the country build better and faster. Our 2016 Annual Report cover shows the dynamism that propels the country toward its goal of inclusive and sustainable development. Holcim Philippines is part of what drives this nation. While our company is primarily known for supplying the materials to build essential structures, we, more importantly, contribute to development that transforms lives.



DRIVING DEVELOPMENT, MOVING LIVES

2016 Annual Report

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AT A GLANCE



PERFORMANCE HIGHLIGHTS

	2016	2015
Revenues (in billion pesos)	Php 40,335.8	Php 37,526.1
Net Income (in billion pesos)	Php 6,847.1	Php 8,149.6
Total assets (in billion pesos)	Php 33,765.2	Php 34,079.8
Equity (in billion pesos)	Php 26,257.3	Php 24,969.4
Net financial debt (in billion pesos)	Php 1,641.5	Php 1,034.4
Gearing ratio	-6.3%	-4.103%
Earnings per share	Php 1.06	Php 1.26
Dividend per share	Php 0.87	Php 0.82



“The new structures being built and will be built are crucial in moving the country forward and improving the lives of Filipinos. Your company is proud to be able to contribute to this important goal by keeping the market supplied with the cement necessary to build a better future.”

Holcim Philippines
Chairman Tomas I. Alcantara

LOOKING BACK AND MOVING FORWARD

DEAR SHAREHOLDERS,

The past year was an exciting one for Holcim Philippines as the business landscape continued to evolve in large part due to the Philippines' emergence as an economic growth leader in the region.

Amid a peaceful and orderly transition of power in 2016, the Philippines sustained its remarkable rise. The economy's 6.8 percent growth was the fastest since 2014 and again made the Philippines one of the best performers in the world.

As with previous years, growth was locally driven as consumer spending and private investments remained strong due to the prevailing economic conditions that have kept inflation at bay and borrowing rates low.

This robust growth was clearly felt by the construction industry, which rose by 15 percent on the government's efforts to ramp up infrastructure spending and the sustained private building activity led by the real estate, outsourcing and tourism industries. With the continuous construction nationwide, cement demand rose by 6.6 percent to 26 million tons—a new record.

Although the dynamic market presented plenty of opportunities, it also came with its share of challenges primary of which is the emergence of new players looking to participate in the country's growth. Last year, the volume of imported cement was estimated to have surged more than sixfold, increasing competition for our business.

Despite more competitors last year, we are proud to have delivered another excellent financial performance. Our revenues grew by 7.5 percent year-on-year to Php 40.3 billion while operating EBITDA and core net income rose 14 percent and 24 percent, respectively, to Php 10.8 billion and Php 6.8 billion.

This performance was built on the fulfillment of our commitment to our valued customers of providing reliable supply that allows them to complete their

projects on schedule and within budget. We delivered on this promise due to our sustained investments to raise production capacity all over the country. Also instrumental in this effort is the strong network of the LafargeHolcim Group that allows our Company to secure the needed supply from the region to support the local market.

CONFIDENCE IN THE GROWTH PATH

There is much confidence that the Philippines will continue on its growth path. The new government has promised to further strengthen the economy by boosting infrastructure spending to 7 percent of Gross Domestic Product from the current 5 percent with focus on the countryside so more Filipinos can benefit from the growth.



The construction industry had another strong year in 2016.

The new structures being built and to be built are crucial in moving the country forward and improving the lives of Filipinos. Your company is proud to be able to contribute to this important goal by keeping the market supplied with the cement needed to build a better future.

With the backing of the leading global building materials company LafargeHolcim, we are well-positioned to do more to support the the country beyond providing cement. Holcim Philippines is transforming into a company that can provide construction solutions—innovative materials and services that can help builders put up structures that are more durable, that can help them and do these faster and more cost efficiently.

INNOVATIVE SOLUTIONS

The expansion of our Holcim Hub stores is one example. This subsidiary is at the forefront of our commercial transformation to put our customers at the center of our business.

Last year, the Holcim Hub expanded its network to 26 stores in Luzon allowing us to directly assist small builders in executing their projects which also improved our understanding of end-users of our products. Through its pioneering franchising model for hardware stores, Holcim Hub also helped small entrepreneurs participate in the growing construction industry.

In 2016, Holcim Philippines demonstrated its ability to deliver innovative solutions to construction challenges, providing the Department of Public Works and Highways (DPWH) with our SuperFast-Crete technology that allowed sections of the Epifanio de los Santos Avenue, the major thoroughfare of the National Capital Region, to be repaired in less than 24 hours. Using regular concrete, the DPWH would have needed to close sections of the road for at least three days, further exacerbating the traffic in Metro Manila.

In the coming years, improving road networks is among the commitments of the government. SF-Crete is just one example of the many innovative building solutions that Holcim Philippines can bring to the country. With support from the LafargeHolcim Group, particularly its state-of-the-art research and development facility in France, Holcim Philippines has a wealth of expertise to draw from to help local builders.

SUSTAINABILITY IN OPERATIONS

Holcim Philippines' contribution to building the needed structures for development is well-established, but your company is involved in making the Philippines better in other important ways.

Increased waste generation is an unavoidable consequence of the country's rise. If not managed well, this has far-reaching consequences on the environment and the quality of life of Filipinos. Through our co-processing technology and waste management unit, Geocycle, Holcim Philippines uses qualified wastes as alternative fuels and raw materials for cement production.

Last year, we significantly increased the consumption of these alternative materials, but we are only capturing a small percentage of these. A lot can still be done to improve waste management in the Philippines. We believe our co-processing technology is one of the sustainable solutions that should be maximized to this end.

The focus on our co-processing business is an example of how the company is moving towards further embedding sustainability in our business. Last year, Holcim Philippines joined the LafargeHolcim Group in committing to an ambitious effort to align operations, business targets and corporate citizenship initiatives with the United Nation's Sustainable Development Goals.

The assessment done in 2016 of Holcim Philippines' operations and programs to align these with the Group's sustainability goals is an important step in charting a new course that will allow us to have a more positive impact on the country's development. We are excited in moving in this direction.

CHAMPIONING SAFETY

We are strongly convinced that our culture of Health and Safety is valuable not only to us but to all our stakeholders, and that sharing this beyond our facilities is another way we can positively contribute to the country's development. Last year, we took more concrete steps to spread our Health and Safety culture externally with programs designed to influence our stakeholders to value it as much as we do.

Among our priority areas is road safety, where our experience with thousands of trucks that transport our products provide us a unique insight into the challenges faced by drivers on Philippine roads.

Last year, we successfully convinced our transporters to send their drivers to the first-ever professional school for heavy equipment handlers focused on safety. Our sales force was also deployed to spread our safety advocacy to customers, winning a number of them to the idea that a Zero Harm culture not only makes good business sense but, more importantly, is the right thing

to do. We will be persistent in ensuring our culture of Health and Safety is spread to more of our partners and communities.

BUILDING A BETTER & SUSTAINABLE FUTURE

Holcim Philippines will always be known for the high quality of cement it produces and we will always be proud of this. But with our continued transformation, we aim to contribute to Philippine development beyond the building sector by helping instill a stronger culture of safety in our roads and with a realignment of our programs and practices geared towards sustainability.

The next chapter of the Philippines' sustained rise will be exciting and challenging. The country can rely on Holcim Philippines to be an even stronger partner in building a better and sustainable future for Filipinos.

We look forward to having you with us as we move forward in this journey.


TOMASI. ALCANTARA
Chairman



TRANSFORMING TO HELP BUILD A BETTER FUTURE

DEAR SHAREHOLDERS,

The Philippines' strong growth for the past few years is instrumental in improving the lives of Filipinos and enabling progress for the country. We believe that this will continue with the fundamentals already in place. The country has a young and optimistic population. The vibrant business environment provides plenty of opportunities. And the government has the resources to realize its vision of a more inclusive country. It is not a stretch to say that a brighter future awaits this country.

Your company, Holcim Philippines, is at this defining moment when we can, together, build our future, commit to it and deliver the outcomes for a stronger future.

Plans are already in place to achieve this goal. Each day we hear and read about the golden age of infrastructure, the government's ambitious plans to upgrade all infrastructure across the country. This means roads, buildings, ports, and transport.

A successful execution of this program will further improve the quality of life and provides tremendous opportunities for Holcim Philippines, and for you as well, our shareholders, as your company delivers its best to move our country forward with global solutions and a commitment to responsible and sustainable business operations and corporate citizenship.

This attractive market has led to new realities in the business environment, in its pace, in customer demands and needs, and in the need for change. We understand that the bold vision of building a stronger Philippines requires partners who are just as willing to radically transform to support this goal and we pledge to do exactly that.

Companies who rely solely on what they already have and are today may one day ask themselves what they have become. This is why at Holcim Philippines we have to have a clear vision of our world as it is now, and also an informed vision of what it could be, and how we want it to be.

A company driven by Health and Safety & a clear roadmap

Health and Safety is our fundamental and overarching value, embedded in all we do and is not simply an add-on nor a set target in our performance objectives. It is a mindset across our business and our Holcim family. Our ambition is to achieve zero harm. And with that, I am a firm believer that this always results in a strong business.

We have a clear roadmap ahead across all LafargeHolcim Group companies, of which the Philippines is part, which is to generate growth, maximize returns and create substantial value for all our stakeholders. We recognize that global megatrends have changed the landscape of the business and industry even here in our country: continued urbanization and the infrastructure it requires for the people residing in these areas, and the need for a wider range of sustainable and innovative construction solutions befitting the clime and place.

