COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

7 T H F L O O R T W O W O R L D

S Q U A R E M C K I N L E Y H I L L

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)

c/o Atty. Erika B. Paulino Martinez Vergara Gonzalez & Serrano

Contact Person

(02) 8687-1195

Company Telephone Number

1 2 *Month* **3 1** *Day*

Fiscal Year

20-IS

FORM TYPE

05 *Month* **12** *Day*

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 I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 12, 2022
11:00 A.M., Philippine Time
7th Floor, Two World Square, McKinley Hill,
Fort Bonifacio, Taguig City 1634, Philippines
(via Remote Communication)

You are cordially invited to attend the annual meeting of the stockholders (the "Annual Meeting") of HOLCIM PHILIPPINES, INC. (the "Company") which will be held virtually on **May 12, 2022 (Thursday) at 11:00 a.m., Philippine time**. The Chairman of the Annual Meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located. The agenda of the Annual Meeting is as follows:

1. Call to Order
2. Certification of Notice and Determination of existence of quorum
3. Approval of Minutes of Previous Meeting
4. Operations Report
5. Election of Directors
6. Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting
7. Appointment of External Auditor for 2022
8. Other Matters
9. Adjournment

These items are fully discussed in the Information Statement, published in the Company's website at **www.holcim.ph**, and on PSE EDGE.

Given the current circumstances and taking into consideration the safety of everyone, stockholders may only attend the Annual Meeting via remote communication. Only stockholders of record in the books of the Company at the close of business on April 12, 2022 will be entitled to notice of, participation via remote communication, and voting *in absentia* at the Annual Meeting and any adjournment thereof.

Stockholders who intend to participate in the Annual Meeting via remote communication and to exercise their vote *in absentia* must register at https://conveneagm.com/ph/hpiasm2022. Online registration will be open from April 18, 2022 at 8:00 A.M. to May 5, 2022 at 5:00 P.M. All information submitted will be subject to verification and validation by the Corporate Secretary and the Stock Transfer Agent.

Stockholders who wish to appoint a proxy should send a scanned copy of a duly accomplished proxy form, together with other supporting documents, via email to **HPI-Investor-Relations@lafargeholcim.com** not later than May 5, 2022. The proxy form may be downloaded at **www.conveneagm.com/ph/HLCM**. A hard copy of the Proxy Form should be delivered to The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five days after the proxy form has been sent via e-mail. Alternatively, should you wish to appoint the Chairman of the Annual Meeting as proxy, you may use the digital proxy form available at https://conveneagm.com/ph/hpiasm2022. Please note that we are not soliciting proxies.

Stockholders who have successfully registered can cast their votes and will be provided access to the live streaming of the Annual Meeting. The procedures for attending the Annual Meeting via remote communication and for casting votes *in absentia* are explained further in the "***Requirements and Procedure for Registration, Participation and Voting in Absentia"*** appended to the Information Statement.

For complete information on the Annual Meeting, please visit **www.holcim.ph**.

HOLCIM PHILIPPINES, INC.
By:

Belinda E. Dugan
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **Holcim Philippines, Inc.**

3. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**

4. SEC Identification Number: **026126**

5. BIR Tax Identification Code: **000-121-507-000**

6. Address of Principal Office/Postal Code: **7th Floor, Two World Square McKinley Hill, Fort Bonifacio Taguig City 1634, Philippines**

7. Registrant's telephone number, including area code: **(632) 8581 1511**

8. Date, time and place of the meeting of security holders:

   May 12, 2022, Thursday, at 11:00 A.M.
   7th Floor, Two World Square, McKinley Hill,
   Fort Bonifacio, Taguig City 1634, Philippines
   (via Remote Communication)

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 19, 2022**

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code or Sections 4 and 8 of the Revised Securities Act (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	**6,452,099,144**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes ___x____ No _______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange – Common Shares

HOLCIM PHILIPPINES, INC.

INFORMATION STATEMENT

WE ARE NOT ASKING FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF ANNUAL MEETING OF SECURITY HOLDERS (THE ANNUAL MEETING)

(a) Date: **May 12, 2022, Thursday**

Time: **11:00 a.m.**

Place: **7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634, Philippines via Remote Communication**

Principal office: **7th Floor, Two World Square**
McKinley Hill, Fort Bonifacio
Taguig City 1634, Philippines

(b) Approximate date on which copies of the Information Statement are first to be sent or given to Security Holders:

April 19, 2022

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

Pursuant to Section 80 of the Revised Corporation Code of the Philippines (the **Revised Corporation Code**), (1) in case of amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence, (2) in case of lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code, (3) in case of merger or consolidation, and (4) in case of investment of corporate funds for any purpose other than the primary purpose of the Company, any stockholder of Holcim Philippines, Inc. (the **Company** or **HPI**) shall have the right to dissent and demand payment of the fair value of his shares.

As provided in Section 81 of the Revised Corporation Code, this appraisal right may be exercised by any stockholder who shall have dissented to such corporate action, by making a written demand on the Company within 30 days after the date on which the vote was taken, for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Within ten days after demanding payment for his shares, a dissenting stockholder shall submit to the Company the certificate(s) of stock representing his shares for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Company, terminate his appraisal rights. No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Company consents thereto.

If the corporate action is implemented, the Company shall pay to the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of 60 days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within 30 days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

No matter will be presented for stockholders' approval during the Annual Meeting that may give rise to the exercise of a right of appraisal.

ITEM 3. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or officer of the Company since the beginning of the last fiscal year, or any nominee for election as director, or any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Annual Meeting, other than election to office.

No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) Voting securities entitled to vote at the Annual Meeting

As of March 31, 2022, there are 6,452,099,144 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting. One share is equivalent to one vote except in the election of directors where one share is entitled to as many votes as there are directors to be elected.

(b) Record Date

All stockholders of record at the close of business on **April 12, 2022** (the **Record Date**) are entitled to notice of, and to vote at, the Annual Meeting.

(c) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The table below shows persons or groups known to the Company as of March 31, 2022 to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting securities:

Title of Class	Name, Address, Citizenship of Record Owners and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	No. of Shares Held	% of Ownership
Common	Union Cement Holdings Corporation (**UCHC**) 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City Filipino Stockholder	Union Cement Holdings Corp. (same as record owner)	3,906,425,506	60.55%
Common	Holderfin B.V. (**Holderfin**) De Lairessestraat 129Hs, 1075 HJ Amsterdam, The Netherlands Dutch Stockholder	Holderfin B.V. (same as record owner)	1,168,450,996	18.11%
Common	Sumitomo Osaka Cement Co., Ltd. (**Sumitomo**) 6-28, Rokubancho, Chiyoda-ku, Tokyo 102-8465 Japan Japanese Stockholder	Sumitomo Osaka Cement Co., Ltd. (same as record owner)	594,952,725	9.22%
Common	Cemco Holdings, Inc. (**Cemco**) 815/816 Tower One & Exchange Plaza, Ayala Avenue, Makati City Filipino Stockholder	Cemco Holdings, Inc. (same as record owner)	456,689,560	7.08%

The respective Board of Directors of each of UCHC, Holderfin, Sumitomo, and Cemco has the power to decide how their shares in the Company are to be voted. The following are the natural persons authorized to vote the shares of the foregoing record and beneficial owners upon the direction of their respective Board of Directors:

	Authorized Representative
UCHC	Horia Adrian
Holderfin	Horia Adrian
Sumitomo	Yoshinori Manabe
Cemco	Horia Adrian

The Company only has common shares outstanding. As of March 31, 2022, the Company's foreign stockholders hold 28.31% of the common shares.

(2) Security Ownership of Management

The table below shows the securities beneficially owned by all directors and executive officers of the Company as of March 31, 2022:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Registered (R) or Beneficial (B)	% of Ownership
Common	Tomas I. Alcantara	1(D)	Filipino	R	0.00%
Common	Martin Kriegner	1(D)	Austrian	R	0.00%
Common	Horia C. Adrian	1(D)	Romanian	R	0.00%
Common	Leandro David Javier	1(D)	Filipino	R	0.00%
Common	Thomas G. Aquino	1(D)	Filipino	R	0.00%
Common	Tan Then Hwee	1(D)	Singaporean	R	0.00%
Common	Medel Nera	1(D)	Filipino	R	0.00%
Common	Erano Santos	3,000(D)	Filipino	R	0.00%
	Total	**3,007**			**0.00%**

Directors and officers as a group hold a total of 3,007 common shares, equivalent to approximately 0.00% of the Company's issued and outstanding capital stock.

(d) Voting Trust Holders of 5% or more

No person holds 5% or more of the issued and outstanding shares of stock of the Company under a voting trust or similar agreement.

(e) Changes in Control

There were no material changes in the control of the Company since the beginning of the Company's last calendar year. There are no arrangements which may result in a change of control of the Company

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors

The Board is responsible for the overall management and direction of the Company. The Board meets regularly every quarter, or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified. None of the members of the Board owns more than 2% of the total outstanding shares of the Company.

The following are the current members of the Board

Office	Name	Citizenship
Chairman	Tomas I. Alcantara	Filipino
Vice Chairman	Martin Kriegner	Austrian
Director	Horia C. Adrian	Romanian
Director	Tan Then Hwee	Singaporean
Independent Director	Leandro David Javier	Filipino
Independent Director	Thomas G. Aquino	Filipino
Independent Director	Medel Nera	Filipino

Set forth below are the business experience of the Board during the last five years:

Tomas I. Alcantara, 74, Filipino, holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Master's in Business Administration degree from Columbia University, USA, and attended the Advance Management Program of the Harvard Business School. He is presently the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. Mr. Alcantara was Undersecretary for the Industry & Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996.

He is currently the Chairman of the Eagle Ridge Golf & Country Club, Inc. On July 2, 2021, Mr. Alcantara was elected as one of the board of the Philippine Stock Exchange (PSE). He was elected Director of the Company on July 4, 2003.

Martin Kriegner, 59, Austrian, holds an MBA from the University of Economics in Vienna and a Doctorate degree from Vienna University Law Centre. He joined the Lafarge Group in 1990. In 1995, Mr. Kriegner was appointed as Chief Financial Officer of Lafarge Perlmooser AG, Austria. He served as Country CEO of Lafarge Austria from 1998 to 2001 and Lafarge India from 2002 to 2005 and 2012 to 2015. Mr. Kriegner was Lafarge Regional President, Asia and South West Asia, and was a member of the Lafarge Executive Committee from 2005 to 2012. Mr. Kriegner served as LafargeHolcim Area Manager for Central Europe from 2015 to 2016. He is presently LafargeHolcim Group's Head of India and South East Asia and a member of the LafargeHolcim Group Executive Committee. He was elected as Director of the Company on August 18, 2016.

Horia-Ciprian Adrian, 53, Romanian, holds an MBA from the Ajou University in South Korea and a Master of Mechanical Engineering degree from University "Dunarea de Jos" in Romania. He is the former CEO of Holcim Romania and Head of Market for Serbia, Azerbaijan, Moldova & Bulgaria of LafargeHolcim. He joined LafargeHolcim in 2000 and has successfully held various management roles in the Group, including CEO roles for Russia, Eastern Europe & CIS and Middle East. He also managed the LafargeHolcim Group's Business Transformation. He was elected as Director of the Company on March 1, 2021.

Tan Then Hwee, 49, Singaporean, holds an MBA and BBA in marketing from Wichita State University, Kansas , USA. She has over 20 years of human resources management experience in an international business environment across Asia Pacific. She is currently the Vice President HR, Global Head Learning & Development of Lafargeholcim Ltd. and concurrently a director of Ambuja Cements Ltd, India. Prior to joining Lafargeholcim in 2019, Ms. Tan was the Vice President HR, Asia Pacific of Singapore from April 2007 to March 2019. She was elected as Director of the Company on September 17, 2020.

Leandro David Javier, 69, Filipino, has over 20 years of experience in the cement industry. From 1983 to 1986, Mr. Javier worked for Iligan Cement Corporation (**ICC**) as Assistant Vice-President for Finance. He was assigned to "Holderbank" Switzerland to represent ICC in the Technical Center for the development of technical and financial feasibility studies involving plant rehabilitation and capacity expansion plans, and assist "HOFI's Regional Manager in the management of its investments in Asia.

He assumed the position of Executive Vice-President & General Manager in 1986, and served in the same position in Alsons Cement Corporation, after the acquisition of Floro Cement Corporation. He also served in similar senior executive positions in the various companies engaged in the related companies involved in domestic shipping and product distribution, bulk terminals, and aggregates. Mr Javier left Alsons Cement Corporation and its related companies in 1998.

Since 2013, Mr. Javier is a Management Consultant of Rapid Forming Corporation. He was elected as Director of the Company on May 24, 2019.

Thomas G. Aquino, 72, Filipino, holds a Doctorate degree in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines. In 2000, he served at the Department of Trade and Industry as acting Secretary and as Senior undersecretary overseeing the country's international trade promotions with trading partners and policy negotiations at the World Trade Organization and in the ASEAN Economic Community. Dr. Aquino is the recipient of the Presidential Service Award for extraordinary contribution of national impact on public interest, security and patrimony, Gawad Mabini Award and the Philippines-Japan Society Medal of Honor.

Dr. Aquino is currently the Chairman of NOW CORPORATION, Member of the Board of Directors and President of NOW Telecom Company, Inc. (formerly Next Mobile, Inc.) and an Independent Director of ACR Corporation and A Brown Company, Inc.

He was elected as Director of the Company on May 24, 2019.

Medel T. Nera, 66, Filipino, is presently a director and a member of the Audit Committees of House of Investments, Inc., iPeople, Inc., EEI Corporation, and Seafront Resources Corporation. He is also an independent director of the National Reinsurance Corporation of the Philippines, Ionics, Inc., Actimed, Inc., Erikagen, Inc., Pharm Gen Ventures Corp., and Novelis Solutions, Inc. He was also a director of the Rizal Commercial Banking Corporation for 5 years, from 2011 to 2016. He was formerly a Senior Partner of SyCip Gorres Velayo & Co. (SGV), where he had about 35 years of experience in professional services. He served as Markets leader and Financial Services Practice Head at SGV. From 2008 – 2010, he served as Assurance Leader for the Financial Services Assurance practice of Ernst & Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam.

Mr. Nera was a partner of SGV for 22 years and had served in various other leadership positions. He received an undergraduate degree from Far Eastern University and an MBA from the Leonard N. Stern School of Business, New York University. He was elected as Director of the Company on January 15, 2021.

A report on the attendance of directors at each meeting of the Board and its committees and in the meetings of the stockholders is provided in **Annex H.** An appraisal and performance report relating to the Board is provided in **Annex I**.

Directorships in other reporting companies

The following are directorships held by the Company's directors in other reporting companies during the past five years:

Name of Director	Name of Reporting Company
Tomas I. Alcantara	Alsons Consolidated Resources, Inc. Eagle Ridge Golf & Country Club, Inc.
Thomas Aquino	Alsons Consolidated Resources, Inc. A Brown Company NOW Corporation
Medel T. Nera	House of Investments, Inc. iPeople, Inc.

Name of Director	Name of Reporting Company
	EEI Corporation Seafront Resources Corporation National Reinsurance Corporation of the Philippines Ionics, Inc. Actimed, Inc. Erikagen, Inc. Pharm Gen Ventures Corp. Novelis Solutions, Inc.

Nomination of Independent Director for 2022-2023

The directors of the Company elected at the Annual Meeting shall hold office for one year and until their respective successors have been elected and qualified.

The following are the nominees to the Board of Directors:

1. Tomas I. Alcantara
2. Martin Kriegner
3. Horia-Ciprian Adrian
4. Tan Then Hwee
5. Thomas Aquino (Independent Director)
6. Leandro Javier (Independent Director)
7. Medel T. Nera (Independent Director)

The Company has no reason to believe that any nominees to the Board of Directors will be unwilling or unable to serve if elected as a director.

The nominees for independent directors possess the qualifications and none of the disqualifications of independent directors under relevant rules of the Securities Regulation Code (the **SRC**) and its implementing rules and regulations (the **SRC Rules**).

The matter of the nomination and election of Independent Directors form part of a set of guidelines from the Corporate Governance Committee. These guidelines define the qualifications, disqualifications, and procedures for the screening and short listing of candidates nominated to the Board.

The members of the Corporate Governance Committee are as follows:

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

For this Annual Meeting, the Corporate Governance Committee shall screen and evaluate the candidates for Independent Directors, using the committee’s guidelines, pertinent provisions of the Company’s Manual on Good Corporate Governance, its By-Laws and relevant issuances under the SRC and the SRC Rules.

On June 15, 2012, the SEC approved the amendments to the Company’s By-laws incorporating the procedures for the nomination and election of independent directors in accordance with SRC Rule 38, as amended.

The Certifications of the above-named nominees for independent director, in accordance with SEC Memorandum Circular No. 5, Series of 2017, are attached as Annexes A, A-1, and A-2.

(b) The Executive Officers

The Company's executive officers are likewise elected annually by the Board and serve for one (1) year and until their respective successors have been elected. None of the officers of the Company own more than 2% of the total outstanding shares of the Company.

The Company's executive officers as of March 31, 2022 are set forth below:

Office	Name	Nationality
President & Chief Executive Officer	Horia Ciprian Adrian	Romanian
SVP - Chief Financial Officer/ Investor Relations Officer	Eliana Nieto Sanchez	Colombian
SVP – Head of Cement Industrial Performance	Eung Rae Kim	Korean
SVP - Head of Marketing & Innovation	Ramakrishna Maganti	Indian
SVP - Head of Sustainability	Zoe Verna M. Sibala	Filipino
SVP - Head of Organization and Human Resources , OIC	Elynor Roque	Filipino
SVP – Head of Logistics	Edwin Villas	Filipino
VP, Head of Procurement	Ike C. Tan	Filipino
VP, Head of Geocycle	Albert Leoveras	Filipino
VP, General Counsel/Corporate Secretary/ Compliance Officer	Belinda E. Dugan	Filipino
VP, Head of Corporate Communications	Ann Claire Ramirez	Filipino
VP, Plant Manager – Bulacan	Erano Santos	Filipino
VP, Plant Manager - Davao	Samuel Manlosa, Jr.	Filipino
VP, Plant Manager – La Union	Naldy Pepito	Filipino
VP, Plant Manager- Lugait	Arnold Pepino	Filipino
VP, Regional Head of Mindanao and Offshore Region	Ernesto Paulo Tan	Filipino
VP, Chief Audit Executive, OIC	Maria Kathrina Mamba	Filipino
Treasurer	Alexander Taar	Filipino

The business experience of Mr. Horia Ciprian Adrian for the last five years is provided above. Below sets forth the business experience of the Company's other executive officers during the last five years:

Eliana Nieto Sanchez, 45, Colombian, is the Company's Senior Vice President, Chief Financial Officer/Investor Relations Officer. Ms. Sanchez has vast experience within the Holcim Group with an impressive record in leading multi-disciplinary teams involved in high-impact projects for the Company's operative and digital transformation. Prior to joining Holcim Philippines, Inc., she was the Chief Financial Officer of Holcim Ecuador since May 2016. She holds a degree in Public Accounting from Universidad Nacional de Colombia and Master of Business Administration from Inalde Universidad de la Sabana.

Eung Rae Kim, 61, Korean, is the Senior Vice President, Head of Cement Industrial Performance. Mr. Kim holds a degree in Electrical Engineering and Masteral in Electrical Engineering from Hoseo University in Korea. He has 33 years of experience in cement plant operation having joined the cement industry since 1987. He has held various leadership roles within the LafargeHolcim Group in South Korea, Malaysia, Regional (IPC Asia) and Bangladesh. Prior to joining Holcim Philippines, Inc. Mr. Kim was the Industrial Director of LafargeHolcim Bangladesh Ltd. Since October 2015.

Ramakrishna Maganti, ***52***, ***Indian***, is the Senior Vice President, Head for Marketing & Innovation. He holds a degree in Mechanical Engineering, MBA in Marketing from the

Indian Institute of Management and a degree in Strategic Marketing Management from Harvard Business School. Mr. Maganti brings more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. Prior to joining the Company, he held various leadership and management positions in LafargeHolcim India, Malaysia, France and the most recently in Singapore as Head of Sales and Marketing for Asia Pacific Region. Mr. Maganti worked for Philips NV a global consumer lifestyle and healthcare firm before joining the LafargeHolcim Group in 2006.

Zoe Verna M. Sibala, ***47, Filipino***, is the Senior Vice President, Head of Sustainability. Ms. Sibala holds a master's degree in Business Administration from the Graduate School of Business, De la Salle University and a degree in Economics from the University of the Philippines. In January 2010, she joined Lafarge as a Finance Manager of Batong Angono Aggregates Corporation and later on became the commercial controller of the Lafarge's cement product line – Lafarge Cement Service Philippines, Inc. Prior to being appointed as Head of Strategy of the Company, she served Lafarge Republic Aggregates, Inc. as Project Manager from July 2014 to December 2014 and as Strategy and Business Development Manager from January to December 2015.

Elynor Roque, 51, ***Filipino***, is the Company's OIC – Senior Vice President, Head of Organization and Human Resource. Prior to her appointment, Ms. Roque was the Head of Talent Management of the Company. She has a solid background as a human resources professional, with 27 years of combined corporate and consulting work in different HR disciplines including organization development, change management, learning and development, executive coaching, and employee and labor relations. She completed the Management Development Program of Asian Institute of Management in 2015 and holds a degree in Bachelor of Science in Business Administration from the University of the Philippines.

Edwin Villas, ***48***, ***Filipino,*** is the Senior Vice President, Head of Logistics. He joined the Company in September 1997 as Strategic Sourcing Specialist. He served as the Company's Procurement Manager from October 2007 to August 2010 and was laterally transferred as Area Sales Manager for South Luzon in August 2011. Prior to his appointment as SVP, he served as the Company's VP, Head of Sales for the Greater Manila Region, He is a certified Information Systems Auditor and a certified Professional for Supply Management. He has a degree in Computer Science from the Philippine Christian University.

Ike C. Tan, ***61, Filipino,*** is the Vice President, Head of Procurement joined Holcim Philippines (HPI) in 2011 as Solid and Liquid Fuels Manager. He held various positions in the Procurement / Supply Chain of HPI prior to his appointment as Head of Procurement in January 2017. His close to 25 years of procurement experience started during his employment with Philippine Airlines which included a stint as the airlines' Procurement Manager, Americas based in San Francisco, CA, U.S.A. Ike holds a degree of B. S. in Aeronautical Engineering, placed 6th in the Board and is an MBA candidate at the Ateneo Graduate School.

Albert Leoveras, 48, ***Filipino,*** is the Vice President, Head of Geocycle, Prior to his appointment to his current position, he was the Regional Head of sales for Northern and Central Luzon. He has over 15 years of experience in managing Sales Team, Distributors and key accounts sales. Prior to joining the Company, he was the Field Operations Manager and Regional Manager of Japan Tobacco International from 2012 to August 2015 and Sales Division Head of the Non-food Division of Wills International Sales Corporation.

Belinda E. Dugan, ***54***, ***Filipino,*** is the Vice President, General Counsel, Corporate Secretary, and Compliance Officer of the Company. She obtained her Juris Doctor degree from Ateneo Law School and has over 23 years of experience with various multinational firms and a consulting company. Prior to joining the Company, she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. from October 2015 to October 2017. She served as Assistant Vice-President for Legal and Compliance of SN Aboitiz Power from May 2009 to October 2015.

Ann Claire M. Ramirez, ***47***, ***Filipino,*** is the Vice President, Head of Corporate Communications. She was the Head for Marketing when she joined the Company in January 2015. She first joined a local food company, SAFI-UFC (now known as NutriAsia) in 1999, focusing on brand management of catsup brands. Prior to joining the Company, she worked for Energizer Philippines, Inc. where she managed the Company's Marketing Department. Ms. Ramirez has a degree of Bachelor of Science in Economics from the University of the Philippines, Diliman.

Arnold Pepino, 50, Filipino, is the Vice President, Plant Manager of Lugait Plant. Prior to being appointed as such, Mr. Pepino was the Production Manager of Lugait Plant. He is well-versed in the Company's plant operations having served the Company as early as 1996. He held the positions of Cadet Engineer, Production Engineer II, Shift Operations Manager, manufacturing Excellence Coach and Process Manager. As Production Manager of the Lugait Plant, he has achieved 18 months kiln run campaign without schedule plant shutdown that saved the Company refractory cost amounting to Php 61 Million and produced an additional clinker of 71,747 tons in 2016 and 16,740 in 2018.

Samuel O. Manlosa, Jr., ***38***, ***Filipino,*** is the Vice President, Plant Manager of Davao. Mr. Manlosa is a licensed Chemical Engineer and placed 7th in the November 2004 Chemical Engineering Board Examinations. He joined the Company in June 2010 as Senior Process Engineer. In January 2016, he was engaged as Process and Automation Expert in Holcim Singapore where he supported 7 LafargeHolcim plants in the Southeast Asian region to resolve operational and efficiency issues in raw mean and cement grinding and to implement critical equipment modifications to drive process improvements. Prior to being appointed as Vice President, Mr. Manlosa held the position of Industrial Transformation and Operational Excellence Manager since November 2018.

Eraño Santos, ***58***, ***Filipino,*** is the Vice President, Plant Manager of Bulacan. Mr. Santos served in various leadership capacities across several Company facilities. He joined the Company in November 1987 as Superintendent-Electrical. In September 2008, he was promoted as a manager and served as such until his promotion as Plant Manager of the La Union Plant.

Naldy Pepito, 49, ***Filipino,*** is the Vice President, Plant Manager of La Union Plant. Mr. Pepito holds a BS Mechanical Engineering degree from the Cebu Institute of Technology-University. He is a Professional Mechanical Engineer and a Certified Preventive Maintenance engineer with various technical certifications. He started his career in Holcim in October 1998 as a Mechanic in Lugait Plant. Over the years, he moved to different maintenance roles until he accepted an international assignment in Holcim Madagascar as Maintenance Manager from February 2013 to June 2015. He returned to the Philippines in 2015 and was assigned in La Union Plant where he demonstrated his capability by alternately handling the Maintenance Manager and Production Manager positions. Prior to being promoted as Vie President, Plant Manager of La Union Plant, Mr. Pepito was the Maintenance Manager of La Union Plant.

Ernesto Paulo Tan, ***45***, ***Filipino,*** is the Vice President, Regional Head of Mindanao and Offshore Region. He joined the Company in December 2015 as Head-Regional Commercial Sales of North Luzon. He served as the Zone Manager of JT International Philippines, Inc. from February 2012 to November 2015 where he was responsible for overall Luzon general trade performance, and as Sales and Marketing Head and Acting

Market Manager from January 2011 to December 2011.He holds a Bachelor of Science in Business Administration from the University of the Philippines.

Ma. Kathrina Mamba, 39, ***Filipino,*** is the Company's OIC, Chief Audit Executive. She is a member of the Integrated Bar of the Philippines and holds a Bachelor of Laws degree from San Beda University in 2007, Bachelor of Arts and Master's degree in Philosophy from the University of the Philippines in 2002 and 2003, respectively. She also attended the Basic Management Program of Asian Institute of Management in 2011. Prior to joining the Legal Department of Holcim Philippines, Inc, in 2014, Ms. Mamba was the Company's Labor Relations Manager from 2012 to 2014 and was an associate lawyer of Siguion Reyna, Montecillo and Ongsiako Law Office ("Siguion Reyna") from 2008 to 2012. She has a solid background and experience in leading investigations on fraud and irregularities, and identifying and managing risks during her stint as associate lawyer of Siguion.

Alexander V. Taar, 39, ***Filipino,*** is the Company's Treasurer and concurrently holds the position of Head for Financial Planning, Performance and Analysis. He joined the Company in 2013 and held various positions in Finance including Head of Business Process and Controls and Head of Accounting and Finance Reporting. Mr. Taar holds a degree in Accounting from Philippine School of Business Administration and obtained his Masters degree in Business Administration from Ateneo Graduate School of Business. Mr. Taar is a Certified Public Accountant and a Certified Management Accountant.

(c) Significant Employees

The Company's executive officers are enumerated under Item 5 (b). The Company has no employee who is not an executive officer expected to make a significant contribution to the Company's business.

(d) Family Relationships

None of the incumbent members of the Board of Directors, the nominees for independent director, nor any Executive Officer of the Company is related by affinity or consanguinity.

(e) Independent Directors

Messrs. Leandro David Javier, Thomas G. Aquino, and Medel Nera, Filipinos, are the Company's Independent Directors. They are neither officers nor substantial shareholders of the Company.

(f) Warrants and Options Outstanding

There are no warrants or options granted by the Company to any of its directors or executive officers.

(g) Involvement of Directors and Officers in Legal Proceedings

To the knowledge and/or information of the Company, the present members of and the nominees to the Board of Directors or the Executive Officers are not, presently, or during the last five years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings, except for the pending legal proceedings described in **Annex B** hereof.

(h) Certain Relationships and Related Transactions

For a detailed discussion of other material related party transactions, please see Note 32 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1.

Except for the transactions discussed in Note 32 – Related Party Transactions to the accompanying consolidated financial statements in Item 11, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and any: (i) director, officer, direct or indirect owner of 10% or more of the outstanding shares in the Company; (ii) close family member of such director, officer or owner; (iii) associates of the Company; (iv) enterprises controlling, controlled by or under common control with the Company; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, officer or owner of 10% or more of the outstanding shares in the Company or any close family member of such director, key officer or owner, or collectively, the Related Parties.

For the period ended [February 28], 2022, there were no self-dealings or related party transactions by any director which require disclosure.

There was no outstanding indebtedness at any time during the last three financial years that was owed to the Company and/or its subsidiaries by any Related Party.

None of the directors or officers are connected with any government agency or its instrumentality. A certification to this effect is attached herein as **Annex C**.

(i) Disagreement with a Director

No director has resigned since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Company has local and expatriate executives. Expatriates are holding positions that are technical and advisory in nature. The compensation of local executives is benchmarked against the established Focus Group (FG*). At 100% performance attainment of the Company's financial and business goals, the executive compensation is targeted to be at median (P50) of the FG and at the 3rd quartile for performance attainment of 110% and above. Expatriates are paid in accordance with the International Assignment compensation guidelines of Holcim Group.

** The Company's Focus Group (FG) is composed of local and multi-national companies with annual gross revenues of PHP 5 - 50 billion and 500 to 5,000 employees.*

The compensation received by the Executive Officers represents salaries, bonuses and benefits.

The following table shows the compensation of the Company's Executive Officers serving as of December 31, 2021.

Executive Compensation (in Php)

Name and Principal Position	Year	Salary	Bonus	Benefits
	2022*	61,766,414	43,435,174	58,161,987

Name and Principal Position	Year	Salary	Bonus	Benefits
The CEO and five (5) most highly compensated Executive Officers: 1. Horia Adrian – President and Chief Executive Officer 2. Eung Rae Kim – SVP – Head, Cement Industrial Performance (CIP) 3. Ramakrishna Maganti – SVP – Head, Marketing & Innovations 4. Jesusa Natividad L. Rojas – SVP – Head, Chief Finance Officer* 5. William C. Sumalinog – SVP – Head, Sales** 6. Frederic Vallat – VP – Head, Geocycle***	2021	61,766,414	43,435,174	58,161,987
	2020	81,254,363	35,161,212	74,587,381
	2019	86,961,274	20,104,726	71,959,081
All other Executive Officers and Directors as a group unnamed	2022*	71,490,930	19,610,988	23,181,192
	2021	71,490,930	19,610,988	23,181,192
	2020	68,707,768	18,800,253	23,320,930
	2019	79,113,370	19,907,071	47,082,597

Benefits of the CEO and five (5) most highly compensated Executive Officers include retirement service cost of one (1) expatriate repatriated to home country and the pro-rate salaries and benefits of two (2) executives as follows:

** Jesusa Natividad L. Rojas - separated from the company on August 2021*
*** William C. Sumalinog - separated from the company end of December 2021"*
**** Frederic Vallat – repatriated effective July 1, 2021*

All other Executive Officers and Directors as a group unnamed in 2021 include all incumbents in the Leadership Team with the rank of Vice President President and on current Officer-In-Charge (OIC) capacity.
2022 estimated compensation of executive officers for the ensuing year is assumed to approximate the 2021 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*

2022 estimated compensation of executive officers for the ensuing year is assumed to approximate the 2021 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*
*2021** benefits of All Other Executive Officers and Directors include pro-rate salaries, bonuses and benefits of other two (2) separated local Executive Officers.*
*2020*** benefits of All Other Executive Officers and Directors include two (2) expatriates repatriated to home countries.*

Other than directors' per diem, the directors of the Company do not receive any other compensation from the Company, including any of the following arrangements:

a. Standard arrangement and any other material arrangements;
b. Employment contract (between the Company and named executive officers);
c. Compensatory plan or arrangement;
d. Outstanding warrants or options; and
e. Adjustments or amendments on the price of stock warrants or options.

Below is a summary of the per diem given to the directors of the Company as a group:

	Year Ended 31 December (in PhP)	
	2021	**2020**
Per diem to the Board of Directors as a group	15,075,000.00	12,800,000.00

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

At the regular Board Meeting held on March 16, 2022, the Board approved and endorsed for approval of stockholders the Audit Committee's recommendation for the appointment of SGV & CO. (**SGV**) as the Company's External Auditor for year 2022.

SGV has accepted the Company's invitation to stand for appointment this year. Representatives of said firm are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company complies with SRC Rule 68, Part I, Item 3(B)(iv)(ix) on the five-year rotation of the External Auditor and the two-year cooling-off period on the re-engagement of the same signing partner or individual auditor. Previously, the Company engaged Navarro, Amper & Co. (**Deloitte**) for the examination of the Company's financial statements starting the year 2017. Prior to 2017, the Company engaged Mr. Gemilo San Pedro of SGV for the examination of the Company's financial statements for the years 2009 to 2011. He was replaced by Ms. Catherine E. Lopez, for the years 2012 to 2015, and, Mr. Roel E. Lucas, for the year 2016

Audit and Audit-Related Fees

The aggregate fees billed for professional services rendered by in 2021 and 2020 were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2021 and 2020.

Tax Fees & All Other Fees

The Company did not engage Deloitte for tax and other services in 2021 and 2020.

There was no event in the past five years where Deloitte or its predecessor, SGV, and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The audit findings are presented to the Company's Audit Committee, which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations.

The members of the Audit Committee of the Company are as follows:

1.	Medel T. Nera	-	Chairman (Independent Director)
2.	Leandro Javier	-	Member (Independent Director)
3.	Tan Then Hwee	-	Member

ITEM 8. COMPENSATION PLANS

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

Not applicable.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

Not applicable.

ITEM 11. FINANCIAL AND OTHER INFORMATION

The consolidated audited financial statements of the Company for the period ended December 31, 2021 is attached as **Annex D**. Management's Discussion and Analysis of Financial Condition and Results of Operations are incorporated in the Management Report.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

Not applicable.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

Not applicable.

ITEM 14. RESTATEMENT OF ACCOUNTS

The Company is not taking any action, which involves the restatement of any of its assets, capital or surplus account.

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS AND OTHER PROPOSED ACTION

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except the approval of the minutes of the previous annual stockholders' meeting a copy of which is attached hereto as **Annex E**, and the Annual Report of the Company for 2021.

Other proposed actions include ratification of all acts, investments, proceedings and resolutions of the Board, the Board Committees and the acts of the officers and management since the date of the last annual meeting. The matters for stockholders' ratification are acts of the Board, the Board Committees, officers and management from the previous stockholders' meeting up to the date of the Annual Meeting which were entered into or made in the ordinary course of business and transactions and the following transactions, covered by appropriate disclosures with the Philippine Stock Exchange and the Securities and Exchange Commission:

Date Filed	Subject
January 22, 2021	An advisory on the results of the Special Shareholders meeting as follows: • Election of Mr. Nera as Independent Director • Approval of proposed merger of HPMC, MGMC and BPI with Holcim Philippines, Inc. • Approval of dissolution of HPBSCI, HSSI and Wellbourne International Group Limited
February 18, 2021	An advisory on the Board's approval to postpone the Annual Stockholder's Meeting from 2nd Thursday of May each year as stated in its By-Laws to May 27, 2021.
February 18, 2021	Notice of Special Stockholders Meeting
February 23, 2021	An advisory on the following: • Resignation of Mr. John William Stull as member of the Board, President and CEO of Holcim Philippines, Inc. and the election of Mr. Horia Adrian as his replacement • Appointment of Mr. Albert Leoveras to the position of Vice President, Head of Geoecycle to replace Mr. Frederic Vallat whose international assignment to the Philippines will end on June 30, 2021 • Approval of the Company's Audited Financial Statement for the year ending December 2020 • Appointment of external auditor for year 2021
March 3, 2021	An advisory on the fine imposed by the Pollution Adjudication Board of the EMB in connection with the oil spill incident at the Holcim La Union Plant.
April 28, 2021	An advisory on the Board's approval of the temporary suspension of the HPI grinding facility located in Mabini, Batangas lapse of the agreement for the sale and purchase of the Company shares among Holderfin, First Stronghold Cement Industries, Inc., San Miguel Corporation and LafargeHolcim Ltd., effective May 10, 2020.
May 31, 2021	Advisory on the Results of the Annual Stockholders' Meeting, Organizational Board Meeting and declaration of cash dividends
August 13, 2021	An advisory on the: • resignation of Ms. Jesusa Natividad L. Rojas as SVP, Chief Financial Officer, Treasurer and Investor Relations Officer and the appointment of Ms. Eliana Nieto Sanchez to replace her; • Change in designation of Officers • Appointment of Alexander V. Taar as Treasurer of the Company
September 24,2021	An advisory on the resignation of Ms. Bernadette Tansingco as SVP, Head of Organization and Human Resources and appointment of Ms. Elynor V. Roque as OIC, SVP – Head of Organization and Human Resources
October 13, 2021	An advisory on the fine imposed by the Philippine National Police ordering the Company to Pay a fine in connection with the late renewal of license to purchase controlled chemicals and late submission of Monthly consumption reports.
November 8, 2021	Advisory on the resignation of Mr. William C. Sumalinog, SVP Head of Sales.
December 15, 2021	Advisory on the result of the strike vote of the Holcim Philippines Workers Union-Federation of Democratic Labor Organization on the grounds of bargaining deadlock.