We are linked with the global reach of the LafargeHolcim Group, its diverse portfolio, its innovative construction solutions borne of research and development, and are combining these with the strength of the Holcim Philippines brand, the expertise of its professionals in different parts of the country, its respect for people and the environment, its non-



Holcim Philippines Chief Operating Officer
Sapna Sood

negotiable stand on anti-bribery and anti-corruption for which it has been recognized, and its adherence to free enterprise and fair competition.

CORPORATE VALUES AND STRATEGY

The corporate values of health and safety, customer centricity, results, integrity, sustainability and people, lived daily in behaviors of agility, collaboration and empowerment comprise the foundation by which we will continue to serve and relate with all our stakeholders.

Our corporate strategy is built around four pillars: commercial transformation and sustainability as differentiators in how we do business, and cost leadership and an asset light approach for business growth. Our key enablers remain: advocating and practicing health and safety, engaging employees and providing them with diverse and global career paths, creating value for our stakeholders, and adopting digital, innovative solutions to operate.

GOING BEYOND CEMENT

For many years this business has been one that has built great success by selling bags of cement. Today, we are going to go beyond cement and offer innovative solutions around it.

We have always been an active partner in the development of the Philippines, urban and provinces alike, and are proud that our success results from our contribution to building the foundations of a stronger nation.

We already see us starting to do this with greater demand in and growth of our institutional business and the work we have started on large construction projects. This new way of thinking is this – the right products for the right solutions – and we reach out to our customers to create new solutions together.

With the robust environment for business, having a value proposition for our customers has brought about our corporate transformation.

PUTTING THE CUSTOMERS EVEN MORE AT THE CENTER OF THE BUSINESS

The coming wave of building activity is unlike what the Philippines has seen before. Thus, the transformation involves everyone in our organization having a customer-centric mindset.

We will go far beyond selling a commodity: we will help our customers dream, and help them solve problems they would not have dreamt of solving. They can be confident that they are working with a company and a brand they can count on. Success in our commercial transformation will mean not only happier customers but also higher margins and value for our products and services.

In addition, shareholders can be assured that your company will continue cost management for higher return on assets, focusing on where it really brings value.

COMMITTED TO A SUSTAINABILITY VISION

With concrete as the second most used material in the world after water, we want to lead in sustainability and set new standards in the construction industry.

Our sustainability strategy has a vision: that the construction sector of tomorrow will be innovative, climate neutral and circular in its use of resources, and it will be respectful of water and nature.

This will be carried out in four key sectors: climate – to help bring down CO2 emissions, circular economy – to ensure management of waste and use of alternative fuel; water and nature – to ensure the prudent use of water in our operations and in communities where we operate; and people and communities – to ensure that we respect human rights and diversity, support health and safety, affordable housing solutions and sustainable procurement.

These four areas make up our commitments all the way to the year 2030 to carry out responsible operations and business decisions for positive change. This 2030 Plan allows us to contribute to and support the United Nation's Sustainable Development Goals (SDGs).

OPERATING SUSTAINABLY WITH INTEGRITY

Operating sustainably will enable us to be efficient, achieve product differentiation, motivate employees, and build trust with our stakeholders. We also know that 1/3 of total worldwide emissions come from buildings over the course of their life cycle. We already have many innovative solutions to address CO2 emissions in buildings and we need more.

Through our Geocycle unit, we can create and are creating profitable business models to help solve the huge environmental challenge of waste management, while reducing our own carbon footprint.

And I would add that with sustainability goes integrity, our ability to operate in a way that we can be proud of ourselves. We can have an impact, and we can change the world that way as well for now and for generations to come.

TRANSFORMING WITH THE RIGHT BEHAVIORS

Ever since my arrival in the Philippines to lead this company, I have been amazed at the stamina, commitment and drive of the people of Holcim Philippines and the people of country as well. You are our greatest asset as we go forward.

Behaviors will be key in our company's transformation: agility, collaboration and empowerment. These behaviours are part and parcel of being a high-performing organization. These will also be our strength.

We all want to work in a great environment. The leadership of Holcim Philippines is committed to these behaviors and we ask you, our shareholders, to support

us in creating that great environment and helping us deliver for our business.

I am personally committed to making this happen. I hope that you join me in this personal commitment in transforming your company, Holcim Philippines, for a future beyond what it is and does today. We hope that you will be as untiring in your support as we are in transforming.

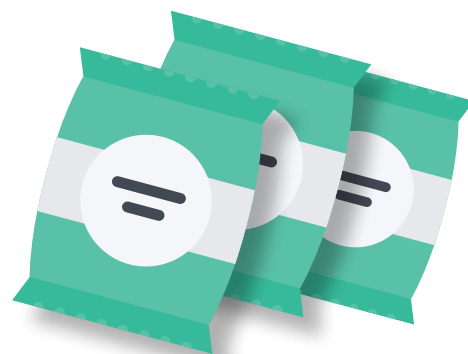
Today is just the beginning.



SAPNA SOOD
Chief Operating Officer

YEAR IN REVIEW

A quick look at 2016 for
Holcim Philippines, Inc.



210 MILLION BAGS
OF CEMENT

volumes sold by Holcim in 2016 equivalent to 6.5 bags of cement every second, reflecting the strength of last year's demand.

84
HECTARES



combined land area of Holcim's four cement plants nationwide which can fit around four SM Megamalls



558
RETAIL
PARTNERS

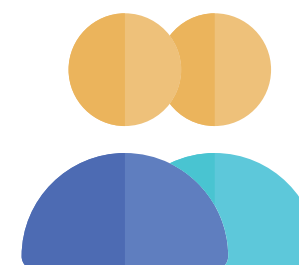
continue to be part of Holcim's large network of distributors, making sure Filipinos across the islands have access to the company's excellent products and services

230,000
TRUCKS

from transporters carry Holcim products from our plants to our partners all over the Philippines, making road safety a priority for the company



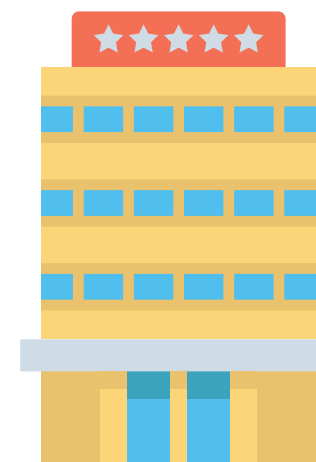
1,511
EMPLOYEES



make up the Philippine office. Of this number, 1,205 are male and 306 are female. This year, Holcim welcomed its first female Chief Operations Officer, Sapna Sood.

26
BRANCHES

of Holcim's Help U Build (HUB) franchise are now present across the Philippines. HUB serves small contractors and helps Filipino families build their homes.





Most of the attention on the government's infrastructure drive is on projects such as airports and rails, but roads continue to corner a substantial budget. Holcim Philippines is confident it has the construction solutions to help the government build these better.

SMOOTHING THE WAY FOR **DEVELOPMENT WITH CONSTRUCTION SOLUTIONS**

What happens in 24 hours?

Wake up, eat, work, go home – which takes an average of 1.5 hours from point to point in Metro Manila – go online, sleep, repeat.

As millions of Filipinos go about their day, often unmindful of the infrastructures that support their daily lives, construction solutions provider Holcim Philippines, Inc. is redefining the meaning of 24 hours in the industry.

In March 2016, Holcim Philippines' Superfast-Crete (SF-Crete) was used for the first time to repair sections of EDSA, the busiest thoroughfare in the Philippines with an average volume of 520,000 vehicles per day traversing both directions.

With SF-Crete's 24-hour concrete technology, the repaired sections of EDSA were passable again in less than a day instead of three to seven days with regular concrete. This explains why SF-Crete earned an accreditation from the Department of Public Works and Highways (DPWH) for use in repair and maintenance of core road projects.

This demonstrated success showed that Holcim Philippines is more than willing to support the local

construction industry and the company's assistance in building better benefits the industry and end users of these structures.

It also shows Holcim Philippines' readiness to support the "Golden Age of Infrastructure" in the country. Indeed, 2017 will see the Philippines' biggest national investment in infrastructure development since the 1970s, with the government targeting to allocate seven percent of its Gross Domestic Product (GDP) on infrastructure spending within the next five years.

BUILD, BUILD, BUILD BETTER

Holcim Philippines, as a member of the LafargeHolcim Group, the world's leading global building materials and solutions company, is confident that it can help the local industry take on this challenge.

"We are ready to support the government to build more and better," says Ann Somera, head of Holcim Philippines' Large Infrastructure Projects.

"There is a need in the local setting to build these projects and we have the global capability to help do this.

But first, we have to understand each project's needs. It's not about 'here, we have a slew of possibilities.' It's really about making things easier for them. That's our job," she explains, noting that this entails collaborating with designers and introducing innovations to the market.

Holcim Philippines is positioned as a company offering innovative solutions to infrastructure challenges, benefiting also from core synergies of construction materials from concreting to finishing offers.

"The strategy in the Philippines shows the power of materials on the whole ecosystem. It means that through materials and construction techniques, we can revolutionize the way we build," says Nicolas Miravalls, LafargeHolcim's head of Roads in Infrastructure.

"We understand what we have in our hands, the technology that our materials can carry and the expertise that we have around those materials. We play better for the benefit of the entire ecosystem, because that's where we go beyond the products. That's where we create value for the development of our company, our sector, environment and ecosystem," he says.

38 PERCENT

of the government's P860.7 billion infrastructure budget in 2017 is set for road networks, representing the biggest chunk of spending.