December 20, 2021	Advisory on the: • Retirement of Mr. Bobby Garza, Vice President, Plant Manager of Bulacan Plant effective February 2, 2022 • Lateral Movement/ appointment of Mr. Erano Santos to the position of Vice President, Plant Manager of Bulacan Plant • Promotion of Mr. Naldy Pepito to the position of Vice President, La Union Plant, effective January 1, 2022
December 21, 2021	Advisory on agreeing of the Holcim Philippines, Inc. and Holcim Philippines Workers Union-Federation of Democratic Labor Organization, the associate union of HPI plant in Lugait, Misamis Oriental (the "Union"), to submit the pending CBA provisions to Voluntary Arbitration
January 14, 2022	Advisory on the resignation of Mr. Richard Cruz, Vice-president and Head of Health, Safety, Security & Environment (HSSE)
February 16, 2022	Notice of Special Stockholders Meeting
March 17, 2022	Advisory on the: • Cancellation of the special stockholders meeting scheduled to be held on 28 April 2022 • Calling of the Annual Stockholders Meeting on May 12, 2022
March 17, 2022	Advisory of the change of Company's External Auditor to SGV & CO. for year 2022
March 17, 2022	Advisory on the separation of Mr. Ernesto Paulo Tan, VP Head of Luzon Sales, from the Company effective 10 April 2022 due to redundancy of position

The approval of the minutes, Annual Report and audited financial statements for the period ended December 31, 2021, and ratification of all acts, proceedings and resolutions of the Board, the Board Committees and the acts of the officers and management since the date of the last annual meeting require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No action will be presented for shareholders' approval at the Annual Meeting which involves the amendment of charter, by-laws or other documents of the Company.

ITEM 18. OTHER PROPOSED ACTION

The following actions are also proposed to be taken up during the Annual Meeting:

1. Election of directors for 2022-2023
2. Appointment of External Auditor

ITEM 19. VOTING PROCEDURES

(a) Matters for Stockholders' Approval

As provided in Article I, Section 4 of the Amended By-laws, a quorum at any meeting of stockholders shall consist of a majority of the entire subscribed capital stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, except the matters in which Philippine laws require the affirmative vote of a greater proportion. A majority of the quorum at the Annual Meeting shall decide the matters to be taken up at the meeting.

(b) Election of directors

Pursuant to Section 23 of the Revised Corporation Code, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of the Company; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected. By way of illustration, the formula may be stated as follows:

Number of shares held on record x 1 = Total votes that may be cast.

Stockholders of record are entitled to one vote per share. Voting may be done *viva voce*, by show of hands or by balloting.

In accordance with Article I, Section 5 of the Amended By-laws, stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary for inspection and recorded at or prior to the opening of said meeting. 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.

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.

Sections 23, 49 and 57 of the Revised Corporation Code provide that the Company may also allow a stockholder to participate in the meeting via remote communication and to cast his vote in *absentia* via modes which the Company shall establish taking into account the company's scale, number of shareholders or members, structure and other factors consistent with the basic right of corporate suffrage.

The external auditor of the Company, Deloitte, is authorized to count votes on any matter properly brought to the vote of the stockholders, including the election of directors.

(c) Participation of Shareholders by Remote Communication

Taking in consideration the health and welfare of its stockholders, directors, officers, and employees, the Annual Meeting will be conducted virtually and there will be no physical venue for the meeting. The Chairman of the Annual Meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located. The Company approved a resolution allowing stockholders to participate in the meeting via remote communication and to vote *in absentia* in the Annual Meeting.

To enable the Company to perform validation procedures, identify the stockholders participating by remote communication and record their presence for purpose of quorum, stockholders as of Record Date who wish to participate in the meeting by remote communication and to vote in *absentia* shall register by filling up the form that can be found at **www.conveneagm.com/ph/HLCM (the "ASM Portal")**. Online registration will be open from April 18, 2022 at 8:00 A.M. to May 5, 2022 at 5:00 P.M.

Stockholders as of Record Date who have successfully manifested their intention to participate in the Annual Meeting via remote communication, duly verified and validated by the Company, shall receive an email confirmation with the link to log in and participate in the Annual Meeting.

Upon successful validation of registration, stockholders will be notified by email that they can proceed to cast their vote via the ASM portal. Registered stockholders shall have until 5:00 PM of May 5, 2022 to cast their votes. Stockholders may also vote by proxy by sending a scanned copy of a duly accomplished Proxy Form by email to **HPI-Investor-Relations@lafargeholcim.com** not later than May 5, 2022. The Proxy Form is provided in **Annex F** and may be downloaded at **https://www.holcim.ph**. A hard copy of the Proxy Form should be delivered to The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five (5) days after proxy form was sent via e-mail. Alternatively, should the stockholder of record wish to appoint the Chairman of the meeting as proxy, a digital proxy shall be available at www.conveneagm.com/ph/HLCM. Please note that we are not soliciting proxies.

Please refer to **Annex G** for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes in *absentia*.

The agenda for the Annual Meeting is as follows:

1. Call to Order
2. Certification of Notice and Determination of existence of quorum
3. Approval of Minutes of Previous Meeting
4. Operations Report
5. Election of directors
6. Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting
7. Appointment of External Auditor for 2022
8. Other Matters
9. Adjournment

(This space intentionally left blank. Signature page follows.)

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig, Metro Manila, on April 13, 2022.

HOLCIM PHILIPPINES, INC.

By:

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Belinda E. Dugan
General Counsel &
Corporate Secretary

HOLCIM PHILIPPINES, INC.

MANAGEMENT REPORT

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated audited financial statements for the year ended December 31, 2021 (**Annex D**) of Holcim Philippines, Inc. (**HPI** or the **Company**) and its subsidiaries' (collectively, the **Company**) attached to the Information Statement is incorporated herein by reference.

II. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There was no event in the past five years where Navarro Amper & Co. (**Deloitte**) or its predecessor, SyCip Gorres Velayo & Co., and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS BASED ON THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 AND 2020, AND THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING MARCH 31, 2022

Review of CY 2021 Operations vs. CY 2020

The Philippine Gross Domestic Product (GDP) posted a growth of 7.7% in the fourth quarter of 2021, resulting in 5.6% full-year growth in 2021.

Revenue generated for the year was Php26.9 billion, higher compared to Php26.0 billion reported in the same period last year mainly due to higher volumes in both cement and aggregates. Series of price increases have been implemented during the year to partly augment the rising costs attributed to coal, fuel and power. Despite higher volumes produced, the aggressive cost reductions in production and distribution largely contributed in the overall profitability of the Company and in offsetting the increasing energy prices. The Company achieved total EBITDA of Php5.4billion, 14% higher than the same period last year.

The Company managed to incur lower financial expenses related to its short-term loans due to zero third party loans during the year. Net income after tax stood at Php2.6bio giving earnings per share of Php0.40.

Key Performance Indicators (KPIs)

The comparative financial KPIs for the years ended December 31, 2021 and 2020 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2021	2020
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	6.3%	4.8%
Return on Equity (ROE)	Net Income / Ave. Total Equity	8.6%	7.2%
Operating EBITDA Margin	Operating EBITDA	20.1%	18.2%

Financial KPI	Definition	For the Calendar Year ended December 31	
		2021	2020
	Net Sales		
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	(0.7)%	(6.0)%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	152.7	23.8

Profitability and Efficiency

Higher compared with prior year from higher volume sold and net selling prices partially offset by higher operating costs.

Liquidity

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

Significant Disclosures

Significant disclosures with the Philippine Stock Exchange and the Securities and Exchange Commission made by the Company from the previous stockholders' meeting up to the date of the Annual Meeting are as follows:

Date of Disclosure	Subject
January 15, 2021	An advisory on the results of the Special Shareholders meeting as follows: Election of Mr. Nera as Independent Director Approval of proposed merger of HPMC, MGMC and BPI with Holcim Philippines, Inc. Approval of dissolution of HPBSCI, HSSI and Wellbourne International Group Limited
February 17, 2021	Notice of Special Stockholders Meeting
February 17, 2021	An advisory on the Board's approval to postpone the Annual Stockholder's Meeting from 2nd Thursday of May each year as stated in its By-Laws to May 27, 2021.

February 23, 2021	An advisory on the following: Resignation of Mr. John William Stull as member of the Board, President and CEO of Holcim Philippines, Inc. and the election of Mr. Horia Adrian as his replacement Appointment of Mr. Albert Leoveras to the position of Vice President, Head of Geoecycle to replace Mr. Frederic Vallat whose international assignment to the Philippines will end on June 30, 2021 Approval of the Company's Audited Financial Statement for the year ending December 2020 Appointment of external auditor for year 2021
March 3, 2021	An advisory on the fine imposed by the Pollution Adjudication Board of the EMB in connection with the oil spill incident at the Holcim La Union Plant.
April 23, 2021	An advisory on the Board's approval of the temporary suspension of the HPI grinding facility located in Mabini, Batangas lapse of the agreement for the sale and purchase of the Company shares among Holderfin, First Stronghold Cement Industries, Inc., San Miguel Corporation and LafargeHolcim Ltd., effective May 10, 2020.
May 28, 2021	Advisory on the Results of the Annual Stockholders' Meeting, Organizational Board Meeting and declaration of cash dividends
August 13, 2021	An advisory on the: resignation of Ms. Jesusa Natividad L. Rojas as SVP, Chief Financial Officer, Treasurer and Investor Relations Officer and the appointment of Ms. Eliana Nieto Sanchez to replace her; Change in designation of Officers Appointment of Alexander V. Taar as Treasurer of the Company
September 24,2021	An advisory on the resignation of Ms. Bernadette Tansingco as SVP, Head of Organization and Human Resources and appointment of Ms. Elynor V. Roque as OIC, SVP – Head of Organization and Human Resources
October 11, 2021	An advisory on the fine imposed by the Philippine National Police ordering the Company to Pay a fine in connection with the late renewal of license to purchase controlled chemicals and late submission of Monthly consumption reports.
November 4, 2021	Advisory on the resignation of Mr. William C. Sumalinog, SVP Head of Sales.
November 22. 2021	Advisory on the launch of a new product, Holcim ECOPlanet, which is environment-friendly cement with more than 30% lower carbon footprint than others
December 13, 2021	Advisory on the result of the strike vote of the Holcim Philippines Workers Union-Federation of Democratic Labor Organization on the grounds of bargaining deadlock.

December 20, 2021	Advisory on the: retirement of Mr. Bobby Garza, Vice President, Plant Manager of Bulacan Plant effective February 2, 2022 Lateral Movement/ appointment of Mr. Erano Santos to the position of Vice President, Plant Manager of Bulacan Plant Promotion of Mr. Naldy Pepito to the position of Vice President, La Union Plant, effective January 1, 2022
December 21, 2021	Advisory on agreeing of the Holcim Philippines, Inc. and Holcim Philippines Workers Union-Federation of Democratic Labor Organization, the associate union of HPI plant in Lugait, Misamis Oriental (the "Union"), to submit the pending CBA provisions to Voluntary Arbitration
January 14, 2022	Advisory on the resignation of Mr. Richard Cruz, Vice-president and Head of Health, Safety, Security & Environment (HSSE)
February 16, 2022	Notice of Special Stockholders Meeting
March 17, 2022	Advisory on the: Cancellation of the special stockholders meeting scheduled to be held on 28 April 2022 Calling of the Annual Stockholders Meeting on May 12, 2022
March 17, 2022	Advisory of the change of Company's External Auditor to SGV & CO. for year 2022
March 17, 2022	Advisory on the separation of Mr. Ernesto Paulo Tan, VP Head of Luzon Sales, from the Company effective 10 April 2022 due to redundancy of position

Other than those mentioned above, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 5 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

<u>General Risk Management Approach</u>

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

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

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

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. All of the Company's revenues in 2021 and 2020 were denominated in the Philippine Peso.

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

As of December 31, 2021, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2021 and 2020, the Company had minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 20 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

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

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2021 and 2020, the Company has unutilized credit facilities of PhP13.6 billion and PhP12.0 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2021 and 2020 are disclosed in Note 20 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

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

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2021	**2020**
Loans payable - Group	₱ **-**	₱ -
Customers' deposits	**278,693**	**296,600**
Financial debt	**278,693**	**296,600**
Less cash and cash equivalents	**501,208**	2,080,791

	2021	2020
Net financial asset	**(222,515)**	(1,784,191)
Total equity	**29,804,455**	29,632,055
Gearing ratio	**-0.7%**	-6.0%

The Company's target is to maintain a gearing in the range of no more than 100%. Total equity grew by 0.58% in 2021 as a result of increase in retained income coming from income from operations net of dividends declared.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease was mainly due to net of higher cash generated from operations coupled with higher capex spending.

Trade and other receivables - net

Decrease was due to partial settlement of outstanding short-term loan receivable from a related party and the impact of the offsetting agreements executed by the Company with their associates.

Inventories

Increase was due to recognition of inventory as a result of discontinuation of inventory consignment for imported materials..

Other current assets

Movement was due to lower prepaid expenses from amortization and lower input VAT from utilization, partially offset by the increase in advance payments to third party trade suppliers.

Right-of-Use Assets

Decrease was mainly due to the normal depreciation expense recognized for the period.

Retirement benefit assets – net

The increase was largely attributable to gains earned from changes in actuarial assumptions upon re-measurement of retirement fund asset.

Intangibles assets – net

Movement was due to capitalization of development costs incurred in product related projects net of the amortization expense recognized for the year.

Trade and Other Payables

Decrease was mainly was mainly due to payments made to local vendors and importation and the impact of the offsetting agreements executed by the Company with their associates.

Income Tax Payable

Movement was mainly due to additional current tax expense for 2021 from higher income generated net of actual remittances to BIR and application of creditable withholding tax. The impact of the change in tax rate brought by the CREATE bill also contributed largely in the overall decrease.

Lease liabilities

Lower due to the decreasing balance of leases due to payments made to lessors in 2021 coupled with minimal additions during the year.

Deferred tax liabilities - net

Movement was driven by the tax effect on the remeasurement gain of retirement fund.

Re-measurement gain (loss) on retirement benefits – net

The increase was due to net recognized gain from in remeasurement of plan assets due to changes in actuarial assumptions and experience adjustments.

Non-controlling interests

Increase was due to higher profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenues

Increase was mainly due to higher volumes sold coupled with higher selling price as compared to prior year.

Cost of Sales

Movement was driven by lower production cost brought primarily by lower imported clinker and cement consumption coupled with savings in distribution cost mainly from lower outbound costs.

General and administrative expenses

Movement was mainly due to higher third party spending, software implementation cost and higher personnel expenses from full workforce deployment this year.

Selling Expenses

The increase was mainly due to higher spending on marketing campaign and personnel expenses due to the absence of the benefit of rationalized workforce deployment.

Interest and Financing Charges

Decrease was because there were no third party or related party loans obtained in the current year.

Interest and other financial income

The decrease was due to lower net interest earned on net defined benefit asset.

Other income (expense) - net

Decrease was due to the impact of the true up of share in undistributed earnings of associates coupled with the lower income from scrap sales.

Provision for Income Tax

The increase was mainly due to higher taxable income for the year.

Review of CY 2020 Operations vs. CY 2019

Philippines' Gross Domestic Product (GDP) grew by negative 9.5%*, lower than the 5.9% growth registered in the prior year.

Revenue generated for the year was Php26.0billion, lower compared to Php33.5billion reported in the same period last year mainly due to lower volumes in both cement and aggregates businesses due to pandemic outbreak. Sustaining our net selling prices was a challenge in the year from intensified market competition in a generally soft demand coupled with shift to more pick-up sales to counter the supply interruptions brought by local quarantine. Aggressive cost reductions in production, distribution and support process costs partially mitigated the topline decline. The Company achieved total EBITDA after lease of Php4.7billion, 29% lower than the same period last year.

The Company managed to incur lower financial expenses related to its short-term loans due to full settlement of third party loans during the year. Net income after tax stood at Php2.1bio giving earnings per share of Php0.32.

**Source: Philippine Statistics Authority*

Key Performance Indicators (KPIs)

The comparative financial KPIs for the periods ended September 30, 2020 and 2019 are as follows:

Financial KPI	**Definition**	**For the Period ended December 31**	
		2020	**2019**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	4.8%	7.9%
Return on Equity (ROE)	Net Income / Ave. Total Equity	7.2%	13.%
EBITDA Margin	Operating EBITDA / Net Sales	18.2%	20.0%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(6.0)%	4.7%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	23.8	25.5

Profitability and Efficiency

While lower compared with last year, the profitability indicators remain to be at good levels remaining positive.

Liquidity

The Company's liquidity position remains strong evidenced by significant cash balance.

Significant Disclosures

Please refer Annual Report for 2020 for the significant disclosures made by the Company during the year. Other than those mentioned in the Annual Report, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 5 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors (**BOD**) reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

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

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

As of December 31, 2020, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2020 and 2019, the Company has minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 19 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

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

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As of December 31, 2020 and

2019, the Company has unutilized credit facilities of PhP12.0 billion and PhP13.6 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2020 and 2019 are disclosed in Note 19 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

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

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2020	2019
Loans payable - Group	**₱ -**	₱3,925,849
Customers' deposits	**296,600**	345,915
Financial debt	**296,600**	4,271,764
Less cash and cash equivalents	**2,080,791**	2,961,897
Net financial debt (asset)	**(1,784,191)**	1,309,867
Total equity	**29,632,055**	27,769,609
Gearing ratio	**-6.0%**	4.7%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity grew by 6.7% in 2020 as a result of increase in retained earnings coming from income from operations.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease was mainly due to settlement of third party and related party loans coupled with lower cash generated from operations.

Trade and other receivables - net

Decrease was primarily due to lower credit sales coupled with higher customer collections from resolute collection efforts.

Inventories

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

Other current assets

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

Investments

Movement was due to due to the dividends received net of share from unrealized income from associates.

Property, plant and equipment – net

Decrease pertains to the depreciation, net of CAPEX additions and new and renewed lease contracts.

Right-of-Use Assets

Decrease was mainly due to the depreciation expense recognized for the period.

Retirement Benefit Assets - net

The decrease was due to recognized loss from re-measurement of retirement fund asset.

Other Non-current Asset

Increase pertains to movement in long-term prepaid assets pertaining to recognition of stranded cost for development.

Intangibles Assets - net

Decrease was mainly due to the amortization expense recognized for the period.

Loan payables

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

Trade and other payables

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

Income tax payable

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

Provisions

Decrease in provisions was mainly due to amortization relating to stranded cost.

Deferred tax liabilities - net

Movement was driven by the tax effect on the remeasurement of retirement fund.

Remeasurement gain (loss) on retirement benefits

The decrease was due to the recognized loss in remeasurement of plan assets due to changes in actuarial assumptions and experience adjustments.

Retained earnings

Increase was due to net profit recognized for the period.

Non-controlling Interest

Decrease was due to lower profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenue

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

Cost of goods sold

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

General and Administrative Expenses

The movement was due to lower third party / outside service costs; net of higher personnel and taxes and licenses expense.

Selling Expenses

The decrease was due to lower third party / outside service costs, personnel expenses, and transportation and communication costs.

Interest and Financing Charges

The decrease was due to full settlement of a loan from a third party.

Interest and Other Financial Income

The decrease was due to lower net interest on net defined benefit asset.

Foreign Exchange Gains (Losses) - net

Decrease was due to decrease in foreign currency denominated assets which were revalued at year-end.

Provision for income tax

Decrease was due to lower taxable income as of the current period.

Review of CY 2019 Operations vs. CY 2018

Philippines' Gross Domestic Product (GDP) grew by 5.9%*, lower than the 6.2% growth registered in the prior year.

Revenue generated for the year was PhP33.5 billion, lower compared to PhP35.6 billion reported in the same period last year mainly due to lower volumes affected by external factors particularly tempered public government spending. The strong start in the year was later negated by slow two consecutive quarters from the tepid public infrastructure spending despite the growth of private development.

The Company achieved total EBITDA of PhP6.7 billion, 37% better than the same period last year from sustained focus on operational efficiencies and cost management across all functions despite the challenges in market demand. Production cost was favorable from lower electricity expenses, better fuel mix and fixed cost management. Distribution cost was also better from logistics efficiencies, improved delivery and packaging mixes. The Company incurred higher financial expenses due to its short-term loans used to finance strategic capital expenditures and lease liabilities. Net income after tax stood at PhP3.6 billion resulting in earnings per share of PhP0.56.