PAVING THE WAY FOR ROAD SOLUTIONS

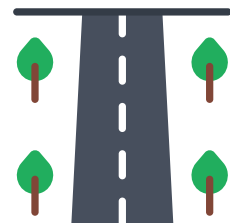
Holcim Philippines can help in building all the upcoming infrastructure projects for the country, including a focus on roads with plans to help the local industry build these better, faster and more economically.

The company's interest in the road market stems from the fact that the Philippines' planned investment in roads is higher than what most countries spend on theirs relative to their GDP. Miravalls notes that while most countries spend 0.5 to 1.3 percent of their GDP on roads, the Philippines would spend 2 to 3 percent.

In his presentation of the DPWH Strategic Infrastructure Programs and Policies, Secretary Mark Villar shared that the government has allocated Php 860.7 billion (USD 17 billion) or 5.4 percent of the country's GDP, for its infrastructure spending in 2017 alone. Of this, Php 328.2 billion (USD 6 billion) was earmarked for road network projects, an allocation that is certain to increase in the next five years.

62,398 KM

or only 30 percent of roads in the Philippines are paved



Holcim Philippines has access to a wealth of technical expertise from the LafargeHolcim Group, allowing it to provide innovative building solutions in the country.



"That's a visionary choice from the government because roads are the first pillar for development," Miravalls says. "There is a strict relationship between road development and country development."

He notes how roads facilitate the flow of people and goods in a country, which in turn helps drive key industries.

"Roads are important for business because investors look at the level of infrastructure first before investing in a country. It is a decision that drives the economy," Miravalls says.

RIGHT PATH, RIGHT TECHNIQUES

However, road building productivity remains low in the Philippines.

Miravalls observes that while road contractors have performed up to standard, they have yet to do anything truly innovative or disruptive. He believes this is where LafargeHolcim as a global leader can bring in its solutions, its "road-integrated offer" that includes materials and services for better roads.

LafargeHolcim's road-integrated offer speaks the language of every road actor in the country and communicates the group's commitment to meet every challenge each road actor may have.

To the government, for example, it communicates a commitment to cost-effectiveness, environmental gains and value for communities. To the designers, it conveys the group's capability to address concerns such as sourcing, durability, global presence, savings and sustainability. To the contractors, it delivers tailor-made support of solutions, services and products to ensure the timely delivery of each project.

"We address all the stages of the project, with different services together with materials. And that's a complete offering that we manage through our people and our strategy. We do it project by project," Miravalls says.

Somera adds: "We're at the same table with the designers talking about their projects, what's important to them. Is it time? Is it aesthetics? Is it savings? And our responsibility is to identify what we can really do, mix and match all possibilities, learn

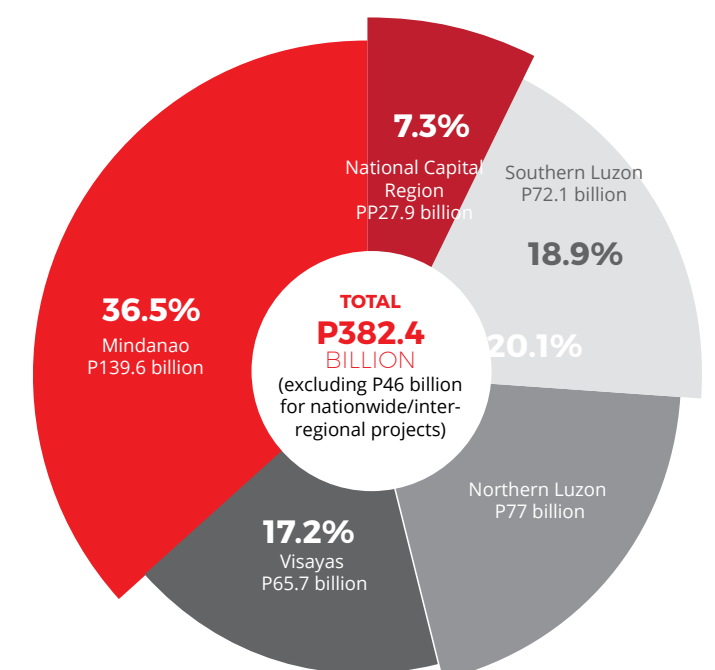
from other practices from other countries, and help the designers."

CO-CREATING SOLUTIONS

LafargeHolcim through Holcim Philippines seeks to be a co-creator of value with Filipino contractors who are trying their best to do things better but do not have the most advanced tools of the trade.

"They are already at a good level but we can help them further improve. We can identify some construction methods that improve their productivity by five to ten times," Miravalls says.

DISTRIBUTION OF DPWH'S 2017 BUDGET BY REGION



Source: DPWH (January 2017)



Holcim Philippines plans to build up the capacity of local contractors to execute projects by providing technical expertise and strengthening their appreciation of safety..

Ace Romualdez, Holcim Philippines' s Domain Expert for Roads, says that the effort will ultimately improve the capacity of local contractors to execute such projects.

"What we're doing is not just for the company, but the development of our country," Romualdez says. "Our main driver is to make these projects possible, get these projects done in the correct fashion: more cost-effective, more economic and sustainable."

Miravalls says LafargeHolcim plans to introduce specific techniques that, while already practiced worldwide, are not yet done in the Philippines. These include techniques such as soil stabilization, land remediation, or thin concrete pavement

A specific technology the Group plans to roll out in the Philippines is the roller compacted concrete (RCC), which has helped Malaysia improve the durability of roads while reducing spending. Three RCC solutions pilot roads were inaugurated in Malaysia in 2015 and are projected to increase the lifetime of those projects by up to 10 years.

"We need to find the right path for the right techniques, so that first, we build better; second, we build faster; and third, we build at less cost. Finally, the government will be able to implement its plans and this is what we want to support," Miravalls says. ●



“A lot more structures need to be built in the Philippines, and we believe that we are the best partner among the building materials supplier for these. Being part of the global leader in this area allows us to contribute with our expertise, technologies and innovations, as well as our experience providing solutions to support the country in building better.

PAUL VU-HUY-DAT is the Head of Business Development and Strategic Transformation of Holcim Philippines. He leads a team that looks to provide building solutions to the country's large construction projects.



THE SCIENCE OF BUILDING SOLUTIONS

How do you build better structures for the future?

At LafargeHolcim, innovative ideas that challenge present construction methods are put to the test in its Research and Development Center in Lyon, France, the world's premier research facility in the construction materials industry.

Hosted by the city that is known as the heart of French innovation, the LafargeHolcim Research and Development Center brings together 200 scientists from 20 countries to tackle today's industry problems and meet the growing demand for better construction solutions for tomorrow.

The center is also keen to collaborate with start-up companies from around the globe through its Start Up Accelerator program, which will connect start-ups with LafargeHolcim's teams of experts composed of chemists, physicists, materials scientists, structural engineers, architects, and masonry experts.

Young companies will also have access to offices, meeting spaces and laboratory equipment, and will definitely benefit from a century's worth of construction experience of LafargeHolcim.

"With the Start-up Accelerator, we are making a commitment to support young companies specializing in construction materials and construction solutions," says Gérard Kuperfarb, Group Head for Growth and Innovation. "We can offer them a sophisticated laboratory environment and access to years of experience in creating and applying building materials

in thousands of projects and challenging environments around the world."

Aside from the Lyon facility, new knowledge and perspectives are also drawn from local construction development laboratories located strategically around the world. The laboratories in Algeria, Brazil, China and India help bring innovation closer to the local market, on top of creating new opportunities in product applications and building systems.

With its operations spread in 80 countries, LafargeHolcim recognizes that building and construction practices vary in different areas. The research center allows the company to tailor-fit the construction solutions to local needs, using its global perspective to have a more in-depth appreciation of issues.

"We believe that the start-ups will bring new ideas and new solutions that will change the face of construction in the coming years. We are committed to looking for new solutions for our customers so having the opportunity to bring innovation close to our own R&D will be invaluable," says Kuperfarb.

The program builds on the existing partnerships of LafargeHolcim with start-ups, which have been working on sustainability and innovative construction systems. It provides an opportunity to students and young professionals joining the LafargeHolcim Awards, which recognizes novel ideas and solutions to construction challenges. •



DELIVERING BETTER CUSTOMER EXPERIENCE WITH LOGISTICS EXCELLENCE

As the world's second largest archipelago, the Philippines has 7,107 islands, 36,309 kilometers of coastline and 62,398 kilometers of paved roads. Undeniably, the country does not make it easy to deliver products and services across the regions.

Yet, this is where LafargeHolcim has chosen to launch its Logistics Excellence (LEX) Project, a major global initiative of the Group to transform logistics operations worldwide.

"Holcim Philippines has very complex logistics operations. It has roads, seas, islands. Pretty much everything you can see in logistics with the exception of rail, you can see in the Philippines. If we can have an

impact in the Philippines, with its level of complexity, we can have more impact in a less complex environment," LafargeHolcim Logistics Excellence Global Program Manager Phoebe Musonda says.

The Philippines was also chosen as the pilot to better support the growing and changing market. With cement demand steadily climbing up, Holcim Philippines has seen more trucks lining up at its

facilities to get their products. In 2016, the company's sites nationwide served almost a thousand trucks daily; the number is expected to rise with the cement demand.

Managing this well is key in its ability to better serve customers who are looking at the company to continue providing reliable supply. The reliability of cement supply is critical for those involved in the industry. Undependable supply means lost business for channel partners and work delays for builders that drive up cost.

Holcim Philippines Chief Operating Officer Sapna Sood understands the urgency of finding the right logistics solution for the company's customers. The LEX Project will address this but more importantly, it is a key in the company's efforts to put customers at the center of the business even more.

"For Holcim Philippines to continue to be successful, we have to make sure our customers are satisfied with their experience with us," Sood says.

KEEPING CUSTOMERS HAPPY

Holcim Philippines is focused on two kinds of customers: their anchor clients who regularly buy in high volume and new customers who want to try them out and may purchase in high volume but seldom do so.

The goal is to turn the high-volume, high-volatility customers into high-volume, low-volatility clients, according to Kevin Savory, head of Procurement and Logistics at Holcim Philippines.

"We understand our customers' business model and provide the key element to their sales. They sell cement, timber and a multitude of other products, and put that into a bundle for a construction site and other retail companies. The key to their success is their impact on their customer base," Savory says.

"Our punctual delivery of supplies to them, anticipating their needs, and making sure they have these supplies when they need them will have a strong

LEX will improve the safety, efficiency and reliability of Holcim Philippines' logistics services to customers even as demand continues to grow.



Holcim Philippines created a LEX Academy to develop the skills of its people to successfully implement initiatives.

positive impact on their customer base. All that will also make us a supplier of choice for our clients," he says.

Simply put, Holcim Philippines wants to make its customers happier. Among the keys in delighting customers are reliable supply and excellent service and the LEX Project is Holcim Philippines' effort to surpass expectations in these areas.

RELIABLE DELIVERIES, INFORMED BUSINESS PARTNERS

The end goals are to deliver orders within 24 hours and make sure customers are well-informed about the arrival. The faster deliveries allow its business partners to have the supply needed to serve their customers better and capture more business opportunities. The regular updates, meanwhile, provide customers peace of mind in their ability to make commitments to their own customers.

These are easier said than done. Holcim Philippines' operations are spread throughout the country which gives it an advantage in terms of reach. But this also means a range of unique challenges in various markets. Still, the company's strong business performance for the past years shows that it has been doing a good job in its supply chain. Savory wants more than that.

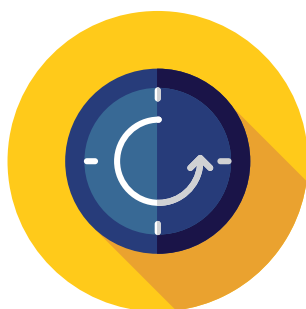
"We have a good supply chain. What we want to have is a great supply chain. To do that in a market that is growing and dynamic is hard with just the regular resources you have. The support we are getting provides us a level of expertise and analysis to deliver that next level of improvements," he said.

This support comes from the LafargeHolcim Group which partnered with a management consultancy to check Holcim Philippines logistics processes and measure these against best practices in various industries worldwide. Different stakeholders were also asked to weigh in on the company's logistics operations to identify gaps that needed to be addressed.



24 HOURS

LEX will help Holcim Philippines complete deliveries in 24 hours to key customers



The LEX Project also seeks to tailor solutions to challenges unique to the Philippines that have safety and logistics implications such as sudden floods due to monsoon rains, traffic jams and unforeseen narrow roads that are difficult to traverse for huge trucks.

All these will be done over 12 weeks that end in April 2017, the findings and recommendations will be

turned over to Holcim Philippines for implementation for the rest of the year.

A SEAMLESS SUPPLY CHAIN

Nikka Cueto, LEX Project Manager for Holcim Philippines, said that achieving the goals of the initiative means addressing the underlying issues that affect the company's ability to deliver products and are not limited to logistics alone.

"Right now our services are fragmented, with different people handling various parts like inventory, processing of orders, and transport and delivery. LEX will integrate all of them in a seamless, robust, supply chain," project leader Nikka Cueto says.

What does a seamless supply chain look like? The company says it's one where it is easy to track the entire process from the time customers place their orders, to their acceptance of the delivery, to their payment. The LEX Project will work on three focus areas to achieve this.

It starts with excellent planning to ensure the company is well aligned in delivering what the market needs by accurately anticipating the demand and the required resources to get the products to customers.

The demand forecast then guides the procurement of materials and equipment at the right cost and quality to produce and deliver the company's output. These include the raw materials to make the cement to the logistics resources—both land vehicles and sea vessels—to deliver the products across the country.

Finally, the logistics operations will identify areas for improvement that hinder performance such as vehicle idle time, plant inefficiencies, and delays in responding to customer feedback, among others. Here, the company will likewise increasingly use technology to gather data on performance such as GPS to track vehicles and crunch the information to see where else it can make a difference.

"To do the scheduling, we would know how many trucks would be available at a certain point to get through the truck ban and into the gates of the cement plant in the province in the morning. Not knowing can make a truck sit by the gate for four hours," Savory says. "We do move huge volumes in the order of 250 truckloads of 35 to 45 tons of cement a day in our Bulacan Plant alone. We have to get the process right."

PREPARING FOR THE LONG HAUL

The LEX Project will entail major changes in Holcim Philippines' operations. Successfully implementing the identified solutions will require new skills among its people and it will take time to cultivate those. The company knows this and has committed to the process of transformation with the formation of an academy to prepare its people for the changes ahead.

"It's not a three-month or even a 12-month initiative. It's meant to be sustainable and embedded in the culture of Holcim Philippines. It will be a differentiator, allowing us to react to the market and serve the market better," Cueto says.

There's a long road ahead for Holcim Philippines towards achieving its goal for Logistics Excellence, but for a company used to going the extra mile for customers the journey is going to be worth it. ●

12.8
MILLION

trips are made everyday in Metro Manila alone, clogging city streets and causing major traffic jams, which pose a huge challenge to logistics and a health hazard to commuters. (JICA)



₱2.4 BILLION

is lost daily due to traffic in Metro Manila, according to a study by the Japan International Cooperation Agency. This could balloon to Php 6 billion by 2030 if traffic congestion is not addressed.



Holcim Philippines has lined up investments across its sites to speed up the loading and dispatch of trucks.



“For a hardware store, cement is like rice. It's a staple. We need regular supply to serve our customers, but we can't store much since warehouses in Metro Manila are small. There has been a huge improvement in Holcim's deliveries since it introduced the Next Day Delivery Service. It has been really helpful to our business.”

TIFFANY TAN owns the Martensite Hardware Store in Cainta, Rizal. She says they can sell up to 1,000 bags of cement a day given the strong construction activity in the market.

SPREADING A CULTURE OF SAFETY

By the time you are done reading this – if you finish in 10 minutes – at least 20 people will have died on the roads in various parts of the world, and hundreds more permanently disabled.

According to the World Health Organization, traffic-related incidents kill 1.25 million people a year globally, which translates to more than 3,200 fatalities everyday – a mother, a father, a child, a brother, a sister lost to a family forever.

In the Philippines, road accidents kill over 10,300 Filipinos a year – more than dengue and HIV/AIDS put together. It is also the biggest cause of injury in the country, after assault.

This is the tragic reality Holcim Philippines Inc. is trying to change by helping create a culture of safety among Filipinos, not just on the roads but among its business partners.

Following the framework of LafargeHolcim, Holcim Philippines adheres to safety as an overarching value that governs its entire operations: from the visitor registration at its corporate offices to vehicle inspection at its manufacturing plants. But outside, the rules change. In fact, they sometimes disappear completely.

“We come from the key principle that safety is everybody’s responsibility. We have to care enough to make sure everybody is safe and secure,” says Carmela Dolores Calimbas, head of Health, Safety & Security (HS&S) at Holcim Philippines.

“It’s really the heart because no matter how good your systems are, if you don’t have the heart to care, it’s not going to work. It’s just going to be compliance,” she says.



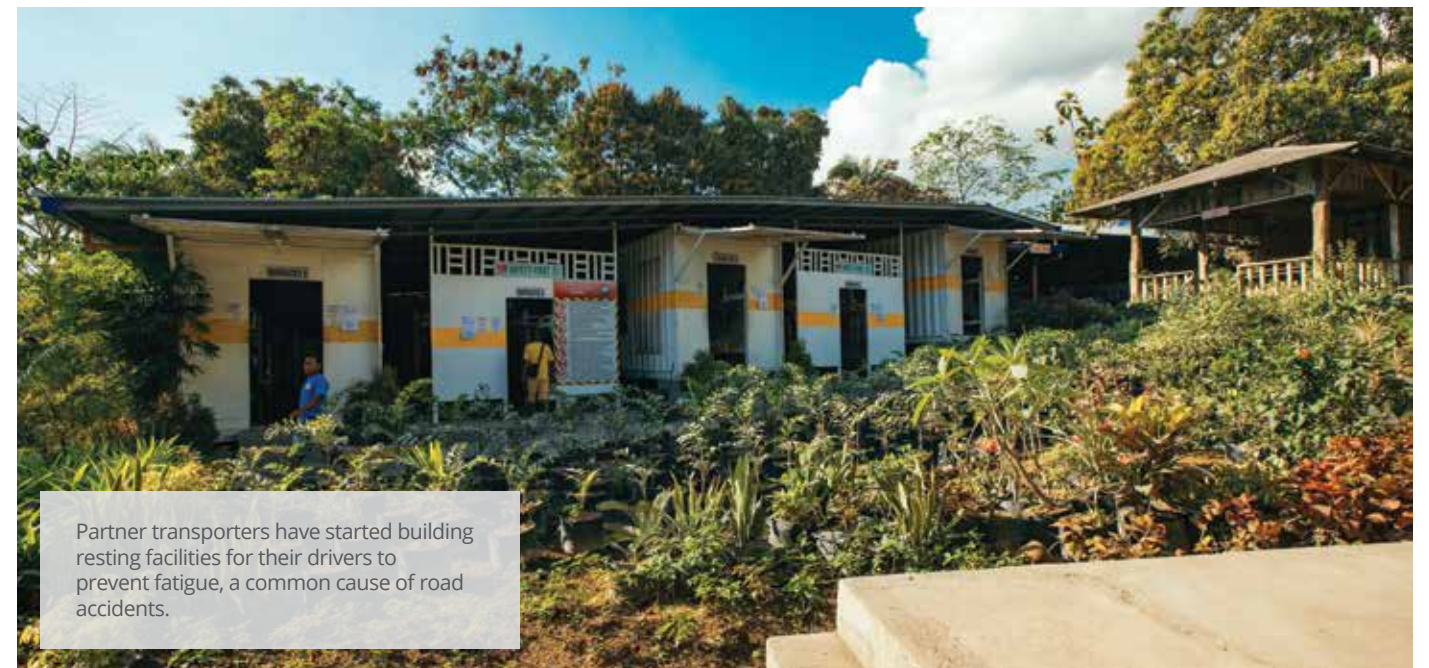
Holcim Philippines is working with its transporters to embed a safety mindset among the drivers that service the company.