**Source: Philippine Statistics Authority*

Key Performance Indicators (KPIs)

The comparative financial KPIs for the years ended December 31, 2019 and 2018 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2019	2018
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	7.9%	6.5%
Return on Equity (ROE)	Net Income / Ave. Total Equity	13.5%	10.7%
Operating EBITDA Margin	Operating EBITDA / Net Sales	20.0%	13.7%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	4.7%	16.7%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	25.5	17.6

Profitability

Higher indicators compared with last year mainly from higher income generated despite lower sales.

Liquidity

The Company's liquidity position remained strong evidenced by significant cash balance.

Significant Disclosures

Please refer to the Annual Report for 2019 for the significant disclosures made by the Company during the year. Other than those mentioned in the Annual Report, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 5 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Company's revenues, approximately 0.2% and nil were denominated in currencies other than the Philippine Peso in 2019 and 2018, respectively.

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

As of December 31, 2019, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2019 and 2018, the Company had minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 19 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

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

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2019 and 2018, the Company has unutilized credit facilities of PhP9.9 billion and PhP9.5 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2019 and 2018 are disclosed in Note 19 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

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

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2019	2018
Loans payable - Group	**₱3,925,849**	₱5,200,000
Customers' deposits	**345,915**	3,925,850
Loans payable – Third party	**-**	496,305
Financial debt	**4,271,764**	9,622,155
Less cash and cash equivalents	**2,961,897**	5,399,853
Net financial debt	**1,309,867**	4,222,302
Total equity	**27,769,609**	25,273,162
Gearing ratio	**4.7%**	16.7%

The Company's target is to maintain a gearing in the range of no more than 100%. Total equity grew by 9.9% in 2019 as a result of increase in retained income coming from income from operations.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease in cash and cash equivalents were mainly due to net of higher cash generated from operations, higher spending in capital expenditures and settlement of third party loans.

Trade and other receivables

Decrease was mainly due to improved collections despite lower sales outstanding.

Inventories

Significant decrease was mainly due to improved inventory management resulting in lower fuel and goods in process inventories.

Other current assets

Increase was mainly attributable to higher input VAT recognized for the year.

Investments

Increase was mainly due to the dividends received net of share from unrealized income from HMDC group.

Property, Plant and Equipment - net

Due to additional capital expenditures, net of depreciation recognized during the year.

Right-of-Use Assets

Recognized due to application of new accounting standard for leases, PFRS16.

Retirement benefit assets – net

The decrease was due to recognized loss from re-measurement of retirement fund asset.

Other Non-Current Assets

Decrease was primarily due to reclassification from long-term to short-term financial receivable from a related party.

Intangibles assets – net

Net decrease was mainly due to amortization recognized for the year.

Loans Payable

Decrease was due to full settlement of third party loans during the year.

Trade and Other Payables

Decrease in trade and other payables was mainly driven by lower trade payables and advances from customers and amounts owed to related parties.

Income Tax Payable

Increase was due to higher taxable income for the year.

Provisions

Decrease in provision was mainly due to amortization relating to stranded cost.

Deferred tax liabilities

Movement was driven by the tax effect on the remeasurement of retirement fund.

Re-measurement gain on retirement benefits – net

Decrease was due to recognized loss from additional of retirement fund asset, updated actuarial assumptions and adjustments which were considered in the retirement liability calculation.

Retained Earnings

Increase was due to higher net income realized for the year.

Non-controlling interests

Decrease was due to lower profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenues

Lower revenue earned for the year was mainly attributable to lower volume due to delayed government projects and temporary closure of Mabini Plant.

Cost of Sales

Decrease was mainly due to favorable distribution costs from lower outbound costs due to lesser delivered volumes coupled with better fixed costs from improved management of third party services. Lower production cost, on the other hand, was driven by favorable electricity and fuel mix.

General and administrative expenses

Movement was mainly due to lower software implementation costs, third party / outside services costs and personnel expenses.

Selling Expenses

The decrease was mainly due to lower third party costs, advertising expenses and personnel expenses.

Interest and Financing Charges

Mainly due to higher finance charges recognized during the year from existing short-term loan payables and lease interest expense from the recognized lease liabilities.

Interest and other financial income

Significant increase in interest and other financial income from cash in banks and retirement fund assets.

Foreign Exchange Gains (Losses) – net

Decrease was due to decrease in foreign currency denominated assets which were revalued at year-end.

Provision for Income Tax
The increase was mainly due to higher taxable income for the year.

External Audit Fees

The fees billed for professional services rendered by Navarro Ampler & Co. (Deloitte) in 2021 and 2020 were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2021 and 2020. Total billing amounted to ₱ 6,767,780 and ₱ 6,671,000 in 2021 and 2020, respectively.

Tax Fees & All Other Fees

The Company did not engage Deloitte for tax and other services in 2021 and 2020.

IV. BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE COMPANY'S BUSINESS AND ITS SUBSIDIARIES

Item 1. Business

HPI is one of the premier cement manufacturers in the Philippines and is a member of the Holcim Group (formerly LafargeHolcim), one of the world's leading suppliers of cement, aggregates, concrete and construction-related services. HPI is mainly engaged in the manufacture, sale and distribution of cement and cementitious products and the provision of technical support on various construction-related quality control, optimization, solutions development and skills upgrade.

The Company and its subsidiaries own four cement production facilities, one cement grinding mill, five ports, as well as multiple storage and distribution points across the country.

The consolidated operations of the four cement production facilities have fortified HPI's premier position in the Philippine cement industry with a total installed clinker production capacity of 5.2 million metric tons per year (**MTPY**) and cement production capacity of 9.4 million MTPY.

HPI was the first in the Philippine cement industry to receive ISO 9002 certification (Quality Management System Standards) from the International Organization for Standardization (ISO). Additionally, all four plants are ISO 14001 certified (Environment Management System Standards) and ISO 45001 (Occupational Health & Safety Management) certified.

"Holcim" is one of the top selling brands and quality leaders in the Philippines.

(1) History and Business Development

HPI was incorporated and registered with the Philippines Securities and Exchange Commission (**SEC**) on November 12, 1964 under the name Hi-Cement Corporation (**HCC**).

On February 8, 2000, the SEC approved the merger of HCC, Davao Union Cement Corporation, and Bacnotan Cement Corporation, with HCC as the surviving entity. Simultaneously, the SEC also approved the request for a change of corporate name from HCC to Union Cement Corporation (**UCC**).

On January 11, 2001, the SEC approved the merger of Atlas Cement Marketing Corporation, Davao Union Marketing Corporation and Bacnotan Marketing Corporation into UCC.

On July 17, 2002, the Board of Directors of UCC approved the acquisition of 88% of the issued and outstanding common shares of Alsons Cement Corporation (**ACC**) from Cemco Holdings, Inc. (**Cemco**). In consideration of such shares, new shares of UCC were issued to Cemco, at the exchange ratio of one UCC share for every 3.7 ACC shares owned by Cemco, thus, making ACC a subsidiary of UCC.

Pursuant to the Securities Regulation Code (**SRC**) and its implementing rules and regulations, HPI undertook a tender offer in favor of the remaining 12% non-controlling shareholders of ACC to exchange their holdings in ACC for new shares of UCC at the same exchange ratio, with the option to accept cash at a price of PhP0.28 per ACC share, in lieu of HPI shares. The foregoing transactions were approved by shareholders of UCC on September 4, 2002. The Company acquired additional ACC shares representing 0.02% equity interest in ACC after the end of the tender offer period.

On September 19, 2002, the Board of Directors of ACC approved a resolution for the delisting of the shares of stocks of the Company from the Philippine Stock Exchange (**PSE**). The PSE approved the resolution for the delisting on December 15, 2002.

On August 17, 2004, the SEC approved ACC's reverse stock split, increasing the par value of ACC's shares to PhP1,000 per share from PhP0.50 per share. As a result of additional purchases from the remaining non-controlling shareholders of ACC in 2004 and the effect of the reverse stock split, UCC equity interest in ACC increased from 98.74% to 99.6%.

On November 30, 2004, the SEC approved the request for change in corporate name from UCC to HPI. On January 19, 2005, the SEC also approved the change in corporate name of ACC to Holcim Philippines Manufacturing Corp. (**HPMC**).

On March 6, 2014, the SEC approved the increase in authorized capital stock of Holcim Mining and Development Corporation (**HMDC**) (formerly Sulu Resources Development Corp., later renamed Holcim Aggregates Corporation) to make way for additional subscription by HPI and HPMC, in consideration of properties such as parcels of land, mining claims and foreshore leases.

On March 18, 2016, the SEC approved the increase in authorized capital stock of HMDC to make way for subscription by the Holcim Philippines, Inc. Retirement Fund of sixty percent of the issued and outstanding capital stock of HMDC. Today, HMDC is an associate company of HPI, providing most of the Company's raw materials from the quarries of HMDC and its subsidiaries in La Union, Bulacan, Lugait and Davao. HMDC and its subsidiaries also leases to the Company parcels of land and foreshore leases for the latter's operations.

As of December 31, 2021, HPI is 60.55% owned by Union Cement Holdings Corporation (**UCHC**), 18.11% owned by Holderfin B.V. (**Holderfin**), and 7.08% owned by Cemco while the remainder of its shares is owned by the public. HPI common shares are listed in the PSE.

<u>The Company's Subsidiaries</u>

Holcim Philippines Manufacturing Corporation

HPMC was incorporated and registered with the SEC on February 7, 1968 under the name of Victory Cement Corporation.

HPMC has 1.5 million MTPY line that was successfully commissioned in 1998 and started commercial operation in January 1999. HPMC's terminal located in Calaca, Batangas, which had been idle for several years, was rehabilitated in 2010 and resumed operations in January 2011. Today, substantially all of HPMC's cement manufacturing assets are being leased by HPI.

In January 2019, HPMC renewed the bareboat agreement with HPI for the latter's vessel requirements to transport cement to various destinations within the Philippines. The bareboat agreement is valid until December 2023.

HPMC's subsidiary, Calamba Aggregates Company, Inc. (**CACI**), was incorporated and registered with the SEC on October 15, 1992, that operated an aggregates plant in Laguna. CACI ceased operations effective December 31, 2013.

HPMC's wholly owned subsidiary, Bulkcem Philippines, Inc. (**BPI**), was incorporated and registered with the SEC on April 5, 1995. Today, BPI owns a bulk terminal located in Iloilo which is currently being leased by HPI.

Alsons Construction Chemicals, Inc. (**ALCHEM**), is a wholly owned subsidiary of Holcim Philippines Manufacturing Corporation, and was incorporated and registered with Securities and Exchange Commission on April 5, 1995. Its primary purpose is to manufacture, use and sell all kinds of admixtures.

On June 4, 1999, the Board of Directors of ALCHEM approved the temporary cessation of operations of the Company effective July 1, 1999. Subsequently, ALCHEM terminated all its employees and sold its fixed assets and inventories, and thereafter, filed with the Securities and Exchange Commission an Affidavit of Non-Operation. Management is currently in the process of dissolving ALCHEM.

*Excel Concrete Logistics, Inc. (**ECLI**)*

ECLI was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors of HPI approved the closure and dissolution of ECLI. On January 28, 2020, the SEC approved ECLI‟s application for amendment of ECLI‟s Articles of Incorporation to shorten its corporate term up to January 31, 2021. ECLI is now in the process of winding up its corporate affairs.

Shop and Build Corporation (formerly Holcim Philippines Business Services Center, Inc.)

Holcim Philippines Business Services Center, Inc. (HPBSCI) was incorporated and registered with the SEC on February 4, 2014. HPBSCI was set up to engage in the business of providing business process outsourcing and other information technology-enabled services to the Holcim Group. On February 13, 2015, HPBSCI transferred and sold its intellectual property rights and leasehold improvements to Holcim East Asia Business Service Centre B.V. – Philippine ROHQ.

On April 1, 2021, the Board of Directors and Stockholders of HPBSCI approved the proposal to amend its Articles of Incorporation to change HPBSCI's corporate name to Shop and Build Corporation and to amend its primary purpose. The Securities and Exchange Commission approved BSC's application to amend its Articles of Incorporation. Shop and Build Corporation will engage in the business of online selling (wholesale or retail), distributing, marketing and trading of cement and other construction materials.

*HuBB Stores and Services Inc. (**HSSI**)*

HSSI was incorporated and registered with the SEC on June 2, 2014. HSSI was set up to engage in the business of buying, selling and distributing construction and building materials, and to operate, maintain and franchise stores for the sale and distribution of said materials. HSSI ceased its business operations in August 2020. The Board of Directors and the stockholders of the Company approved the dissolution of HSSI on November 19, 2020 and January 15, 2020, respectively.

*Mabini Grinding Mill Corporation (**MGMC**)*

MGMC was incorporated and registered with the SEC on September 29, 1999. In August 2013, the rehabilitation of MGMC's grinding station in Mabini, Batangas was completed. HPI is leasing and operating the said grinding station.

Bankruptcy Proceedings

The Company is not a party to any bankruptcy, receivership or similar proceedings.

Material Reclassification, Merger, Consolidation

On May 10, 2019, a Sale and Purchase Agreement **(SPA**) for the sale and purchase of shares in the Company was executed by Holderfin, First Stronghold Cement Industries, Inc., San Miguel Corporation and Lafargeholcim Ltd. Subject to the prior written approval of the Philippine Competition Commission and fulfillment of customary closing conditions, it was agreed that Holderfin shall sell its shares in the Company and shall procure Cemco and UCC to likewise sell their shares in the Company to First Stronghold Cement Industries, Inc. The SPA has lapsed on May 10, 2020 and UCHC still holds the controlling interest in the Company.

On November 19, 2020, the Board of Directors of Holcim Philippines, Inc. approved the upstream merger of Holcim Philippines Manufacturing Corporation, Mabini Grinding Mill Corporation and Bulkcem Philippines, Inc. into Holcim Philippines, Inc. The stockholders likewise approved the upstream merger in a special meeting held on 15 January 2021. The Plan of Merger will be presented to the Board and the stockholders of the Constituent Companies in 2022.

(2) General Business Description

HPI is engaged in the manufacture, sale and distribution of cement, dry mix mortar products, clinker and aggregates. It also offers construction-related trainings, consultancies, testing and other technical services to its customers. With the Company's production facilities, ports, storage & distribution terminals, sales offices and channel partners, HPI has an extensive sales and distribution footprint due to its strategically located plants and terminals in the Philippines.

The Company has a deep portfolio of innovative solutions fostered by a wide range of building products and solutions. Its portfolio of cement, aggregates, finishing and concrete solutions can help local builders execute a wide range of projects with high performance and efficiency, from massive infrastructures to simple home repairs. The Company's product quality and operational capability are geared toward meeting the customers' building needs.

(a) Product Lines

HPI manufactures four main cement product brands namely: Holcim Premium (Type 1 Portland cement), Holcim 4X (Type 1 high performance Portland cement), Holcim Excel (Type 1P Blended cement), Holcim WallRight (Type S Masonry cement) and the recently introduced, Holcim Solido (Type IP Blended cement).

Its products are sold mostly in bags except for Holcim 4X (mainly bulk). Other packaging formats include tonner, jumbo bags and bulk. HPI also sells to cement producers a semi-finished product called clinker, which is sold only in bulk.

The company has also in its portfolio aggregates and dry mix mortar products such as Holcim Tile Adhesive and Holcim Skim Coat and the recently launched Holcim Multifix, an all-in-one mortar for plastering, floor screed and thick bed tile installation.

All HPI products meet the Philippine National Standards (PNS) and the American Society for Testing and Materials (ASTM) product quality standards.

The Business continues to serve SF Crete as a one-day concrete solution for road application in line with the Conditional Approval awarded by DPWH for this technology.

Below is a brief description of HPI's various products:

Holcim 4X

Holcim 4X is an ASTM C150 high performance Portland cement. It is specially formulated for ready mix concrete applications. It has high compressive strength, high workability and is compatible with commonly available admixtures. Supplied in bulk, Holcim 4X is mainly used for high-rise buildings and vertical structures that require high-strength cement. It is ideal for construction that requires optimized concrete mix designs and fast construction cycles. With the high 28-day compressive strength of Holcim 4X, lower cement factor is needed resulting in lower construction costs. Longer setting time results to better slump retention and pumpability of concrete.

Holcim Premium

Holcim Premium is an ASTM Type I Portland Cement. It is used for general concrete construction. To make Portland cement, powdered limestone, silica and iron-rich materials are homogenized and burnt at 1500ºC. The resulting material is called clinker. Portland cement is produced by grinding clinker with a small amount of gypsum, a set retarder. When Portland cement is mixed with water and aggregates to make concrete, the mixture is initially flowable and easy to place, mold and finish. Eventually, the concrete sets, hardens and produces a strong and durable construction material.

Holcim Solido

Holcim Solido is a premium quality ASTM Type IP Cement which is Portland cement combined with advanced mineral additives. It is sold in bulk, tonner bags and 40-kg bags and used for roads and general concrete applications. Advance mineral additives are inter-ground with higher composition of Portland cement clinker to improve durability of concrete.

Holcim Excel

Holcim Excel Cement is an ASTM Type IP Cement, which is Portland cement combined with advanced mineral additives. It is sold mainly in 40-kg bags and used for general concrete construction. Advanced mineral additives (including granulated blast furnace slag) are inter-ground with Portland cement clinker and gypsum to improve the workability and early strength. The product is used for the same applications as the Portland cement described above but is preferred by many customers because the additives improve its performance.

Holcim WallRight Cement

Holcim WallRight Cement is an ASTM C91 Type S Masonry Cement designed for block laying, plastering and finishing use. It is made by inter-grinding mineral additives and an air-entraining additive with Portland cement clinker during the finish milling operation. The resulting cement will produce smoother, more cohesive and more cost-effective mortars and plasters which are preferred by masons.

Clinker

Clinker is an intermediate product in cement production. It is produced by grinding and burning a proportioned mixture of limestone, shale and silica. When clinker is further subjected to grinding and added with gypsum, Portland cement is produced.

SF Crete Technology

SF Crete is a total solution offering for one day concrete pavement. This solution is a package of materials i.e., cement, aggregates and admixtures and technical support to meet one-day concrete design.

Aggregates

Aggregates are granular materials of mineral compositions used for various construction applications. It is used with a binding medium to form concrete, bitumous concrete, precast concrete, mortar, plaster and other concrete and asphalt applications. It can be used alone for road bases, structural beddings, railroad ballast, filter beds, backfills, etc. The grading and quality conforms to the ASTM C33 Standard Specifications for coarse and fine aggregates.

Holcim Tile Adhesive

Holcim Tile Adhesive is a premium cement-based adhesive for tiles specially formulated for thin-bed vertical and horizontal application. Its unique formulation combined with Holcim cement provides for a faster, stronger adhesion, with excellent non-slip properties.

Holcim Skim Coat

Holcim Skim Coat is a cementitious plaster specially designed to smoothen vertical structures suitable for both indoor and outdoor use. Skim Coat is used for rendering and smoothening surfaces prior to application of sealants or decorative paints.

Holcim Multi-fix

Holcim Multifix is a high performance polymer modified mortar formulated for internal and external wall plastering, floor screed and tile installation by thick bed method. It is the best substitute for traditional mortar.

Holcim Aqua X

Holcim Aqua X is the first general purpose cement with water-repellent properties. Its reliable strength and its ability to minimize the absorption of water by the concrete or mortar ensures a long lasting protection against damage and deterioration caused by water penetration.

Holcim Ecoplanet

Holcim ECOPlanet is an environment-friendly product with more than 30% lower carbon footprint than other general purpose cement. It is a general purpose blended cement ideal for structural applications.

Holcim AAC Block Adhesive

Holcim AAC Bloack Adhesive is a new dry mortar product is used for laying all types of AAC blocks and various types of cement blocks in the market. It is a polymer-based versatile thin joining adhesive specially formulated to provide high bonding, durability and speed up the build process of AAC blocks.

The Table 1 – Revenue by Product Line

	Calendar Year	Calendar Year	Calendar Year
	Ended	Ended	Ended
(In Thousand Pesos)	December 31, 2021	December 31, 2020	December 31, 2019
Cement and cementitious materials	**₱25,153,069**	₱24,745,235	**₱30,885,687**
Others	**1,793,076**	1,270,107	**2,601,084**
Total	**₱26,946,145**	₱26,015,342	**₱33,486,771**

Contribution of Export Sales

The amounts and percentages of revenue attributable to export sales, including breakdown per region, for the calendar years ended December 31, 2021, 2020 and 2019 are as follows:

Table 2 – Export Revenue

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	December 31, 2021	December 31, 2020	December 31, 2019
Total Export Revenues	**NIL**	NIL	NIL
% to Total Revenues	**NIL**	NIL	NIL
Breakdown of Export Revenues per Region (in %)			
Southeast Asia			
Eastern Asia			
Oceania	**NIL**	NIL	NIL
North America			
Western Europe			
Middle East			
Total % to Total Revenues	**NIL**	NIL	NIL

(b) Marketing and Distribution

The Company's major domestic customers are traders, wholesalers, retailers, contractors serving private and public projects, real-estate developers and concrete producers. Notably, HPI has supplied a number of big commercial and government flagship projects in the entire country.

(c) *New Product*

Holcim Aqua X

Holcim Aqua X is a general use cement under Type IT classification of hydraulic blended cements. It is the first general purpose cement with water-repellent properties. Its reliable general use cement standard performance and its ability to minimize the absorption of water by the concrete or mortar ensures a long lasting protection against damage and deterioration caused by water penetration.

Holcim Ecoplanet

Holcim ECOPlanet is an environment-friendly general use cement under the Type IS classification of hydraulic blended cements. This product is produced with at least 30% lower CO2 emission compared to ordinary portland cement (Type I). It is a general purpose blended cement ideal for general structural applications and because of its good durability properties, it can also be used in infra applications where better chemical attack resistance and lower heat of hydration is required.

Holcim AAC Block Adhesive

Holcim AAC Bloack Adhesive is a new dry mortar product is used for laying all types of AAC blocks and various types of cement blocks in the market. It is a polymer-based versatile thin joining adhesive specially formulated to provide high bonding, durability and speed up the build process of AAC blocks.

(d) *Competition*

There are ten cement manufacturers in the Philippines that include Holcim, Republic Cement, Cemex, Taiheiyo, Northern Cement, Eagle Cement, Goodfound, Mabuhay FilCement, Big Boss and Petra Cement. Eight of these local manufacturers operate integrated cement plants while Big Boss and Petra operate grinding plants only.

The positive long-term prospect of cement demand in the country has attracted new investments in the cement industry. Existing manufacturers announced plans to add new capacities and new entrants joined in building new cement facilities.
In recent years, independent traders have brought in imported cement mainly from Vietnam. These are sold in 40kg bags and tonner bags distributed in key markets across the country. Some big cement traders have started to install cement terminals with bagging and warehousing facilities in key trading ports. In 2019, the Philippine government has imposed a permanent safeguard duty on cement imports for the next three years to curb the surge of cheap imported cement that has adversely impacted the domestic cement manufacturing industry. Domestic cement manufacturers are expected to implement their adjustment plans in the next three years to become more internationally competitive after the safeguard duty expires. In December 2021, the Department of Trade and Industry imposed a preliminary anti-dumping duty on certain cement exports from Vietnam. The Tariff Commission is currently conducting a formal investigation to determine if the requirements to impose a permanent anti-dumping duty are met.

Among the local domestic manufacturers, Holcim has the widest market reach and widest range of building products and solutions serving customers across the country from two integrated cement plants, one cement grinding plant and one dry mix plant in Luzon, and two integrated cement plants in Mindanao. Holcim also operates cement terminals in Iloilo, Batangas and Manila. There are various warehouses strategically set up in the different geographic markets to support the company’s distribution network.

The four cement plants of Holcim are certified to meet the ISO 9002 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) standards.

(e) *Sources and Availability of Raw Materials and Supplies*

Raw Materials

The Company sources most of its raw materials (limestone, pozzolan, shale) from its associate company, HMDC and its subsidiaries which hold Mineral Production Sharing Agreements for its quarries in various areas including La Union, Bulacan, Davao and Lugait, Misamis Oriental. HPI also source raw materials from third party suppliers.

Energy Supply

Being an energy-intensive process, cement production requires a reliable and competitively priced power supply for uninterrupted and cost-effective production.

The Bulacan plant's peak demand is currently at 35 megawatts ("MW") while La Union plant's peak demand is currently at 15 MW. On August 12, 2011, a 15-year Energy Services Agreement (ESA) was signed with Trans-Asia Oil and Energy Development Corp. (TA Oil), now Phinma Energy Corporation (PEC) for the supply of both Bulacan Line 2 and La Union plants starting in 2014. On September 21, 2020, an amended and restated Energy Services Agreement was signed effective June 26, 2020 and valid until December 25, 2030.

The Davao plant's total power requirement is 22 MW. Effective September 26, 2013, Davao plant became a captive customer of Davao Light and Power Company, the Distribution Utility (DU) which holds the franchise for power distribution in the area pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010.

The Lugait plant's total power requirement is 33 MW for both lines or 27 MW with Line 2 only. After the expiration of the Power Supply Agreement with NPC on December 25, 2012, Misamis I Oriental Electric Cooperative (Moresco I) took over as the power supplier of Lugait plant pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010. Currently, only Line 2 is operating.

Mabini Grinding plant which is a 6MW capacity establishment has qualified as a "Contestable Customer (CC)" when the Retail Competition and Open Access (RCOA) was implemented last June 26, 2013. As a result, a 10-year Power Supply Agreement with TA Oil was signed and took effect on June 26, 2014 in lieu of an agreement with distribution utility Department of Energy (DOE) Batangas Electric Cooperative, Inc. (BATELEC II). On September 21, 2020, an amended and restated Energy Services Agreement was signed effective June 26, 2020 and valid until December 25, 2030.

Coal and Fuel Supply

HPI uses coal for heating the Company's kilns in La Union, Bulacan, Davao and Lugait.

HPI's imported coal requirements are covered with annual supply contracts. Spot purchases shall remain as an option to have a healthy balance of supply reliability, market competitive prices and opportunity for substitute fuels.

For local coal requirements, the Company entered into a 1-year contract with Semirara Mining & Power Corporation covering 2021.

HPI has an existing supply contract with Petron and SL Harbour for its Diesel and Bunker fuel needs. Contracts started from January 1, 2021 and valid until January 1, 2023.

The Company has not experienced any disruption in its solid and liquid fuel supply.

(f) Dependence on a Single or a Few Customers

The Company employs a multi-level distribution strategy in serving the market. This covers wholesaler and retailer intermediaries, traders, ready mix companies, concrete products manufacturers, international and local contractors, and real-estate developers. At the same time, HPI supports numerous large- and medium-scale government infrastructure projects.

The aim is for the business not to be dependent on a single or a few customers but rather achieve a well-balanced customer portfolio.

(g) Related Party Transactions

Please see Note 32 – Related Party Transactions to the Consolidated Financial Statements for details.

(h) Trademarks, Licenses, Concessions, Labor Contracts

In 2017, applications for transfer of MPSA to HMDC and/or its subsidiary, HRDC have been approved by the DENR.

On labor contracts, please see the discussion on employees under Item (m).

In 2016, the Philippine Intellectual Property Office issued Certificates of Registration to HSSI for the following trademarks: (1) "HuBB" logo; and (2) "HUB Builders Center".

In 2021, the Philippine Intellectual Property Office issued a Certificate of Registration to HSSI for the Pinoy Builders Trademark which is valid until 18 November 2031.

(i) Governmental Approval of Principal Products

The Bureau of Product Standards (BPS) granted HPI the license to use the Philippine Standard Quality Certification Mark for its principal products. All other necessary licenses and permits required for the continuous production and sale of HPI products have been secured by the Company, including new licenses as well as those that have to be renewed periodically.

(j) Research and Development

The Company is engaged in research and development for improving the production process used in its plants and for improving the quality and strength of its products. The Company spent a total of ₱126.6 million research and development costs in the last three years as follows:

Table 3 – Research and Development Costs

Period Covered	**Amount ('000 Pesos)**	**Percentage to Revenues**
CY ended December 31, 2021	**₱51,616**	0.19%
CY ended December 31, 2020	37,251	0.14%
CY ended December 31, 2019	37,688	0.11%
Total	₱126,555	

(k) Costs and Effects of Compliance with Environmental Laws

The Company conducts its operations consistent with sustainable development principles and continuously improves its environmental performance to ensure compliance to laws and regulations both locally and internationally.

The Company is committed to comply with environmental laws, regulations and standards applicable to its products and operations and subscribes to leading industry initiatives and internal requirements. It also assesses and measures its environmental impacts and continuously improves its processes, tools and capabilities and promotes best practices in the industry. For example, in order to ensure compliance to air emission standards, the plants maintain and operate electrostatic precipitators, bag houses, multi-cyclone and bag filters to mitigate dust emissions. The plants are also equipped with Continuous Emission Monitoring System (CEMS) for real time monitoring of gaseous emissions such as nitrogen oxide (NOx) and sulfur dioxide (SO2), carbon monoxide (CO) and volatile organic compound (VOC) emissions. Overall performance is validated regularly by quarterly monitoring of multi-stakeholders and government audits and is confirmed that HPI is compliant with the existing government standards.

The plants are ISO 14001 certified or have an effective environmental management system in place to ensure all environmental impacts and risks are effectively managed and mitigated. The company continuously optimize its use of resources through re-using, recovering and/or recycling waste materials in own production processes where feasible, minimizing the generation of any hazardous and non-hazardous waste, and disposing waste using safe and responsible methods.

The Company proactively engages with stakeholders and cooperates with legislators and regulators to ensure environmental obligations are fulfilled and local regulations are complied.

(I) Employees

As of December 31, 2021, HPI and subsidiaries had a total of 1,161 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	HPI	Subsidiaries	TOTAL
Head Office*	309	0	309
Bulacan Plant	249	0	249
La Union Plant	160	0	160
Davao Plant	199	0	199
Lugait Plant	92	113	205
Calumpit	31	0	31
Calaca	8	0	8
Total	1,048	113	1,161

** Includes Mabini plant*

There is a slight reduction in the company's manpower complement compared to last year's due to various employee separations and deliberate decision to defer hiring of replacements while the Company is still recovering from the impact of the pandemic and reviewing its organization to align with the Company's strategy. Over-all attrition rate recorded is 7.76%, where 5.97% of which was due to resignations and early retirement.

In all cement plants, employees are allowed to report for work at 100% capacity while the head office still observes the appropriate on-site capacity in compliance with the applicable Covid-10 Inter-Agency Task Force for the Management of Emerging Infections (IATF) regulations and guidelines. Working from home arrangement is part of the precautionary measures being implemented by the Company to protect its employees. Strict implementation of health and safety protocols is in place for those who work on-site.

Execution of Learning and Development Plans continued in 2021 and ended the year with 99% completion rate. There were 243 employees who were given opportunities to move to various roles as part of their development. In addition to local programs, selected Engineers participated in major global and regional technical programs to develop local experts. The Sales Academy was re-launched to equip the Salesforce as they face the new demands of the business and be able to implement the new commercial strategy.

Review of talents and succession planning remained important people activities in 2021. Talent Strategy was put in place to ensure that talents are at all times ready and available in case of vacancy in critical positions especially in the Management and Leadership Roles. A selected number of young upcoming leaders participated in the Early Career Leadership Program, a 6-month Group sponsored program to speed up the development of future leadership.

Supervisory and rank-and-file employees in the four integrated cement plans, as well as the rank-and-file in the paper bag plant, are members of their respective labor unions, with existing Collective Bargaining Agreements (CBA) with the Company.

Table 6 – Labor Unions

Location of Cement Plant	Labor Union5	CBA Expiry Date
Bacnotan, La Union	La Union Cement Workers Union Holcim La Union Supervisory Employees Union	March 31, 2022 March 31, 2024
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA) UCC Bulacan Supervisory Employees Union (UBSEU)	December 31, 2025 February 28, 2024
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union Holcim Lugait Supervisors Independent Union	July 31, 2021 *(Ongoing arbitration)* March 31, 2024
Davao City	Davao Holcim Employees Workers Union Holcim Davao Supervisory Independent Union	March 31, 2025 March 31, 2025
Calumpit, Bulacan	Holcim Paper Bag Plant Employees Association – FFW Chapter	December 31, 2023

(m) Risk Factors

<u>Political and Economic Factors</u>

The Company and its subsidiaries are primarily engaged in the manufacture of clinker and cement in the Philippines. Cement is one of the basic materials for building works and sales are highly dependent on the demand for construction activities and the aggregate growth of the economy as well as political conditions in the country.

One of the principal factors that may materially affect financial performance is the level of construction activity in the public and private sectors. Public sector construction activity has always been a significant part of cement demand. However, government spending on construction-related activities (e.g., infrastructure and housing) is dependent on various factors mainly budgetary constraints and political considerations that could impact government's ability to execute is planned projects.

On the other hand, private sector spending is primarily driven by investors' confidence in the country, which in turn, is dependent on the country's economic and political conditions.

Any perceived political instability or lower-than-expected economic growth could have an adverse effect on the Company's financial performance.

Availability of Stable Power Supply

The contract with AC Energy Philippines, Inc. (ACEPI) which is valid until December 25, 2030, provides stable and guaranteed power supply for La Union Plant, Bulacan Plant, and Mabini Grinding Plant. The contract also provides for the availability of island mode backup power for both Luzon plants during grid failures.

Lugait and Davao Plants, both situated in Mindanao, are now benefitting from electricity surplus brought about by the new coal power plants which started commercial operations from 2016 onwards. It is projected that the additional capacities from new coal power plants will provide Mindanao with surplus power supply in the medium-term.

WESM is not yet available in Mindanao. Also, the Retail Competition and Open Access (RCOA) can only be launched after WESM has been implemented. Hence, Lugait and Davao Plants will remain captive customers of Distribution Utility – Moresco I and Davao Light and Power Company (DLPC), respectively.

On November 16, 2021, Holcim Philippines, Inc. signed a 20-year power purchase agreement with GHRIAN EARTH CORP. (Blueleaf Energy), to deliver solar power to itsh plants in Bulacan and La Union. Under the agreement, Blueleaf Energy will finance, build, operate, and maintain solar energy facilities in Norzagaray, Bulacan and Bacnotan, La Union with a combined capacity of 29 megawatt peak and an annual generation of more than 50 gigawatt hours that will supply up to 15% of the energy requirements of Holcim Philippines' plants there. The solar energy facilities are scheduled to be completed in 2024.

The Company is exploring other measures to manage power costs and at the same time contribute to sustainability strategy.

Dependence on Key Facilities

Substantially all of HPI's income has been, and will be derived from the sale of products manufactured at its production facilities in Luzon and Mindanao. Any prolonged breakdown of, or significant damage to, the Company's production facilities could have an adverse effect on the results of its operations. HPI maintains comprehensive property and casualty insurance policies covering its production facilities and key assets under an Industrial All-Risk policy. However, there can be no assurance that the proceeds from HPI's insurance claims would be sufficient to compensate the Company for all the effects of possible loss and/or damage. Notwithstanding that, the Company has appropriate processes and measures in place to further mitigate the risk of any possible loss or damage.

Impact of the Exchange Rate Fluctuations

Based on the 2021 *Bangko Sentral ng Pilipinas* Annual Exchange Rate Report, the Philippine Peso appreciated from PhP48.04 against the US Dollar as of December 31, 2020 to PhP50.77 as of December 31, 2021. The Peso has undergone fluctuations during the year with an average rate of PhP49.25. The weakening of the Peso resulted in the increase of cost of production inputs such as imported fuel, coal and supplies.

Environmental and Regulatory Matters

Cement manufacturing uses extensive resource and energy. It uses raw materials such as limestone, fossil fuel (coal and bunker fuel), electric power and water. As such, the environmental risks and impacts should be mitigated to ensure compliance to regulatory requirements and maintain operations in sustainable manner. An effective environmental management system is in place to manage these risks and impacts.

HPI conforms to rules and regulations defined under the following: The Philippine Environmental Impact Statement System (PD 1586), The Philippine Clean Air Act 1999 (RA 8749), Philippine Clean Water Act of 2004 (RA 9275), Ecological Solid Waste Management Act of 2000 (RA 9003), and Toxic Substances & Hazardous & Nuclear Waste Control Act of 1990 (RA 6969). Other Applicable Laws & Regulations are also identified in the Company's Integrated Management System Manual.

In a group-wide program, the Company strives to reduce dust emissions below the prescribed 150 mg/Nm3 level that the government allows cement plants to emit under the Philippine Clean Air Act. The Company maintains and operates modern electrostatic precipitators, bag houses, multi-cyclone and bag filters for mitigating the dust coming from its plants' pre-heater towers, kilns and cement mill grinding systems. With these modern dust control systems in place, HPI"s cement plants kept dust emission levels below the prescribed government standard. The Company has in place Continuous Emission Monitoring System (CEMS) in all its four plants for continuous monitoring of particulate and gaseous emissions of main stack. The emissions data are being reported daily to regulatory body. In terms of compliance to Clean Water Act, the Company has in place pollution control facilities to manage storm water run-off and seasonal process water discharge such as siltation ponds. In terms of managing domestic water discharge, the Company properly maintains and operates waste treatment facilities. The Company also have waste management disposal facilities in the plants. The wastes generated by the plant which are qualified to be used as alternative fuel for the kiln are being co-processed. This co-processing technology under Geocycle follows the highest standard of environmental compliance. The four plants are also granted with Treatment, Storage and Disposal (TSD) Certificate as attestation to Geocycle's responsible handling and Management of hazardous industrial wastes.

HPI's four plants continue to be recognized by the relevant national government agencies for its environmental performance and programs. The Company is committed to implement continuous improvement to ensure compliance and improve performance.

The status of compliance on the conditions stated in the Environmental Compliance Certificate (ECC) is regularly reported to DENR through the submission of Self-Monitoring Reports (SMR), Compliance Monitoring Reports (CMR), and Compliance Monitoring and Verification Reports (CMVR). Overall environmental performance is validated regularly by quarterly monitoring of multi-partite monitoring team (MMT) and government audits and is confirmed that HPI is compliant with the existing government standards.

Item 2. Properties

The Company's major items of property, plant and equipment are located in Norzagaray, Bulacan; Bacnotan, La Union; Bo. Ilang, Davao City; Lugait, Misamis Oriental; Mabini, Batangas; Calaca, Batangas; Iloilo; and Manila. The table shows the consolidated properties of HPI as of December 31, 2021 compared to December 31, 2020.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	**December 31, 2021**	**December 31, 2020**
Machinery and equipment	**₱ 30,436,009**	₱29,559,173
Buildings and installations	**14,082,667**	14,112,017
Furniture, vehicles and tools	**1,041,204**	998,828
Construction in progress	**1,823,279**	1,330,800
	47,383,159	46,000,818
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	**27,880,911**	26,475,284
Total	**₱ 19,502,248**	₱19,525,534

In connection with the principal properties of the Company, there are no existing mortgages, liens or encumbrances nor limitations in the usage or ownership.