TRUCK DRIVERS ACADEMY

According to Calimbas, around 40 percent of Holcim Philippines safety incidents are related to vehicle and traffic, which is a signal for the company to focus on road safety.

Two years ago, Holcim Philippines began a study with TDC-Uyeno – a joint venture between logistics firms Transnational Diversified Group and Japan’s Uyeno Yuso Ltd. – on putting up a safety academy for drivers. Holcim Philippines officials went to Japan to study the process and learn how to create modules that will work in the Philippine setting.

In 2016, instead of putting up the academy, Holcim Philippines inked an agreement with TDC-Uyeno to become the anchor client of the Philippines’ first school for truck drivers. Holcim Philippines and its transport partners committed to send at least 180 truck drivers and 60 supervisors to the academy every year for basic



Partner transporters have started building resting facilities for their drivers to prevent fatigue, a common cause of road accidents.

and advanced safety trainings, as well as supervisory and management skills development.

“With road safety, we have to start with the context of what is the common profile of driving, and in the Philippines, we all know that regulation plays a big role in it. Most of the time, drivers did not pass through formal, theoretical assessment training program before being allowed to drive,” notes Richard Cruz, Holcim Philippines’ safety manager for commercial and other sites.

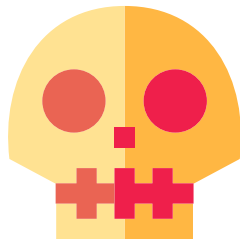
Many of today’s truck drivers, he points out, were former helpers who wanted to earn bigger, so they would watch how drivers work and practice driving the vehicles whenever they can.

“There are a lot of challenges. This is part of our efforts to help improve road safety in the country,” he says.

Since the Safety Academy opened late 2015, at least 200 truck drivers from Holcim Philippines’ partner transporters have completed the course, which includes safety training, rules of the road, defensive driving and other basic driving skills. At the end of the three-day training, students must pass a driving assessment.

142 PEOPLE

are killed every hour in various parts of the world due to road mishaps, most of which occur in low- and middle-income countries



79 PERCENT

of all road deaths in the Philippines are due to drivers’ errors,

11 PERCENT

due to defective vehicles, and



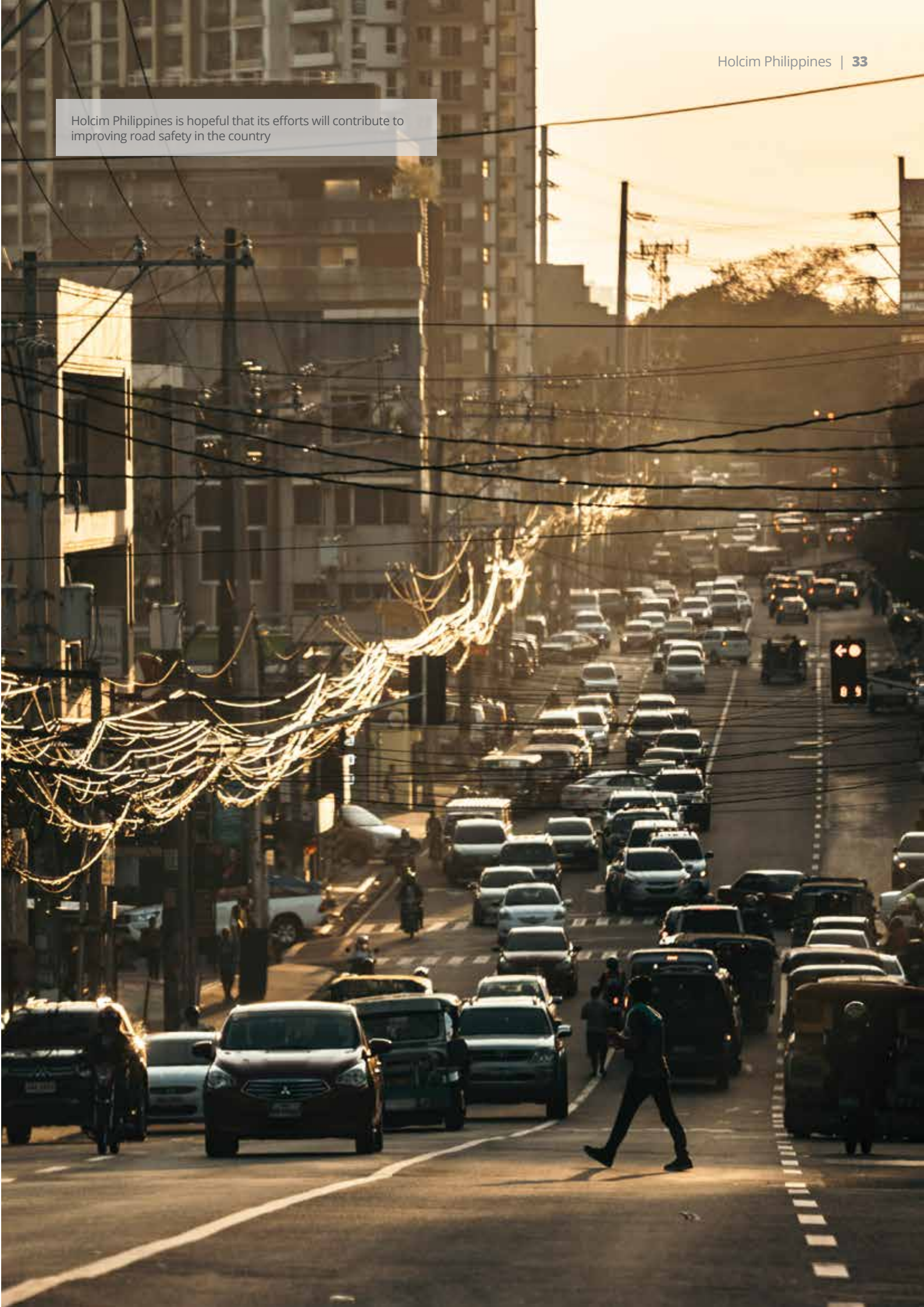
10 PERCENT

due to bad roads, the Department of Transportation said in a 2013 national status report



Among the objectives of the Safety Academy is the improvement of drivers’ understanding and appreciation of road rules as they deliver Holcim products.

Holcim Philippines is hopeful that its efforts will contribute to improving road safety in the country



"It's a small step, but a small step goes a long way," Calimbas says. "We see results."

SCHOOL ON WHEELS

Because it was effective – and also disruptive to operations as enrolled drivers could not work for three whole days – Holcim Philippines decided to bring the school to the drivers. Instead of the drivers going to the training center in Manila, the trainers visit the sites and teach there.

"There was a clamor from the rest (of the transporters), so we had to bring the academy to them. It's like a school on wheels," Calimbas says.

Aside from driver training, Holcim Philippines focuses on vehicle management, which means transporters must show proof of preventive maintenance of all their vehicles. It also emphasizes journey management.

"There's a route assessment: we go ahead of the hauler, spot the hazards along the way, come back, and before we dispatch the driver, we have maps, pictures of routes, etc.," Cruz says. "In Isabela, for example, there are sharp, zigzagging roads so we tell them to be very aware of the speed that they're operating. Then they go back to the site, debrief, update and communicate with the next drivers."

Most trucks that service Holcim Philippines are equipped with GPS, which are being monitored real-time. This allows the company, through a central control room, to see any violations committed by the drivers during their journey.

"If they overspeed or harsh-brake, it gets emailed and texted to the owner (of the truck). There's a report, so that when they go back, they are debriefed and coached," Cruz says.

The company is serviced by around 1,500 drivers from about 70 contracted transporters all over the country. At any given time, there are over a thousand trucks on the road carrying Holcim products, and the company wants to make sure they are responsible when out on the road.

"Holcim Philippines is one of the responsible players in industry. We have standards in place. I would say we are strict," Cruz says. "We have moved from internal to external cooperation."

This external cooperation extends beyond the journey – through transporters – and onto the destination: the retail partners.

SELLING PRODUCTS, OFFERING SAFETY

In 2016, Holcim Philippines launched the Customer Safety Engagement Program (CSEP) to show that the company cares for



Holcim Philippines' sales force, headed by William Sumalinog, force included a discussion of safety during its customer visits in 2016.

its customers and their business. Under CSEP, sales officers discussed safety issues with their clients, specifically the community hardware stores.

“Traditionally, we just sell them our products,” Cruz says. “After consultation with the Academy for Customer Excellence, we knew we needed to engage customers on safety. Zero Harm is our goal. We strive for zero harm to people, equipment, process.”