There are no imminent acquisitions of property of significant amount that cannot be funded either by the Company's working capital or debt. The Company intends to spend Php488 Million for capital expenditures to improve plant, operational efficiencies and capacity expansions.

The table below summarizes the significant lease agreements entered into by the Company as a lessee.

Description	Start Date	Expiration Date	2021 Lease Payments (in '000)	Renewal Options
Plants, Terminals, Ports	01.01.2016	01.01.2041	₱1,069,024	The contracts may be renewed or extended upon the mutual agreement of the Parties.
HO Office	15.11.2014	01.11.2023	57,612	The lease may be renewed upon the written agreement and under such terms and conditions as maybe acceptable to both parties.
Industrial Warehouse	01.01.2019	31.12.2023	6,764	The contract may be renewed or extended upon the mutual agreement of the Parties.
Others (Housing, Vehicles)	15.03.2016	15.03.2022	130,012	The contract may be renewed or extended upon the mutual agreement of the Parties.

Item 3. Legal Proceedings

The Company is either a defendant or plaintiff in several civil, criminal and labor cases primarily involving collection and claims for damages. Based on the representation of management and the opinion of the Company's external legal counsels, the resolution of such cases will not result in any significant liability or loss of assets.

Other financial assets include the restricted funds in relation to court-mandated garnishment arising from a case filed by Seasia against the Group.

Pending material legal proceedings involving the Company are described in **Annex B** of the Information Statement.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the last annual meeting of the stockholders covered by the Company's Information Statement (SEC Form 20-IS), no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this Report.

IV. COMPANY'S DIRECTORS AND EXECUTIVE OFFICERS

Please refer to the Information Statement for the discussion of the identity of each of the Company's Board of Directors and Executive Officers including their principal occupation or employment, name and principal business of any organization by which such persons are employed.

V. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

HPI common shares are listed in the PSE. The high and low market prices of HPI shares for each quarter of calendar year 2021, and that of the past two calendar years, as reported by the PSE, are shown below:

Table 8 – Market Prices of HPI Shares*

Quarter Period	CY 2021		CY 2020		CY 2019	
	High	Low	High	High	Low	High
January – March	6.28	5.00	14.08	6.28	5.00	14.08
April – June	6.98	6.05	8.93	6.98	6.05	8.93
July – September	7.20	6.12	6.44	7.20	6.12	6.44
October – December**	5.90	5.01	7.92	6.72	13.70	13.50

**Source: Philippine Stock Exchange, Inc.*

As of March 14, 2022, the closing price of the Company's common shares at the PSE is PhP5.30 per share.

(2) Stockholders

As of March 31, 2022, HPI has 6,452,099,144 common shares outstanding held by 5,248 stockholders. The list of the top twenty stockholders of the Company as recorded by Stock Transfer Service, Inc., the Company's stock transfer agent, is as follows:

Table 9 – Top Twenty (20) Stockholders

Rank	**Name**	**Citizenship**	**Shares (Sum)**	**%**
1	UNION CEMENT HOLDINGS CORPORATION	FILIPINO	3,906,425,506	60.55%
2	HOLDERFIN B.V.	DUTCH	1,168,450,996	18.11%
3	SUMITOMO OSAKA CEMENT CO., LTD.	JAPANESE	594,952,725	9.22%
4	CEMCO HOLDINGS, INC.	FILIPINO	456,689,560	7.08%
5	PCD NOMINEE CORP (FILIPINO)	FILIPINO	233,518,176,	3.62%
6	PCD NOMINEE CORP. (NON-FILIPINO)	FOREIGN	62,677,829	0.97%
7	ANTONIO M. DUMALIANG &/OR ROSALINDA S. DUMALIANG	FILIPINO	922,363	0.01%
8	KAKUGARA AKIHIKO	FILIPINO	559,580	0.01%
9	LUIS CO CHI KIAT	FILIPINO	511,242	0.01%
10	LUIS ROLANDO GARCIA FADRIGO	FILIPINO	419,578	0.01%
11	JOAQUIN Q. TAN	FILIPINO	380,000	0.01%
12	AMERICAN WIRE & CABLE CO., INC.	FILIPINO	290,993	0.00%
13	LILIA V. QUITO	FILIPINO	288,000	0.00%
14	UNIVERSITY OF SANTO TOMAS	FILIPINO	190,750	0.00%
15	FRANCIS L. ESCALER	FILIPINO	186,935	0.00%
16	ANG GUAN PIAO		184,030	0.00%
17	ISABELA CULTURAL CORPORATION	FILIPINO	156,439	0.00%
18	FRANCISCO C. EIZMENDI, JR.	FILIPINO	149,459	0.00%
19	ROSALIA M. AMANDO	FILIPINO	141,069	0.00%
20	BENITO G. OBLENA	FILIPINO	137,337	0.00%
		Total	6,427,232,567	**99.61%**

(3) Dividends

The Company is authorized to pay cash or stock dividends, or a combination thereof, subject to approval by the Company's Board of Directors and/or its shareholders. Dividends paid in the form of additional shares are subject to approval by the Company's Board of Directors, the SEC and the stockholders of at least two thirds of the outstanding shares of the Company. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Other than the provisions in the loan covenants agreed to by the Company, there are no other limitations for the Company to declare dividends to its common stock.

Cash dividends were declared in for the year ended December 31, 2021 is provided below. The Company did not declare divdidends for the year ended December 31, 2020 to conserve cash due to the COVID-19 pandemic, and for the year ended December 31, 2019 due to the then-ongoing divestment discussions with a third party.

	2021	2020	2019
Cash Dividend Per Share (PhP)	**₱0.43**	NIL	NIL
Amount Declared (PhP)	**₱2,774,402,632**	NIL	NIL
Declaration Date	**May 27, 2021**	-	-
Record Date	**June 16, 2021**	-	-

(4) Sales of Unregistered Securities Within the Last Three (3) Years

There are no other securities sold for cash by the Company within the last three years that were not registered under the SRC.

VI. CORPORATE GOVERNANCE

The Company has in place a robust internal control system which is an overall process effected by the Board, management and other personnel designed to provide reasonable assurance concerning: (i) the reliability of the financial reporting and statements; (ii) compliance with laws and regulations; (iii) protection of assets and fraud prevention; (iv) effectiveness and efficiency of processes. Additionally, in accordance with the Company's Corporate Governance Manual, the Board is assisted by a Compliance Officer who is in charge of evaluating and ensuring compliance by the Company, the Board of Directors and officers with its Manual of Corporate Governance, Code of Corporate Governance for Publicly-Listed Companies (the **CG Code**) and all relevant laws, rules and regulations

The Board has established a Corporate Governance Committee which ensures that the Board and the Company, as a whole, is sufficiently conversant and compliant with the adopted leading practices in corporate governance. This committee is required to be composed of at least three independent directors and one non-executive non-independent director.

There has been no known deviation from the Company's Manual of Corporate Governance.

The Board always seeks to improve corporate governance of the Company by improving existing policies, developing and establishing new policies required by the Company's Corporate Governance Manual and undertaking measures to implement such policies.

THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021 (SEC FORM 17-A) IS ACCESSIBLE AT THE COMPANY'S WEBSITE (WWW.HOLCIM.PH) OR AVAILABLE UPON REQUEST OF THE STOCKHOLDERS. YOUR REQUEST MAY BE SENT DIRECTLY TO THE OFFICE OF THE CORPORATE SECRETARY, AT THE 7TH TWO WORLD SQUARE, MCKINLEY HILL, FORT BONIFACIO, TAGUIG CITY, PHILIPPINES AND A COPY WILL BE SENT TO YOU, FREE OF CHARGE.

ANNEX A

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **THOMAS G. AQUINO**, Filipino, of legal age, with residence address at 24 Barcelon St., Merville Park Subd. Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Holcim Philippines, Inc. (the Company) and have been its independent director since 24 May 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
NOW Corporation	Vice-Chairman	2011 - present
Alsons Consolidated Resources Inc.	Independent Director	2011 – present
A Brown Company	Independent Director	2012 – present
PRYCE Corporation	Independent Director	2019 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/ officer/ substantial shareholder of Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding

6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission of consent from the head of agency/ department] to be an independent director in Holcim Philippines, Inc., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 29 2022, at TAGUIG CITY.

Thomas Aquino
THOMAS G. AQUINO
Affiant

SUBSCRIBED AND SWORN to before me this MAR 29 2022 at TAGUIG CITY, affiant personally appeared before me and exhibited to me his DRIVER'S LICENSE # N17-77000546

Doc. No. 1;
Page No. 2;
Book No. II;
Series of 2022.

PATRICK HENRY D. SALAZAR NOTARY PUBLIC ROLL NO. 62515 TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 8 valid until June 30 2022
pursuant to Supreme Court En Banc Resolution dated September 28, 2021 - B.M. No. 3795
12th Floor, OneNeo Building 26th St. cor. 3rd Ave. Crescent Park West, Bonifacio Global City Taguig City 1634
Roll of Attorney No. 62515; PTR No. A-5400034; 01/18/2022, Taguig City
IBP Lifetime No. 12285; 1/03/2014; Makati City
MCLE Compliance No. VI-0012104; [illegible]

ANNEX A-1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LEANDRO D. JAVIER**, Filipino, of legal age, with residence address at Apitong Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Holcim Philippines, Inc. (the **Company**) and have been its independent director since 24 May 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Unidoor Corp.	Director	2019- Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/ officer/ substantial shareholder of Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable):

5. I am not in the government service and neither am I affiliated with any government agency or GOCC.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 29 2022, at TAGUIG CITY.

LEANDRO D. JAVIER
Affiant

SUBSCRIBED AND SWORN to before me this MAR 29 2022 at TAGUIG CITY, affiant personally appeared before me and exhibited to me his PH Passport Nr P7613541B issued by DFA Manila 15 Sept 2021.

Doc. No. 523;
Page No. 106;
Book No. I;
Series of 2022.

NOTARY PUBLIC
ROLL NO. 62515

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until June 30, 2022
(pursuant to Supreme Court En Banc Resolution dated September 28, 2021 - B.M. No. 3795
12th Floor, One/Neo Building 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City Taguig City 1634
Roll of Attorney No. 62515; PTR No. A-5400934; 01/18/2022; Taguig City
IBP Lifetime No. 12286; 1/03/2014; Makati City
MCLE Compliance No. VI-0023104; 04/1_/2019

ANNEX A-2

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MEDEL T. NERA**, Filipino, of legal age, with residence address at 42 Roseville St., White Plains, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Holcim Philippines, Inc. (the **Company**) and have been its independent director since 15 January 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
House of Investments, Inc.	Director	2011 - Present
iPeople, Inc.	Director	2011 - Present
EEI Corp.	Director	2011 - Present
Seafront Resources Corp	Director	2011 - Present
National Reinsurance Corporation of the Philippines	Independent Director	2011 - Present
Ionics, Inc.	Independent Director	2020 - Present
Actimed, Inc.	Independent Director	2019 - Present
Erikagen, Inc.	Independent Director	2019 - Present
Pharm Gen Ventures Corp.	Independent Director	2019 - Present
Novelis Solutions, Inc.	Independent Director	2019 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/ officer/ substantial shareholder of Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable):

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding

6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission of consent from the head of agency/ department] to be an independent director in Holcim Philippines, Inc., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 30 2022, at TAGUIG CITY.

MEDEL T. NERA
Affiant

SUBSCRIBED AND SWORN to before me this MAR 30 2022 at TAGUIG CITY, affiant personally appeared before me and exhibited to me his DRIVER'S LICENSE # N15-82-012443

Doc. No. 5;
Page No. 2;
Book No. 4;
Series of 2022.

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until June 30, 2022
(pursuant to Supreme Court En Banc Resolution dated September 28, 2021 - B.M. No. 3795
12th Floor, One/Neo Building 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City Taguig City 1634
Roll of Attorney No. 62515; PTR No. A-5400934; 01/18/2022; Taguig City
IBP Lifetime No. 12285; 1/03/2014; Makati City
MCLE Compliance No. VI-0023104, 04/12/2019

ANNEX B

Involvement in Legal Proceedings

A. Material Legal Proceedings

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

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

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

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

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

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

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

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

On 14 September 2020, the arbitral tribunal ruled that the Company validly terminated the Port Services Agreement (PSA). However, arbitral tribunal ruled that the PSA did not supersede the Memorandum of Agreement ("MOA"), which the parties executed in 2015 prior to the PSA for the purpose laying down the minimum terms and conditions that should govern the PSA. Therefore, with the MOA being valid and existing but suspended because of the Company's termination of the PSA and the resulting dispute on its validity, the arbitral tribunal ruled that Seasia is entitled to compensation. The Arbitral Tribunal gave Seasia two options: (i) receipt from the Company of the amount of P588,379,260.00, net of VAT, which supposedly represents the minimum revenue of Seasia during the period that the Memorandum of Agreement had been suspended as a result of this dispute (“first option”); or, (ii) two-year extension of the Memorandum of Agreement for a total remaining term of seven (7) years and ten and a half (10 1⁄2) months (“second option”). The Arbitral Tribunal also required the Company to reimburse Seasia the amount of P21,961,151.16, representing the amount Seasia paid PDRCI. Seasia informed the arbitral tribunal and the Company that it prefers the first option and that it expects to receive from the Company its supposed revenues for the unexpired portion of the MOA. Seasia claims that the MOA has a term of 10 years and it is entitled to the rates stipulated in the MOA as Seasia’s service fees under the port services agreement that the Company and Seasia will execute regardless of whether the Company and Seasia will actually execute such agreement and the Company actually avails Seasia’s services.

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

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

On 28 December 2021, RTC-Mariveles denied the Company’s Motion to Deny Due Course Or In The Alternative, To Consolidate Ad Cautelam dated 22 November 2021. The Company filed Petition For Certiorari with Extremely Urgent Application For The Issuance Of A Temporary Restraining Order And/Or Writ Of Preliminary Injunction of even date, questioning the Order dated 28 December 2021. (See 3.2). The Company also filed a Motion for Inhibition which is pending resolution.

3.1. Holcim Philippines, Inc. v. Honorable Jose Marie A. Quimboy, in his capacity as Presiding Judge of Branch 94 of the Regional Trial Court of Mariveles, Bataan, Seasia Nectar Port Services, Inc., and the Arbitral Tribunal Composed Of Arbitrators Teodoro Kalaw IV, Eduardo R. Ceniza, and Tranquil S. Salvador III”, CA-G.R. SP No. 168483, Court of Appeals – First Division

The Company timely filed its Petition for Certiorari with an application for the issuance of a temporary restraining order/writ of preliminary injunction, seeking to annul and set aside the Order dated 02 March 2021 rendered by Presiding Judge Quimboy in the confirmation proceedings (see item 3).

The application for a temporary restraining order/writ of preliminary injunction aims to restrain RTC-Mariveles from continuing with its proceedings on the ground that the latter has no jurisdiction over SEASIA’s Petition for Confirmation. The case filed by the Company with the Court of Appeals is now pending with the First Division, as a result of the regular raffle of the cases of the appellate court.

With the submission of the Comment and Reply, the Company’s prayer for Temporary Restraining Order/Preliminary Injunction is now submitted for resolution before the Court of Appeals.

3.2. Holcim Philippines, Inc. v. Honorable Philger Noel B. Inovejas, in his capacity as Acting Presiding Judge of Branch 4 of the Regional Trial Court of Mariveles, Bataan, Seasia Nectar Port Services, Inc., the Arbitral Tribunal Composed Of Arbitrators Teodoro Kalaw Iv, Eduardo R. Ceniza, and Tranquil S. Salvador III, and the Office Of The Court Administrator, Court of Appeals (awaiting Division and docket number)

The Company filed via registered mail and licensed courier the Petition For Certiorari with Extremely Urgent Application For The Issuance Of A Temporary Restraining Order And/Or Writ Of Preliminary Injunction of even date (“Petition For Certiorari dated 13 January 2022”), questioning the Order dated 28 December 2021 (see item 3).

The application for a temporary restraining order/writ of preliminary injunction aims to restrain the RTC-Mariveles from continuing with its proceedings and its intended course of action of referral to the OCA, and the OCA from ruling upon the consolidation of the confirmation case docketed as S.P. No. 399 pending before the RTC-Mariveles with the vacation case docketed as S.P. No. 128 pending before the RTC-Taguig.

The Company filed a Motion for Consolidation of the Petition for Certiorari dated 17 March 2021 docketed as CA-G.R. SP No. 168483 and the Petition For Certiorari dated 13 January 2022 to obviate any accusation, although erroneous, of forum shopping. On March 30, the CA issued an Order holding in abeyance the case pending receipt of the copy of the PMO.

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

The Company filed a petition at the Taguig Court for the vacation of the final award in PDRCI Case No. 95-2018.The Company received SEASIA's Motion Ad Cautelam and Manifestation and Motion Ad Cautelam, praying that: 1) HOLCIM's Petition to Vacate dated 13 October 2020 be dismissed; and 2) HOLCIM's Mr. Ike C. Tan and Atty. Julius Anthony R. Omila be declared liable for direct contempt for willful and deliberate forum shopping. In response, the Company filed its Counter-Manifestation with Opposition [Re: Manifestation and Motion Ad Cautelam dated 05 January 2022 of even date.

On 28 February 2022, the Court ordered the parties to submit its respective Memorandum within fifteen days or until March 15, 2022. On March 28, 2022, the Company received the Order dismissing the Petition to Vacate. The Company intends to avail of the remedies on appeal.

5. SEASIA Nectar Port Services, Inc. v. Holcim Philippines, Inc. (Ike S. Tan) and Atty. Julius Anthony R. Omila; S.C.A. No. 172-ML; Regional Trial Court, Branch 94, Mariveles, Bataan [Indirect Contempt Proceedings]

In the Petition for Indirect Contempt, SEASIA prayed: (a) that respondent and. Atty. Omila be adjudged guilty of indirect contempt for alleged misbehavior as an officer of a court in the performance of his official duties or in his official transactions; (b) that respondents HOLCIM (Ike S. Tan -as authorized representative of the Company) and Atty. Omila be adjudged guilty of indirect contempt of court for their supposed: (i) abuse of and unlawful interference with the processes and proceedings of RTC-Mariveles; and (ii) improper conduct tending, directly or indirectly to impede, obstruct or degrade its administration of justice; and (c) for the imposition upon them the penalty of imprisonment or fine, or both.

The Company has filed its Comment last 23 December 2021. SEASIA also recently filed its Request for Admission and Written Interrogatories on Respondent Atty. Julius Anthony R. Omila dated 6 January 2022. Holcim filed on 02 February 2022 its written Objections to the said request.

B. <u>Tax Cases (Parent Company)</u>

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

   While this action was pending, the Company received on October 26, 2015, a 2015 Assessment Notice which assessed the Company for alleged deficiency local business tax (**LBT**) in the aggregate amount of ₱118.2 Million for the years 2006 to 2015. Unlike the 2014 Assessment Notice which involves the defendants' assessment of LBT against the Company based on purported undeclared gross sales or receipts for the years 2006 to 2012, the 2015 Assessment Notice concerns the Treasurer's assessment of LBT against the Company based on purported undeclared gross sales or receipts for the years 2006 to 2015. The Municipal Treasurer did not act on the Company's protest within the 60-day period provided in Section 195 of the Local Government Code, and thus, on March 21, 2016, the Company filed a Complaint/Appeal with the Bulacan Regional Trial Court (the **Bulacan RTC**) which sought the cancellation/nullification of the 2015 Assessment Notice.