Holcim Philippines’ sales and safety officers worked together to implement CSEP. According to Cruz, 73 sales officers were trained by the safety team to identify hazards in a store, communicate their findings to the storeowners and propose practical solutions to address the problems. In some cases, a safety officer from Holcim Philippines accompanies the sales officer for a second inspection.

“CSEP was the gamechanger. Never before will you see a sales person saying the forklift is running too quickly or the cement piling is skewed. There was no effort previously about that. But if you look at a typical hardware store, you will see a lot of hazards there. People can hurt themselves seriously,” Cruz says.

In 2016, Holcim Philippines engaged 120 retail partners in its safety program.

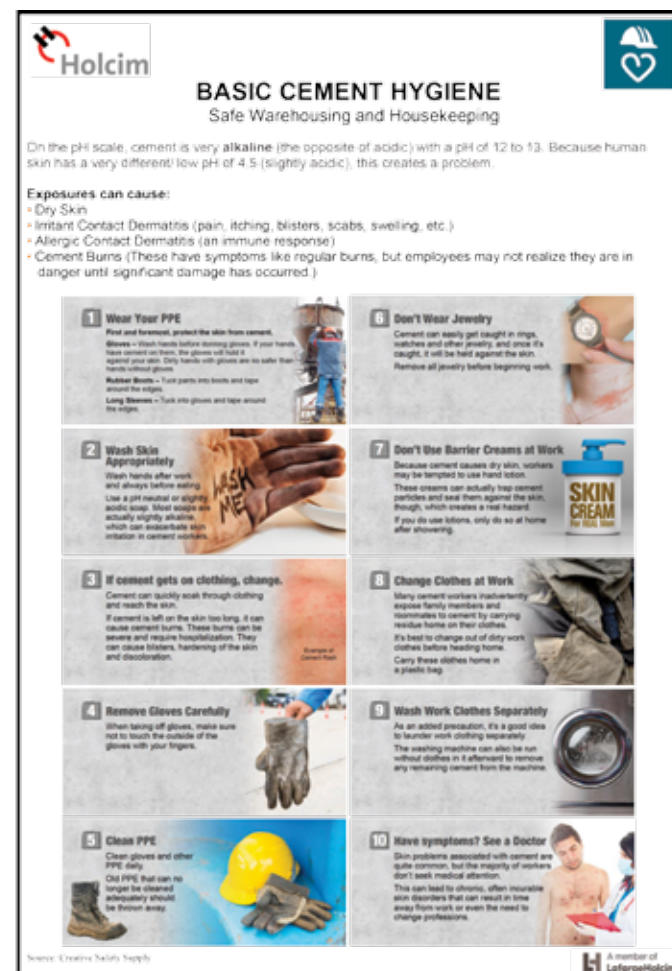
“You will be surprised because some are saying, ‘you’re the only one doing this for us,’” Cruz says of the customer reception to CSEP.

There are three key things CSEP aims for: safe store, safe transport and safe product handling. To encourage compliance among their customers, sales officers were trained to consider the practicality and doability of their proposed safety solutions.

“Some of the changes are not really heavy; for example, painting the floor so the forklift drivers can see,” Cruz says. “When we conceptualized CSEP, we made sure it’s not about buying the equipment. It’s about doing what you can first do and optimizing the way you’re doing it for safety. From there, you improve.”

Calimbas says CSEP underscores the company’s belief that safety translates to good business.

“If safety is there, it will translate to good plant practices, good processes, good business. In the organization, we believe that,” she says. ●



Sales officers were briefed on information useful to their clients such as common safety issues in hardware stores.

Did You Know?

“Road traffic injuries are currently estimated to be the ninth leading cause of death across all age groups globally, and are predicted to become the seventh leading cause of death by 2030. This rise is driven by the escalating death toll on roads in low- and middle-income countries – particularly in emerging economies where urbanization and motorization accompany rapid economic growth.”

– World Health Organization, *Global Status Report on Road Safety 2015*



“Holcim definitely contributes to making our roads safer. The company’s focus on safety is able to change how drivers value it. If before they were not mindful about safety, working with Holcim makes them see its value. And this change in mindset shows in how they perform on the road.”

ALEX ILUMINIO is the transport manager of cement transporter MegaCem, which provides hauling services to Holcim Philippines’ Bulacan plant

HUB: SMALL STEPS, BIG DREAMS

When Ed Pineda franchised his first HUB Builders Center branch in Tarlac City in April 2016, he was not just getting into the business of selling construction materials — he officially became a brand ambassador for Holcim Philippines by making its portfolio of products available to consumers in an area dominated by competitor cement brands.

One of the houses that literally stands as a testament to Pineda's efforts to promote Holcim products is Nida Santa Romana's. The latter, also from Tarlac, was then having her house built using non-Holcim cement when she met Pineda's account executives who introduced her to the benefits of using Holcim's building solutions. She made a trial purchase of cement and steel bars from Pineda's HUB store and received very good feedback from her contractor. Because of this, Santa Romana bought the rest of her material requirements there.

Over the year that she built her house, Santa Romana discovered that sourcing construction essentials from the HUB store had other perks: she could coordinate with Pineda's Account Executives to plan her purchases such that her materials would come only when they were needed. This was beneficial because the site of her home did not have much space for a staging area. Aside from this, the ability of Pineda's HUB store to deliver building materials in small quantities gave Santa Romana the convenience of being able to manage her funds throughout the build rather than make huge lump-sum payments. Because of this, she purchased cement (Excel and Wallright), drymix, fiber cement boards, light metal channels, plywood and other hardware items from Pineda's store.



Holcim expanded its Hub network as more people signed up to become franchisees

"This is the culmination of what Holcim intended when it created the HUB Builders Center: to establish an avenue for developing relationships with the end-users of its products built on the value offered by Holcim Building Solutions and other high-quality construction materials. Before the HUB was established, Holcim had very little direct interaction with the consumers of its products as most of its dealings were with distributors and wholesalers. Now HUB franchisees deal directly with contractors, developers and homeowners to educate them about the benefits of Holcim products and secure their regular patronage. That in a nutshell is the HUB," says Arturo Monasterial Jr., general manager of the HUB Stores and Services, Inc. (HSSI), the retail subsidiary of Holcim Philippines, Inc.

The HUB was first conceived in 2007 as a result of a customer value management project to better understand the end-users of Holcim products and develop value propositions for them to choose Holcim when they embark on a project.

The HUB intended to help the many overseas Filipino workers who were sending money to their families in the Philippines so they could build a home.

"It was a solution for people who wanted to understand the process of budgeting for the construction of a new house, how to engage the different types of contractors, how to manage the construction project if they will be the one to oversee it, or how to engage with somebody who can do it for them such as an architect," Monasterial says.

Holcim rolled out its first HUB store in 2010 and officially began franchising in 2015, paving the shortest route to customer engagement and marking its entry into the country's competitive retail market.

FROM CONTRACTORS TO STOREOWNERS

"The HUB franchise program particularly engages contractors like Pineda as they are the primary consumers of cement and can act as influencers to their peers as to what brands of construction materials are best to use in their projects. Their own network of contacts offers great potential for growing the sales of Holcim products. By converting them into exclusive resellers of our products, we create a business relationship that yields benefits for both parties when they sell to more customers," Monasterial notes.

"I am confident in dealing with my customers because I know that Holcim and the other products I carry are of

high quality and are competitive with other brands," says Pineda. "I am also satisfied that my clients are putting up high-quality buildings and homes."

Pineda now operates two HUB branches, one in Tarlac and the other in Cabanatuan. With an economic zone anticipated to stir up construction in Aurora, he plans to apply for a HUB franchise in Baler and eventually another one in Pangasinan. He is also eyeing Subic, Bataan and Angeles City to cater to his connections there—a good indicator that the franchise model has considerable potential as a selling arm of Holcim Philippines.

With 26 branches currently operating in various parts of Luzon, HUB stores have served more than 2,000 contractors in 2016. This drove the growth of its year-on-year cement sales volume by 47 percent, making it one of the biggest-growing segments of Holcim Philippines and the largest reseller of its bagged cement.

LESS RISK, MORE OPPORTUNITIES FOR PROFIT

Functioning as a modern community hardware store, the HUB Builders Center was designed so contractors would find going into the hardware store business easy and becoming a reseller of Holcim products profitable.

Because HUB outlets are equipped with a point-of-sale unit, franchisees face less risk of pilferage as they can easily monitor their sales, inventory, accounts receivable and cash.

“HUB franchisees are supported by a central supply chain unit that operates a network of mini-warehouses and a fleet of various-sized trucks. Conventional hardware stores do not have such comprehensive procurement and logistics support,” says Monasterial.

Each HUB store also has account executives that are trained to demonstrate the proper use of Holcim products. When doing such demos, they acquaint potential customers with the Holcim brand and showcase the value of its products.

With the construction boom expected to drive a 10-percent market growth for cement in the Philippines, to be sustained by a Php 7-trillion (USD144 billion) infusion into the country's infrastructure sector, the expansion of Holcim Philippines' retail arm becomes advantageous.

“The Philippine government is focused on creating infrastructure—roads, airports—that will lead to the development of communities and commercial establishments. These are the types of projects that customers of the HUB Builders Center normally undertake. So my outlook for the HUB is we will continue to grow,” Monasterial says.

Three new HUB stores will add to its network of branches in Luzon during the early part of 2017: two in Quezon City and one in Taytay, Rizal. This is in line with efforts to strengthen the HUB's presence in NCR and South Luzon where a steady growth in cement demand via residential and commercial projects is expected over the next few years but where Holcim is not yet the dominant cement player.

“The development of HUB stores in these places will allow Holcim to capture the potential of the growth that is coming,” Monasterial says. ●



The HUB was conceived as a community hardware store that helps Holcim Philippines better understand end-users of its products.



“The experience is fulfilling. Aside from learning more about the importance of the construction industry, I get to help contractors pick the best products to build quality structures for their clients

EVON TOLENTINO is an account executive for the HUB store in Quezon City.



Geocycle provides business benefits to Holcim Philippines while helping communities and industries address their waste management challenges.

GEOCYCLE: MAKING ZERO-WASTE FUTURE OUR BUSINESS

Rapid urbanization has fueled the enviable growth of the Philippines in the past decade, but with it came the unenviable mountains of garbage often brought about by economic activity.

While the situation presents obvious challenges in a country of 100 million with a devolved waste management system, for John Alindao, the burgeoning waste problem is an opportunity to showcase how technology could be harnessed to benefit society.

“Essentially we’re offering peace of mind,” says Alindao, who runs Geocycle, the waste management unit of LafargeHolcim here in the Philippines.

Geocycle is a network of over 60 companies located on five continents that provides end-to-end solutions to waste management needs. A leader in co-processing technology since the 1970s, Geocycle continues to offer innovative municipal and industrial waste management services.

“We’re offering peace of mind to our clients. Instead of their refuse going to the landfill, these are utilized as fuel and raw material for us,” Alindao says.

Geocycle’s important contribution to addressing this great challenge comes with benefit to the company as well.

“Not only are we promoting the use of alternative fuels and raw materials (AFR) to reduce our carbon footprint, this is now an avenue of the company to gain additional revenue and manage costs,” Alindao says.

In 2016, Geocycle expanded its service offerings to include industrial waste management. In the past,

its operation focused on co-processing waste as a way to derive AFR that reduces LafargeHolcim’s dependence on traditional fuel and raw materials such as coal, limestone and gypsum to manufacture cement.

“We created that industrial waste segment to promote AFR and to get revenue around it,” Alindao says.

ALTERNATIVE FUEL

From focusing on obtaining biomass for alternative fuel, Geocycle began pursuing substitutes for raw materials as well. Geocycle’s examination of other industries showed there is much to gain more from these sectors too.

For instance, most people encounter silica – a key component in making cement – in its granulated form, contained in paper packets to deodorize shoes or maintain the freshness of chips. There are more ingredients to cement manufacturing if one takes a hard look at the different industries operating in the Philippines, says the Geocycle head.

“You’ll learn that in semiconductors, the substrate which holds microchips together, and even the epoxy that binds it together is 70 percent silica,” explains Alindao, a chemical engineer by profession. “The same is true in food and beverage factories. They produce sludge which is also another good source of alternative raw materials.”

“So in principle, you have elements in cement that you can actually get in different variability and concentration from other industry segments,” he says.

All Geocycle has to do is to prepare the materials for co-processing, either by shredding, blending, mixing, sorting or using physicochemical treatment to extract the alternative raw material they need for manufacturing cement.

After the preparation, any alternative raw materials extracted from the waste are machine-fed into the kiln. For alternative fuel such as biomass, this is used as coal

MATERIALS SUITABLE FOR CO-PROCESSING

- Waste oil
- Oil, paint, or grease sludge
- Agricultural waste
- Expired powdered medicine
- Hardened adhesives
- Expired sealer paste
- Expired/off spec products
- Non-recyclable plastics
- Resins
- Used tires
- Ink wastes



substitute to fire up the kiln, which is an integral part of the cement manufacturing process.

The prospects of finding sources of alternative fuels and raw materials are rosy, according to Alindao. An internal market study revealed that of the 1,000 industry segments operating in the Philippines, at least 535 could be reliable suppliers of Geocycle's potential AFR.

"We look at selected industries that have waste products that can be used either as a fuel or raw material for making cement," he says. "Before, we were just tapping one to two percent of the industry. Now, we're targeting over 50 percent of the total industry segments."

SAVING COST, SAVING THE ENVIRONMENT

By its nature, cement manufacturing is resource-intensive, and its requirement all the more emphasizes the urgency for the Geocycle unit to contribute to the success of LafargeHolcim in the Philippines, Alindao says.

"I see our operations as a cost-saving opportunity for the company. We help gain additional revenue, driven by variable cost, to support cement overall cost efficiency," he adds.

Moving forward, Alindao hopes the Geocycle unit can do more in the waste management industry because it has yet to fully realize its potential here in the Philippines. Given an opportunity, the unit can help address the growing problem of municipal waste management.

A World Bank study published in 2012 estimated that about 29,315 tons of trash is generated in the Philippines daily. With a growing population, the figure could skyrocket 165 percent to 77,776 tons a day by 2025.

"As countries urbanize, their economic wealth increases. As standards of living and disposable incomes increase, consumption of goods and services increases, which results in a corresponding increase in the amount of waste generated," says the study, titled "What a Waste: A Global Review of Solid Waste Management."

With Geocycle's vision of a zero-waste future, Alindao says the company hopes to play a more significant role in the Philippines' waste management problem.

"Our plan is to build a framework using resources outside the company, outside industry segments we are



Geocycle prepares materials for co-processing

tapping, and national and municipal waste, as well as refuse-derived fuel or the so called process-engineered fuel which is actually waste coming from non-regulated sources and community waste," Alindano says. "The intention is to use the thermal substitution capability of those materials."

EDUCATING HOUSEHOLDS

Municipal or household waste form the bulk of the waste composition in the Philippines, explains Engr. Eligio Ildefonso, executive director of the National Solid Waste Management Commission.

Ildefonso underscores the lack of awareness on the country's solid waste management law, which was enacted 17 years ago. Republic Act 9003 or the Philippine Ecological Solid Waste Management Act of 2000 mandates local governments to ensure segregation of waste at source, compost, put up its own materials recovery facility, recycle, collect efficiently and dispose properly.

Ildefonso, however, laments the ill compliance of local government units to the law, often citing the perennial lack of adequate funding to fulfill the responsibilities for local solid waste management.

Geocycle conducts a thorough test of all materials to be co-processed to ensure these meet its requirements.

2.7 MILLION METRIC TONS



of plastic garbage is generated by the Philippines each year. Of this, 521,000 tons end up in the ocean, making the country the world's third biggest marine polluter, reported the Ocean Conservancy and McKinsey Center for Business and Environment in 2015.

103 SANITARY LANDFILLS



are operating in the Philippines, as reported by the Department of Environment and Natural Resources. Landfills are the primary waste management option for local governments as open dumpsites have been banned by law.

.40 KG



is the average volume of waste generated by each Filipino daily, according to the National Solid Waste Management Commission. In Metro Manila and other highly urbanized cities, the average is higher at .79 kg per person per day.



Unloading of materials for co-processing

Ultimately, he says, the problem boils down to the household because “the moment they fail to sort their trash, these will end up being disposed somewhere.”

“We need to educate people to sort on site. On the average, you can recover 80 percent of a household’s trash, which is composed of compostable and recyclable materials, and just dispose the remaining 20 percent. If the law is followed, imagine how much relief we can bring to disposal sites,” Ildefonso says.

Right now, waste coming from industries is not as big of a concern to the government as household waste because regulations governing industrial waste are being implemented, according to Ildefonso.

Alindao agrees: “In the industry segment, waste generation is controlled, and it’s not a lot.” He estimates

industrial waste generated might hover around 150,000 metric tons a year.

“Let’s say we have one million metric tons of waste a year, and you get half of it. That’s about 500,000 metric tons that can be utilized and sorted as refuse-derived fuel. It can give adequate heating value, which we can utilize as an alternative fuel,” Alindao says, noting that Geocycle also partners with local government units to treat household waste.

“That’s the plan for 2020 going to 2030. We want to harness the ability of Geocycle to develop a platform that can sort, shred, pre-treat, and pre-process waste to make the material ready as an alternative fuel comparable to coal,” Alindao says. ●

Did You Know?

Instead of dumping shredded bank notes in landfills, the Bangko Sentral ng Pilipinas (BSP) office in Davao City contracted Holcim Philippines to co-process its waste. The old bank notes are packed into 3 kg plastic bags, each with a calorific value of 3,820 kcal/ kg, and burned in the kiln at 0.5 tons per hour. This co-processed waste has been used as alternative fuel in Holcim Philippines’ Davao Plant. In Luzon, ink left over from the BSP central office’s printing of national currency is also co-processed, fueling Holcim Philippines’ Bulacan plant.

WRIGLEY

A Subsidiary of Mars, Incorporated

“Our company is committed to taking care of the environment, and part of that is ensuring proper management of waste. We have full trust in Holcim in fulfilling this need as our other affiliates have worked with the Group worldwide. From end to end, we know that our waste will be treated properly.”

JONG MABILANGAN is the environment safety manager of the Wrigley Philippines’ plant in Antipolo.

EMBEDDING SUSTAINABILITY IN HOLCIM PHILIPPINES

Holcim Philippines has always recognized the importance of responsibly conducting its business. It is part of its DNA, an inseparable part of how it operates. This authenticity has, in the past years, repeatedly seen the company being recognized by both public and private sectors for policies and programs that positively impact on its communities, the environment and the country as a whole.

This commitment to integrity and sustainability all the more came to fore in August, when Holcim Philippines became a signatory to the Integrity Initiative, a private sector pledge to uphold ethical business practices. Before that, a study by the ASEAN CSR Network and the National University of Singapore Business School's Center of Governance showed that Holcim Philippines is among just 10 publicly listed Philippine companies and the lone representative from the cement manufacturing industry with anti-corruption and anti-bribery policies.