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

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

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

2. The Company received an Assessment from the Provincial Assessor and a Notice of Realty Tax Delinquencies issued by the Provincial and Municipal Treasurers on December 18, 2012, which demanded a total of ₱80.3 Million in real property taxes (**RPT**) on the Company's machineries and equipment for the years 2011 and 2012. The Local Board Assessment Appeals (**LBAA**) granted the Company's Motion to Post Bond amounting to ₱80.3 Million. The appeal is still pending with the LBAA.

On April 23, 2013, the Provincial Assessor of Bulacan issued a revised tax declaration on machineries and equipment at the Company's Bulacan Plant. Thereafter, on June 30, 2013, the Company received an assessment for the years 2011 to 2013 and a computation of RPT for the first and second quarters of 2013. The Company was assessed for additional RPT in the total amount of ₱23.8 Million. On September 13, 2013, the Company received an assessment from the Municipal Treasurer of Norzagaray, Bulacan for RPT due on its 1998 and Additional Line 2 Properties for the third quarter of 2013. The said assessment also reiterated the previous assessments made for 2011 to 2012 and the first and second quarters of 2013. The Company's supplemental appeals, covering the 2013 1st and 2nd Quarter RPT Assessment and September 2013 Assessment with the LBAA are pending resolution.

On March 10, 2014, the Company received 71 tax declarations and 71 notices of assessment over its machineries for 2014 from the Municipal Assessor of Norzagaray, Bulacan. Thereafter on May 9, 2014, the Company received a notice of assessment from the Provincial Assessor of Norzagaray, Bulacan. On May 15, 2014, the Company also received an assessment from the Municipal Treasurer of Norzagaray, Bulacan requiring it to pay deficiency RPT for the years 2011 to 2013 in the total amount of 129 Million. On July 9, 2014, the Company's supplemental appeals with the LBAA covering these assessments are pending resolution.

On December 9, 2014, at the suggestion of the Provincial Governor of Bulacan and the Municipal Mayor of Norzagaray, Bulacan, the Company paid under protest on December 9, 2014 real property taxes in the total amount of ₱120 Million, allocated as follows; (a) lands: ₱8.6 Million; (b) buildings: ₱3.3 Million; and (c) machineries: ₱107.9 Million. On January 9, 2015, the Company filed three protests with the Provincial Treasurer. Following the Provincial Treasurer's inaction over the Company's protests, the Company filed its appeal with the LBAA, raising the following issues: (a) whether the Company is entitled to an annual depreciation allowance; (b) what is the correct amount that should be credited in the Company's favor on account of its RPT from 2011 until the third quarter of 2013; and (c) whether it is correct to assess interest, surcharges and penalties on the RPT that the Company attempted to pay on time but which the local government officials refused to accept in respect of RPT for the fourth quarter of 2013 and 2014. This appeal is pending resolution.

On March 30, 2015, the Company received an assessment for deficiency RPT for 2015 in the amount of ₱49.3 Million. The Company paid the assessed amount and filed a protest with the Provincial Treasurer of Bulacan. Following the Provincial Treasurer's failure to act on the

Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On March 31, 2016, the Company received from the Municipal Treasurer of Norzagaray, Bulacan an assessment for deficiency RPT for 2016 in the total amount of ₱103 Million. The Company paid the said amount and filed a protest with the Provincial Treasurer. Thereafter, on May 13, 2016, the Municipal Treasurer of Norzagaray, Bulacan issued a revised computation of the Company's liabilities for 2016 in the total amount of ₱46.8 Million. The Company thus filed a supplement to its earlier protest with the Provincial Treasurer. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed an appeal with the LBAA, which is pensing resolution.

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

On March 26, 2018, the Company received a computation in respect of the RPT due on the Company's Bulacan Plant for the year 2018 in the amount of ₱52 Million. On the same date, the Company paid the RPT due on its properties, of which payment amounting to ₱41.1 Million for the machineries is under protest. The protest with the Provincial Treasurer was filed on April 25, 2018. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

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

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

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

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

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

On July 13, 2020, the LBAA received the Appeal filed by Holcim. LBAA denied petition for refund ordering Holcim to pay 315.6M but applying the P454.7M already paid from 2012 to 2020.The application reduced the refund amount to P139.1M.

All refund claims appeal are pending with Central Board of Assessment Appeals (CBAA).

3. HPI had an on-going tax audit for 2016 national taxes. Last December 21, 2020 the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes

amounting to P2.9B, inclusive of penalties and interest. The Company has filed its protest to PAN last January 5, 2021 and was closed via settled in December 10, 2021 for P50.2M.

4. HPI has an on-going tax audit for 2017 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

5. HPI has an on-going tax audit for 2018 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

6. HPI has an on-going tax audit for 2019 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

7. HPI has an on-going tax audit for 2020 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

C. <u>Tax Cases (Subsidiaries)</u>

1. CACI received a final assessment notice from the (**BIR**) in December 2014 for alleged deficiency income tax and value-added tax covering the taxable year 2011 amounting to ₱2.5 Million, inclusive of penalties and interest. CACI has availed of BIR's amnesty program and paid P484K last December 17, 2020. The Company has received the Notice of Issuance Authority to Cancel Assessment (NIATCA) as proof of cancellation of the assessment last January 25, 2021.

2. ECLI has an on-going tax audit for 2017 national taxes. The Company received the Preliminary Assessment Notice (PAN) last February 5, 2021. The BIR issued a Warrant of Garnishment (WOG) last November 3, 2021 to Security Bank for P16.2M. ECLI applied for abatement and compromise for P5.4M last December 19, 2021.

3. MGMC has an on-going tax audit for 2018 national taxes. The Company has closed and settled the case for P86K.

4. HPMC has an on-going tax audit for 2000 capital gains tax. Last November 5, 2020, HPMC received a Final Decision on Disputed Claim for the alleged deficiency capital gains taxes for the amount of P 355.5M. On December 3, 2020, the Company filed its Petition for Review with the Court of Tax Appeals. The Pre-trial hearing was held last June 14, 2021 with succeeding hearings to file the Motions. HPMC is currently awaiting for the resolution of the CTA 2nd Division on the Motions.

5. On August 31, 2010, Holcim filed a Complaint for Interpleader against Iligan, Lugait, and Misor to compel them to litigate among themselves and determine who has taxing jurisdiction over Holcim's Lugait plant. On April 30, 2018, Holcim received the RTC's Decision dated January 22, 2018 dismissing said case. On May 15, 2018, Holcim filed its Motion for Reconsideration of the RTC's Decision. On July 24, 2019, Holcim received the court's Order dated January 9, 2019 denying its Motion for Reconsideration. On August 6, 2019, Holcim filed its Notice of Appeal dated July 30, 2019.

   On December 21, 2020, Holcim received a notice from the Court of Appeals directing it to file its Appellant's Brief within forty-five (45) days from receipt of the notice. Consequently, Holcim's Appellant's Brief was filed on February 3, 2021.

6. HPMC has an on-going tax audit for 2017 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

7. HPMC has an on-going tax audit for 2018 national taxes. The BIR has provided a Notice of Discrepancy (NOD) for reconciliation last November 18, 2021.

8. HPMC has an on-going tax audit for 2019 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

9. HPMC has an on-going tax audit for 2020 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

10. HSSI has an on-going tax audit for 2016 national taxes. As of December 31, 2021, the BIR has not provided a Preliminary Assessment Notice (PAN).

11. HSSI has an on-going tax audit for 2017 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

12. HSSI has an on-going tax audit for 2018 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

ANNEX C

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN**, Filipino citizen, of legal age, with office and postal address at 8th Floor, Three World Square, McKinley Hill, Fort Bonifacio, Taguig City, do hereby certify that:

1. I am the Corporate Secretary of **HOLCIM PHILIPPINES, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippiness laws with principal place of business at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City.

2. As of the date of this Certification, none of the member of the Board of Directors or officers of the Corporation are employed by or connected with any government agencies or instrumentalities.

3. This Certification is issued in connection with the submission of the Corporation's Definitive Information Statement.

BELINDA E. DUGAN
Corporate Secretary

ANNEX D

COVER SHEET

26126

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

7th Floor, Two World Square, Mckinley Hill, Fort Bonifacio, Taguig City

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

Dennis G. Segovia

(Contact Person)

8581-1511

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

SEC FORM 17-A

For the year ended December 31, 2021

(Form Type)

05 27

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

5,248

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended ....December 31, 2021................

2. SEC Identification Number 026126......... 3. BIR Tax Identification No. 000-121-507-000...

4. Exact name of issuer as specified in its charter .... Holcim Philippines, Inc...........

5. Republic of the Philippines.......................... 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

7. 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City ..... 1634..............
Address of principal office — Postal Code

8. (632) 858-11511..
Issuer's telephone number, including area code

9. Not applicable…...
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock...	6,452,099,144........................

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

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
_x_ Philippine Stock Exchange, Inc._______ ___ Common Shares ___

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No [ ]

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

Yes [X] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

PhP5,467,948,646(920,530,075common shares @ PhP5.94 per share, the closing price at which stock was sold on December 31, 2021).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. The following documents are incorporated by reference:

(a) Audited Consolidated Financial Statements as of December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021 - Exhibit 1
(b) Statement of Management's Responsibility for Consolidated Financial Statements as of December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021 – part of Exhibit 1
(c) Supplementary Schedules to the Audited Consolidated Financial Statements – Exhibit 2
(d) SEC Form 17-Q – Exhibit 3
(e) Legal Proceedings and Pending Legal Cases – Exhibit 4
(f) SEC Form 17-C – Exhibit 5

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Holcim Philippines, Inc. (HPI or the “Company”), is one of the premier cement manufacturers in the Philippines and is a member of the Holcim Group (formerly LafargeHolcim), one of the world’s leading suppliers of cement, aggregates, concrete and construction-related services. HPI is mainly engaged in the manufacture, sale and distribution of cement and cementitious products and the provision of technical support on various construction-related quality control, optimization, solutions development and skills upgrade.

The Company and its subsidiaries own four cement production facilities, one cement grinding mill, five ports, as well as multiple storage and distribution points across the country.

The consolidated operations of the four cement production facilities have fortified HPI’s premier position in the Philippine cement industry with a total installed clinker production capacity of 5.2 million metric tons per year (MTPY) and cement production capacity of 9.4 million MTPY.

HPI was the first in the Philippine cement industry to receive ISO 9002 certification (Quality Management System Standards) from the International Organization for Standardization (ISO). Additionally, all four plants are ISO 14001 certified (Environment Management System Standards) and ISO 45001 (Occupational Health & Safety Management) certified.

(1) History and Business Development

HPI was incorporated and registered with the Philippines Securities and Exchange Commission (SEC) on November 12, 1964 under the name Hi-Cement Corporation (HCC).

On February 8, 2000, the SEC approved the merger of HCC, Davao Union Cement Corporation, and Bacnotan Cement Corporation, with HCC as the surviving entity. Simultaneously, the SEC also approved the request for a change of corporate name from HCC to Union Cement Corporation (UCC).

On January 11, 2001, the SEC approved the merger of Atlas Cement Marketing Corporation, Davao Union Marketing Corporation and Bacnotan Marketing Corporation into UCC.

On July 17, 2002, the Board of Directors of UCC approved the acquisition of 88% of the issued and outstanding common shares of Alsons Cement Corporation (ACC) from Cemco Holdings, Inc. (Cemco). In consideration of such shares, new shares of UCC were issued to Cemco, at the exchange ratio of one (1) UCC share for every 3.7 ACC shares owned by Cemco, thus, making ACC a subsidiary of UCC.

Pursuant to the Securities Regulation Code (SRC) and its implementing rules and regulations, HPI undertook a tender offer in favor of the remaining 12% non-controlling shareholders of ACC to exchange their holdings in ACC for new shares of UCC at the same exchange ratio, with the option to accept cash at a price of PhP0.28 per ACC share, in lieu of HPI shares. The foregoing transactions were approved by shareholders of UCC on September 4, 2002. The Company acquired additional ACC shares representing 0.02% equity interest in ACC after the end of the tender offer period.

On September 19, 2002, the Board of Directors of ACC approved a resolution for the delisting of the shares of stocks of the company from the Philippine Stock Exchange (PSE). The PSE approved the resolution for the delisting on December 15, 2002.

On August 17, 2004, the SEC approved ACC's reverse stock split, increasing the par value of ACC's shares to PhP1, 000 per share from PhP0.50 per share. As a result of additional purchases from the remaining non-controlling shareholders of ACC in 2004 and the effect of the reverse stock split, UCC equity interest in ACC increased from 98.74% to 99.6%.

On November 30, 2004, the SEC approved the request for change in corporate name from UCC to HPI. On January 19, 2005, the SEC also approved the change in corporate name of ACC to Holcim Philippines Manufacturing Corp. (HPMC).

On March 6, 2014, the SEC approved the increase in authorized capital stock of Holcim Mining and Development Corporation (HMDC) (formerly Sulu Resources Development Corp., later renamed Holcim Aggregates Corporation) to make way for additional subscription by HPI and HPMC, in consideration of properties such as parcels of land, mining claims and foreshore leases. On March 18, 2016, the SEC approved the increase in authorized capital stock of HMDC to make way for subscription by the Holcim Philippines, Inc. Retirement Fund of sixty percent of the issued and outstanding capital stock of HMDC. Today, HMDC is an associate company of HPI, providing most of the Company's raw materials from the quarries of HMDC and its subsidiaries in La Union, Bulacan, Lugait and Davao. HMDC and its subsidiaries also leases to the Company parcels of land and foreshore leases for the latter's operations.

As of December 31, 2021, HPI is 60.55% owned by Union Cement Holdings Corporation (UCHC), 18.11% owned by Holderfin B.V. (Holderfin), and 7.08% owned by Cemco while the remainder of its shares is owned by the public. HPI common shares are listed in the PSE.

<u>The Company's Subsidiaries</u>

Holcim Philippines Manufacturing Corporation (HPMC)

HPMC was incorporated and registered with the SEC on February 7, 1968 under the name of Victory Cement Corporation.

HPMC has 1.5 million MTPY line that was successfully commissioned in 1998 and started commercial operation in January 1999. HPMC's terminal located in Calaca, Batangas, which had been idle for several years, was rehabilitated in 2010 and resumed operations in January 2011. Today, substantially all of HPMC's cement manufacturing assets are being leased by HPI.

In January 2019, HPMC renewed the bareboat agreement with HPI for the latter's vessel requirements to transport cement to various destinations within the Philippines. The bareboat agreement is valid until December 2023.

HPMC's subsidiary, Calamba Aggregates Company, Inc. (CACI), was incorporated and registered with the SEC on October 15, 1992, that operated an aggregates plant in Laguna. CACI ceased operations effective December 31, 2013.

HPMC's wholly owned subsidiary, Bulkcem Philippines, Inc. (BPI), was incorporated and registered with the SEC on April 5, 1995. Today, BPI owns a bulk terminal located in Iloilo which is currently being leased by HPI.

Alsons Construction Chemicals, Inc. (ALCHEM), another subsidiary, owned a cement and mineral admixture plant in Lugait, Misamis Oriental, was incorporated in the Philippines and was registered with the SEC on December 23, 1996. The operation of ALCHEM was discontinued since July 1999. ALCHEM filed an affidavit of non-operation with the SEC and is now going through the process of dissolution.

Excel Concrete Logistics, Inc. (ECLI)

Excel Concrete Logistics, Inc. was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors of HPI approved the closure and dissolution of ECLI. On January 28, 2020, the SEC approved ECLI's application for amendment of ECLI's Articles of Incorporation to shorten its corporate term up to January 31, 2021. ECLI is now in the process of winding up its corporate affairs.

Shop and Build Corporation (formerly Holcim Philippines Business Services Center, Inc.)

Holcim Philippines Business Services Center, Inc. (HPBSCI) was incorporated and registered with the SEC on February 4, 2014. HPBSCI was set up to engage in the business of providing business process outsourcing and other information technology-enabled services to the Holcim Group. On February 13, 2015, HPBSCI transferred and sold its intellectual property rights and leasehold improvements to Holcim East Asia Business Service Centre B.V. – Philippine ROHQ.

On April 1, 2021, the Board of Directors and Stockholders of HPBSCI approved the proposal to amend its Articles of Incorporation to change HPBSCI's corporate name to Shop and Build Corporation and to amend its primary purpose. The Securities and Exchange Commission approved BSC's application to amend its Articles of Incorporation. Shop and Build Corporation will engage in the business of online selling (wholesale or retail), distributing, marketing and trading of cement and other construction materials.

HuBB Stores and Services Inc. (HSSI)

HuBB Stores and Services Inc. was incorporated and registered with the SEC on June 2, 2014. HSSI was set up to engage in the business of buying, selling and distributing construction and building materials, and to operate, maintain and franchise stores for the sale and distribution of said materials. HSSI ceased its business operations in August 2020. The Board of Directors and the stockholders of the Company approved the dissolution of HSSI on November 19, 2020 and January 15, 2020, respectively.

Mabini Grinding Mill Corporation (MGMC)

Mabini Grinding Mill Corporation was incorporated and registered with the SEC on September 29, 1999. In August 2013, the rehabilitation of MGMC's grinding station in Mabini, Batangas was completed. HPI is leasing and operating the said grinding station.

Bankruptcy Proceedings

The Company is not a party to any bankruptcy, receivership or similar proceedings.

Material Reclassification, Merger, Consolidation

On May 10, 2019, a Sale and Purchase Agreement **(SPA**) for the sale and purchase of shares in the Company was executed by Holderfin, First Stronghold Cement Industries, Inc., San Miguel Corporation and Lafargeholcim Ltd. Subject to the prior written approval of the Philippine Competition Commission and fulfillment of customary closing conditions, it was agreed that Holderfin shall sell its shares in the Company and shall procure Cemco and UCC to likewise sell their shares in the Company to First Stronghold Cement Industries, Inc. The SPA has lapsed on May 10, 2020 and UCHC still holds the controlling interest in the Company.

On November 19, 2020, the Board of Directors of Holcim Philippines, Inc. approved the upstream merger of Holcim Philippines Manufacturing Corporation, Mabini Grinding Mill Corporation and Bulkcem Philippines, Inc. into Holcim Philippines, Inc. The stockholders likewise approved the upstream merger in a special meeting held on 15 January 2021. The Plan of Merger will be presented to the Board and the stockholders of the Constituent Companies in 2022.

(2) General Business Description

HPI is engaged in the manufacture, sale and distribution of cement, dry mix mortar products, clinker and aggregates. It also offers construction-related trainings, consultancies, testing and other technical services to its customers. With the Company's production facilities, ports, storage & distribution terminals, sales offices and channel partners, HPI has an extensive sales and distribution footprint due to its strategically located plants and terminals in the Philippines.

The Company has a portfolio of innovative solutions fostered by a wide range of building products and services. It's portfolio of cement, aggregates, finishing and concrete solutions aimed at helping local builders execute a wide range of projects with quality performance and efficiency, from massive infrastructures to simple home repairs. The Company's product quality and operational capability are geared toward meeting the customers' building needs.

(a) *Product Lines*

HPI manufactures five (5) main cement product brands namely: Holcim 4X (Type 1 high performance Portland cement), Holcim Premium (Type 1 Portland cement), Holcim Solido (Type IP Blended cement), Holcim Excel (Type 1P Blended cement), and Holcim WallRight (Type S Masonry cement).

Its products are sold mostly in bags except for Holcim Premium (in bulk) and Holcim 4X (bulk). Other packaging formats include tonner, jumbo bags and bulk. HPI also sells to cement producers a semi-finished product called clinker, which is sold only in bulk.