Also last year, the Department of Energy cited the company's La Union and Bulacan Plants for its use of alternative fuel and raw materials to reduce its coal consumption and for its best practices in energy management through process improvements, respectively. The Davao Plant meanwhile was recognized by the government as being among the top tax payers in the city for consecutive years.

REGIONAL AWARDS

Holcim Philippines' industry-pioneering flagship corporate citizenship initiative, Galing Mason, was recognized at national, regional and global levels, by the Asia Responsible Entrepreneurship Awards (AREA) in the Investing in People category, given in Singapore, for the program's success in helping raise the skills of over 5,000 masons nationwide since its launch in 2004. It went on to win an international Gold Quill Award given by the International Association of Business

Communicators (IABC) during its World Conference in New Orleans, Louisiana; and an award from the Philippine Association of National Advertisers (PANA).

Foster A Child's Education (FACE), Holcim's national education program for elementary and high school students in public schools primarily in areas where Holcim operates, has been conferred the prestigious Philippine Quill Award of Excellence given by IABC Philippines. It was nominated for the Asia Responsible Entrepreneurship Awards (AREA) and in June 2017, will receive an AREA Award in the Social Empowerment category in Bangkok, Thailand.

The recognitions affirm that Holcim Philippines is indeed staying true to its desire to do good while doing well by implementing enabling programs and actions. With sustainability as a major strategic business pillar and core value, the company is committed, together with its country counterparts in the LafargeHolcim Group, to achieve the vision that the construction sector of tomorrow will be innovative, climate-neutral, circular in its use of resources and respectful of water and nature. It will be inclusive, enhancing the quality of life for all.

2030 PLAN: SUSTAINABILITY STRATEGY

Two major international efforts toward a better future also serve as reference points.

The first is the United Nations' Sustainable Development Goals (SDGs), which identify 17 key challenges that the world's nations must address together by 2030 such as eradicating poverty, investing in more affordable and cleaner energy, building essential infrastructure, offering better quality education, having clean water, among others.

The second is the 2015 Paris Agreement, wherein 195 parties to the UN Framework Convention on Climate Change agreed to "curb emissions, strengthen resilience, and take common climate action." LafargeHolcim was one of the active participants in that Conference of Nations (COP) 21.

THE VISION: The construction sector of tomorrow will be:

- innovative
- climate-neutral and
- circular in its use of resources.

It will be respectful of water and nature. It will be inclusive enhancing the quality of **Life for All**.

THE 2030 PLAN BUILDING FOR TOMORROW

The LafargeHolcim Group plans to generate 1/3 of our turnover from solutions with enhanced sustainability performance

	Climate	Circular Economy	Water & Nature	People & Communities
In House	We will reduce net specific CO ₂ emissions by 40 percent per ton of cement (vs.1990)	We will use 80 million tons of waste-derived resources per year	We will reduce specific freshwater withdrawal in cement operations by 30 percent We will implement the WASH Pledge (Water, Sanitation and Hygiene) in all sites	We want zero fatalities We will reduce LTI FR <0.20 We will reduce our disease rate <0.1 We will have 30 percent minimum gender diversity at all management levels
Beyond our fence	We will help our customers avoid 10 million tons of CO ₂ being released from buildings each year through our innovative solutions	We will provide end-of-life solutions for our products and will supply four times more recycled aggregates from construction, demolition waste and reclaimed asphalt paving	We will make a positive impact on water in waterscarce areas We will show a positive change for biodiversity	We will develop initiatives to benefit 75 million people We will engage in collective action to combat bribery & corruption in high risk countries

www.lafargeholcim.com/2030-plan

And today, we have the 2030 Plan, our sustainability strategy, that sets the vision and targets its achievement in the year 2030. It is a "broad set of clear commitments that support the UN's sustainable development goals (SDGs) for the planet. It covers our business activities as well as customers, communities and employees. It includes initiatives and innovative solutions" so we can drive transformation in the value chain.

It is our wholistic roadmap, with clear targets and an agenda for action that "defines the next steps, sets quantitative targets related to direct and indirect impacts, over the whole life cycle of our products and services. It articulates our own efforts to improve the sustainability performance of operations and focuses on developing innovative and sustainable solutions for better building and infrastructure. It goes beyond our own business activities. It covers the entire construction value chain and the life cycle of buildings.

With country targets set, it is a more ambitious commitment to further align business operations and corporate citizenship programs with global commitments for a sustainable future.

4 FOCUS AREAS

It has four focus areas to improve internally and influence externally as well as develop building solutions that can impact 14 of the 17 SDGs: climate, circular economy, water and nature, and people and communities.

The Group plans to cut emissions by 40 percent from 1990 levels, use more wastes to power its kilns, reduce water consumption in cement production by 30 percent, reduce safety incidents within its facilities and further uphold diversity. There will also be efforts to shift customers to products with a smaller environmental footprint, contribute to building up water resources and improving biodiversity and develop innovative products for affordable housing, disaster resilience and help in waste management.

In 2016, it began an assessment of the various corporate citizenship programs and current operational practices of different facilities to understand how a course towards supporting the Group's new direction for sustainability can be charted.

Nerissa Villarico Ronquillo, head of Communications and Corporate Affairs stresses the need for aligned and integrated courses of action across all functions and believes that these are necessary and worth it.

"Accomplishing our 2030 Plan targets is a shared responsibility among the world's family of nations. We at Holcim Philippines are proud to be a member of a Group that is keen on contributing to address these," she said. "And with this crusade and advocacy, as one may call it, comes positive change."

"The changes are rooted in sustainability, that all we do today will assure the well-being of and resources needed by the next generations and will in no way put the generations to follow after us, in peril. It is a motivation that goes beyond doing a job just as a compliance or transaction. Rather, it reminds us that there is a higher purpose to why we operate and why we want to do good. It's a value of responsible corporate citizenship that is ingrained in the company," she said.

Ronquillo added that the changes come at an opportune time. "The company is in the midst of transformation that will move the company from being a cement manufacturer to a construction solution provider so it can better contribute to development. The knowledge of and experience in the industry we move in, will serve us in good stead as we now implement change."

"It all fits. This is part of our transformation. Further strengthening our commitment to sustainability concretizes Holcim Philippines as, a responsible and reliable contributor to moving our country forward especially in its golden age of infrastructure," she added. ●

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Holcim HUB
OUTLETS

STORE NAME	ADDRESS	TELEPHONE NUMBER
PANGASINAN	#168 Mc Arthur Highway Carangalan District, Dagupan City, Pangasinan	(075) 6323565
TARLAC	Zamora St., AMA Bldg. San Roque, Tarlac City	(045) 8002760
NUEVA ECIIJA	Kapt. Pepe Subd., San Juan Accfa, Cabanatuan City, Nueva Ecija	(044) 3290238
PAMPANGA	Unit 1-3 Hardicourt Badminton Center, Magalang Road Sto. Cristo, Angeles City, Pampanga	(045) 8872528
	McArthur Highway, San Agustin, City of San Fernando, Pampanga	(045)8602236
BATAAN	Capitol Drive cor. Magsaysay St., San Jose, Balanga City, Bataan	(047) 3000273
BULACAN	Rizal St., cor. La Rosa St. San Jose, Baliaug, Bulacan	(044) 7660139
	McArthur Highway, Bo. Calvaria Meycauayan City, Bulacan	(044)9130051
QUEZON CITY	FVR Bldg., Jem 7 Subd. Old Sauyo Talipapa, Mindanao Ave., Quezon City	(02) 4230345
	No. 125 Kamias Road, Quezon City	
	49 C Gregorio G. Araneta Ave., Quezon City	(02) 4104858
	97 Visayas Avenue, Quezon City	
PASIG	#101 JEB Building Amang Rodriguez, Pasig City	(02) 6367295
MARIKINA	# 7 Katipunan St., Concepcion 1, Marikina City	(0917) 8744961

STORE NAME	ADDRESS	TELEPHONE NUMBER
RIZAL	Unit 2 & 3 L. Sumulong Memorial Circle, San Roque, Antipolo City	(02) 4512259
	Blk. 1, Lot 1,3,5&7-B Ortigas Ave. Ext. St., Glendale Village, Dolores, Taytay, Rizal	(02) 9668913
LAS PIÑAS	172 Alabang Zapote Road, Pamplona 2, Las Piñas City	(02) 5514995
CAVITE	200 Biga Uno Aguinaldo Highway, Silang, Cavite	(046) 4133792
	9064 Paliparan Road, Paliparan 1 Dasmariñas City, Cavite	(049) 9724486
LAGUNA	Unit 12 & 13 Canicosa Bdlg., National Highway, Brgy. San Antonio, Binan City, Laguna	(049) 3062510
	7059 National Highway, Brgy. Halang Calamba City, Laguna	
	Brgy. VII-A Rizal Ave., San Pablo City, Laguna	(049) 5033961
	KM 31 National Highway, Brgy. Landayan, San Pedro, Laguna	
BATANGAS	National Highway, Brgy. Kumintang Ibaba, Batangas City	(043) 7860728
	G/F Hotel Gregorio CM Recto Ave. cor. Morada Ave. Lipa City, Batangas	(043) 7026742
QUEZON	Salud Bldg. cor. Bonifacio & 20 de Julio St., Infanta, Quezon	(02) 4017218

PLANT LOCATIONS

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HEAD OFFICE

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CEMENT PLANT

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TERMINAL

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GRINDING PLANT

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PAPER BAG PLANT

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READY-MIX CONCRETE PLANT