The company has also in its portfolio aggregates and dry mix mortar products. Dry Mix mortar products are Holcim Tile Adhesive and Holcim Skim Coat and the recently launched Holcim Multifix, an all-in-one mortar for plastering, floor screed and thick bed tile installation.

All HPI products meet the Philippine National Standards (PNS) and the American Society for Testing and Materials (ASTM) product quality standards.

The Business continues to serve SF Crete as a one-day concrete solution for road application in line with the Conditional Approval awarded by DPWH for this technology.

Below is a brief description of HPI's various products:

Holcim 4X

Holcim 4X is an ASTM C150 high performance Portland cement. It is specially formulated for ready mix concrete applications. It has high compressive strength, high workability and is compatible with commonly available admixtures. Supplied in bulk, Holcim 4X is mainly used for high-rise buildings and vertical structures that require high-strength cement. It is ideal for construction that requires optimized concrete mix designs and fast construction cycles. With the high 28-day compressive strength of Holcim 4X, lower cement factor is needed resulting in lower construction costs. Longer setting time results to better slump retention and pumpability of concrete.

Holcim Premium

Holcim Premium is an ASTM Type I Portland Cement. It is used for general concrete construction. To make Portland cement, powdered limestone, silica and iron-rich materials are homogenized and burnt at 1500^{o}C. The resulting material is called clinker. Portland cement is produced by grinding clinker with a small amount of gypsum, a set retarder. When Portland cement is mixed with water and aggregates to make concrete, the mixture is initially flowable and easy to place, mold and finish. Eventually, the concrete sets, hardens and produces a strong and durable construction material.

Holcim Solido

Holcim Solido is a premium quality ASTM Type IP Cement which is Portland cement combined with advanced mineral additives. It is sold in bulk, tonner bags and 40-kg bags and used for roads and general concrete applications. Advance mineral additives are inter-ground with higher composition of Portland cement clinker to improve durability of concrete.

Holcim Excel

Holcim Excel Cement is an ASTM Type IP Cement, which is Portland cement combined with advanced mineral additives. It is sold mainly in 40-kg bags and used for general concrete construction. Advanced mineral additives (including granulated blast furnace slag) are inter-ground with Portland cement clinker and gypsum to improve the workability and early strength. The product is used for the same applications as the Portland cement described above but is preferred by many customers because the additives improve its performance.

Holcim WallRight Cement

Holcim WallRight Cement is an ASTM C91 Type S Masonry Cement designed for block laying, plastering and finishing use. It is made by inter-grinding mineral additives and an air-entraining additive with Portland cement clinker during the finish milling operation. The resulting cement will produce smoother, more cohesive and more cost-effective mortars and plasters which are preferred by masons.

Clinker

Clinker is an intermediate product in cement production. It is produced by grinding and burning a proportioned mixture of limestone, shale and silica. When clinker is further subjected to grinding and added with gypsum, Portland cement is produced.

SF Crete Technology

SF Crete is a total solution offering for one day concrete pavement. This solution is a package of materials i.e., cement, aggregates and admixtures and technical support to meet one-day concrete design.

Aggregates

Aggregates are granular materials of mineral compositions used for various construction applications. It is used with a binding medium to form concrete, bitumous concrete, precast concrete, mortar, plaster and other concrete and asphalt applications. It can be used alone for road bases, structural beddings, railroad ballast, filter beds, backfills, etc. The grading and quality conforms to the ASTM C33 Standard Specifications for coarse and fine aggregates.

Holcim Tile Adhesive

Holcim Tile Adhesive is a premium cement-based adhesive for tiles specially formulated for thin-bed vertical and horizontal application. Its unique formulation combined with Holcim cement provides for a faster, stronger adhesion, with excellent non-slip properties.

Holcim Skim Coat

Holcim Skim Coat is a cementitious plaster specially designed to smoothen vertical structures suitable for both indoor and outdoor use. Skim Coat is used for rendering and smoothening surfaces prior to application of sealants or decorative paints.

Holcim Multi-fix

Holcim Multifix is a high performance polymer modified mortar formulated for internal and external wall plastering, floor screed and tile installation by thick bed method. It is the best substitute for traditional mortar.

Holcim Aqua X

Holcim Aqua X is the first general purpose cement with water-repellent properties. Its reliable strength and its ability to minimize the absorption of water by the concrete or mortar ensures a long lasting protection against damage and deterioration caused by water penetration.

Holcim Ecoplanet

Holcim ECOPlanet is an environment-friendly product with more than 30% lower carbon footprint than other general purpose cement. It is a general purpose blended cement ideal for structural applications.

Holcim AAC Block Adhesive

Holcim AAC Bloack Adhesive is a new dry mortar product is used for laying all types of AAC blocks and various types of cement blocks in the market. It is a polymer-based versatile thin joining adhesive specially formulated to provide high bonding, durability and speed up the build process of AAC blocks.

The following table shows the breakdown of sales revenues by product line of the Company for the periods indicated:

Table 1 – Revenue by Product Line

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2021**	December 31, 2020	December 31, 2019
Cement and cementitious materials	**₱25,153,069**	₱24,745,235	₱30,885,687
Others	**1,793,076**	1,270,107	2,601,084
Total	**₱26,946,145**	₱26,015,342	₱33,486,771

Contribution of Export Sales

The amounts and percentages of revenue attributable to export sales, including breakdown per region, for the calendar years ended December 31, 2021, 2020 and 2019 are as follows:

Table 2 – Export Revenue

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2021**	December 31, 2020	December 31, 2019
Total Export Revenues	**NIL**	NIL	NIL
% to Total Revenues	**NIL**	NIL	NIL
Breakdown of Export Revenues per Region (in %)			
Southeast Asia			
Eastern Asia			
Oceania	**NIL**	NIL	NIL
North America			
Western Europe			
Middle East			
Total % to Total Revenues	**NIL**	NIL	NIL

(b) *Marketing and Distribution*

The Company's major domestic customers are traders, wholesalers, retailers, contractors serving private and public projects, real-estate developers and concrete producers. Notably, HPI has supplied a number of big commercial and government flagship projects in the entire country.

(c) *New Product*

Holcim Aqua X

Holcim Aqua X is a general use cement under Type IT classification of hydraulic blended cements. It is the first general purpose cement with water-repellent properties. Its reliable general use cement standard performance and its ability to minimize the absorption of water by the concrete or mortar ensures a long lasting protection against damage and deterioration caused by water penetration.

Holcim Ecoplanet

Holcim ECOPlanet is an environment-friendly general use cement under the Type IS classification of hydraulic blended cements. This product is produced with at least 30% lower CO2 emission compared to ordinary portland cement (Type I). It is a general purpose blended cement ideal for general structural applications and because of its good durability properties, it can also be used in infra applications where better chemical attack resistance and lower heat of hydration is required.

Holcim AAC Block Adhesive

Holcim AAC Bloack Adhesive is a new dry mortar product is used for laying all types of AAC blocks and various types of cement blocks in the market. It is a polymer-based versatile thin joining adhesive specially formulated to provide high bonding, durability and speed up the build process of AAC blocks.

(d) Competition

There are ten cement manufacturers in the Philippines that include Holcim, Republic Cement, Cemex, Taiheiyo, Northern Cement, Eagle Cement, Goodfound, Mabuhay FilCement, Big Boss and Petra Cement. Eight of these local manufacturers operate integrated cement plants while Big Boss and Petra operate grinding plants only.

The positive long-term prospect of cement demand in the country has attracted new investments in the cement industry. Existing manufacturers are currently pursuing their expansion plans to add new capacities while new entrants joined in building new cement facilities.

In recent years, independent traders have brought in imported cement mainly from Vietnam. These are sold in 40kg bags and tonner bags distributed in key markets across the country. Some big cement traders have started to install cement terminals with bagging and warehousing facilities in key trading ports to dispatch both bulk and bagged cement. In 2019, the Philippine government imposed a safeguard duty on cement imports for a period of three years to enable the domestic cement manufacturing industry to implement and complete adjustment plans to become more globally competitive after the safeguard duty period expires. In December 2021, the Department of Trade and Industry imposed a preliminary anti-dumping duty on certain cement exports from Vietnam. The Tariff Commission is currently conducting a formal investigation to determine if the requirements to impose a permanent anti-dumping duty are met.

Among the local domestic manufacturers, Holcim has the widest market reach and widest range of building products and solutions serving customers across the country from two integrated cement plants, one cement grinding plant and one dry mix plant in Luzon, and two integrated cement plants in Mindanao. Holcim also operates cement terminals in Iloilo, Batangas and Manila. There are various warehouses strategically located in different geographic markets to support the company's distribution network.

The four cement plants of Holcim are certified to meet the ISO 9002 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) standards

(e) Sources and Availability of Raw Materials and Supplies

Raw Materials

The Company sources most of its raw materials (limestone, pozzolan, shale) from its associate company, HMDC and its subsidiaries which hold Mineral Production Sharing Agreements for its quarries in various areas including La Union, Bulacan, Davao and Lugait, Misamis Oriental. HPI also source raw materials from third party suppliers.

Energy Supply

Being an energy-intensive process, cement production requires a reliable and competitively priced power supply for uninterrupted and cost-effective production.

The Bulacan plant’s peak demand is currently at 35 megawatts (“MW”) while La Union plant’s peak demand is currently at 15 MW. On August 12, 2011, a 15-year Energy Services Agreement (ESA) was signed with Trans-Asia Oil and Energy Development Corp. (TA Oil), now AC Energy Philippines, Inc. (ACEPI) for the supply of both Bulacan Line 2 and La Union plants starting in 2014. On September 21, 2020, an amended and restated Energy Services Agreement was signed effective June 26, 2020 and valid until December 25, 2030.

The Davao plant’s total power requirement is 22 MW. Effective September 26, 2013, Davao plant became a captive customer of Davao Light and Power Company (DLPC), the Distribution Utility (DU) which holds the franchise for power distribution in the area pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010.

The Lugait plant’s total power requirement is 33 MW for both lines or 27 MW with Line 2 only. After the expiration of the Power Supply Agreement with NPC on December 25, 2012, Misamis I Oriental Electric Cooperative (Moresco I) took over as the power supplier of Lugait plant pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010. Currently, only Line 2 is operating.

Mabini Grinding plant which is a 6MW capacity establishment has qualified as a "Contestable Customer (CC)" when the Retail Competition and Open Access (RCOA) was implemented last June 26, 2013. As a result, a 10-year Power Supply Agreement with TA Oil now AC Energy Philippines, Inc. (ACEPI) was signed and took effect on June 26, 2014 in lieu of an agreement with distribution utility Department of Energy (DOE) Batangas Electric Cooperative, Inc. (BATELEC II). On September 21, 2020, an amended and restated Energy Services Agreement was signed effective June 26, 2020 and valid until December 25, 2030.On

Coal and Fuel Supply

HPI uses coal for heating the Company's kilns in La Union, Bulacan, Davao and Lugait.

HPI’s imported coal requirements are covered with annual supply contracts. Spot purchases remain an option for a healthy balance of supply reliability, market competitive prices and opportunity for substitute fuels.

For local coal requirements, the Company entered into a 1-year contract with Semirara Mining & Power Corporation covering 2021.

HPI has an existing supply contract with Petron and SL Harbour for its Diesel and Bunker fuel needs. Contracts started from January 1, 2021 and valid until January 1, 2023.

The Company has not experienced any disruption in its solid and liquid fuel supply.

(f) Dependence on a Single or a Few Customers

The Company employs a multi-level distribution strategy in serving the market. This covers wholesaler and retailer intermediaries, traders, ready mix companies, concrete products manufacturers, international and local contractors, real-estate developers, and end-users. At the same time, HPI supports numerous large- and medium-scale government infrastructure projects.

The aim is for the business not to be dependent on a single or a few customers but rather achieve a well-balanced customer portfolio.

(g) Related Party Transactions

Please see Note 32 – Related Party Transactions to the Consolidated Financial Statements for details.

(h) Trademarks, Licenses, Concessions, Labor Contracts

In 2017, applications for transfer of MPSA to HMDC and/or its subsidiary, HRDC have been approved by the DENR.

On labor contracts, please see the discussion on employees under Item I.

In 2016, the Philippine Intellectual Property Office issued Certificates of Registration to HSSI for the following trademarks: (1) “HuBB” logo; and (2) “HUB Builders Center”.

In 2021, the Philippine Intellectual Property Office issued a Certificate of Registration to HSSI for the Pinoy Builders Trademark which is valid until 18 November 2031.

(i) Governmental Approval of Principal Products

The DTI Bureau of Product Standards (BPS) granted HPI the license to use the Philippine Standard Quality Certification Mark for its principal products. All other necessary licenses and permits required for the continuous production and sale of HPI products have been secured by the Company, including new licenses as well as those that have to be renewed periodically.

(j) Research and Development

The Company is engaged in research and development for improving the production process used in its plants and for improving the quality and strength of its products. The Company spent a total of ₱126.6 million research and development costs in last three years as follows:

Table 3 – Research and Development Costs

Period Covered	Amount ('000 Pesos)	Percentage to Revenues
CY ended December 31, 2021	**₱ 51,616**	**0.19%**
CY ended December 31, 2020	37,251	0.14%
CY ended December 31, 2019	37,688	0.11%
Total	₱126,555	

(k) Costs and Effects of Compliance with Environmental Laws

The Company conducts its operations consistent with sustainable development principles and continuously improves its environmental performance to ensure compliance to environmental laws and regulations both locally and internationally.

The Company is committed to comply with environmental laws, regulations and standards applicable to its products and operations and subscribes to leading industry initiatives and internal requirements. It also assesses and measures its environmental impacts and continuously improves its processes, tools and capabilities and promotes best practices in the industry. For example, in order to ensure compliance to air emission standards, the plants maintain and operate electrostatic precipitators, bag houses, multi-cyclone and bag filters to mitigate dust emissions. The plants are also equipped with Continuous Emission Monitoring System (CEMS) for real time monitoring of gaseous emissions such as nitrogen oxide (NOx) and sulfur dioxide (SO2), carbon monoxide (CO) and volatile organic compound (VOC) emissions. Overall performance is validated regularly by quarterly monitoring of multi-stakeholders and government audits and is confirmed that HPI is compliant with the existing government standards.

The plants are ISO 14001 certified or have an effective environmental management system in place to ensure all environmental impacts and risks are effectively managed and mitigated. The company continuously optimize its use of resources through re-using, recovering and/or recycling waste materials in own production processes where feasible, minimizing the generation of any hazardous and non-hazardous waste, and disposing waste using safe and responsible methods.

The Company proactively engages with stakeholders and cooperates with legislators and regulators to ensure environmental obligations are fulfilled and local regulations are complied.

(l) Employees

As of December 31, 2021, HPI and subsidiaries had a total of 1,161 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	HPI	Subsidiaries	Total
Head Office*	309	0	309
Bulacan Plant	249	0	249
La Union Plant	160	0	160
Davao Plant	199	0	199
Lugait Plant	92	113	205
Calumpit	31	0	31
Calaca	8	0	8
Total	1,048	113	1,161

** Includes Mabini plant*

There is a slight reduction in the company's manpower complement compared to last year's due to various employee separations and deliberate decision to defer hiring of replacements while the Company is still recovering from the impact of the pandemic and reviewing its organization to align with the Company's strategy. Over-all attrition rate recorded is 7.76%, where 5.97% of which was due to resignations and early retirement.

In all cement plants, employees are allowed to report for work at 100% capacity while the head office still observes the appropriate on-site capacity in compliance with the applicable Covid-10 Inetr-Agency Task Force for the Management of Emerging Infections (IATF) regulations and guidelines. Working from home arrangement is part of the precautionary measures being implemented by the Company to protect its employees. Strict implementation of health and safety protocols is in place for those who work on-site.

Execution of Learning and Development Plans continued in 2021 and ended the year with 99% completion rate. There were 243 employees who were given opportunities to move to various roles as part of their development. In addition to local programs, selected Engineers participated in major global and regional technical programs to develop local experts. The Sales Academy was re-launched to equip the Salesforce as they face the new demands of the business and be able to implement the new commercial strategy.

Review of talents and succession planning remained important people activities in 2021. Talent Strategy was put in place to ensure that talents are at all times ready and available in case of vacancy in critical positions especially in the Management and Leadership Roles. A selected number of young upcoming leaders participated in the Early Career Leadership Program, a 6-month Group sponsored program to speed up the development of future leadership.

Supervisory and rank-and-file employees in the four integrated cement plans, as well as the rank-and-file in the paper bag plant, are members of their respective labor unions, with existing Collective Bargaining Agreements (CBA) with the Company.

Table 5 – Labor Unions

Location of the Plant/Site	Labor Union	CBA Expiry Date
Bacnotan, La Union	La Union Cement Workers Union	March 31, 2022
	Holcim La Union Supervisory Employees Union	March 31, 2024
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA)	December 31, 2025
	UCC Bulacan Supervisory Employees Union (UBSEU)	February 28, 2024
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union	July 31, 2021 *(Ongoing arbitration)*
	Holcim Lugait Supervisors Independent Union	March 31, 2024
Davao City	Davao Holcim Employees Workers Union	March 31, 2025
	Holcim Davao Supervisory Independent Union	March 31, 2025
Calumpit, Bulacan	Holcim Paper Bag Plant Employees Association – FFW Chapter	December 31, 2023

Two (2) CBA Negotiations were successfully concluded in 2021. One (1) associates' union is ongoing arbitration.

(m) *Risk Factors*

Political and Economic Factors

The Company and its subsidiaries are primarily engaged in the manufacture of clinker and cement in the Philippines. Cement is one of the basic materials for building works and sales are highly dependent on the demand for construction activities and the aggregate growth of the economy as well as political conditions in the country.

One of the principal factors that may materially affect financial performance is the level of construction activity in the public and private sectors. Public sector construction activity has always been a significant part of cement demand. However, government spending on construction-related activities (e.g. infrastructure and housing) is dependent on various factors mainly budgetary constraints and political considerations that could impact government's ability to execute its planned projects.

On the other hand, private sector spending is primarily driven by investors' confidence in the country, which in turn, is dependent on the country's economic and political conditions.

Any perceived political instability or lower-than-expected economic growth could have an adverse effect on the Company's financial performance.

Availability of Stable Power Supply

The contract with AC Energy Philippines, Inc. (ACEPI) which is valid until December 25, 2030 provides stable and guaranteed power supply for La Union Plant, Bulacan Plant, and Mabini Grinding Plant. The contract also provides for the availability of island mode backup power for both La Union and Bulacan plants during grid failures.

Lugait and Davao Plants, both situated in Mindanao, are now benefiting from electricity surplus brought about by the new coal power plants which started commercial operations from 2016 onwards. It is projected that the additional capacities from new coal power plants will provide Mindanao with surplus power supply in the medium-term.

WESM is not yet available in Mindanao. Also, the Retail Competition and Open Access (RCOA) can only be launched after WESM has been implemented. Hence, Lugait and Davao Plants will remain captive customers of Distribution Utility – Moresco I and Davao Light and Power Company (DLPC), respectively.

On November 16, 2021, Holcim Philippines, Inc. signed a 20-year power purchase agreement with GHRIAN EARTH CORP. (Blueleaf Energy), to deliver solar power to itsh plants in Bulacan and La Union. Under the agreement, Blueleaf Energy will finance, build, operate, and maintain solar energy facilities in Norzagaray, Bulacan and Bacnotan, La Union with a combined capacity of 29 megawatt peak and an annual generation of more than 50 gigawatt hours that will supply up to 15% of the energy requirements of Holcim Philippines' plants there. The solar energy facilities are scheduled to be completed in 2024.

The company is exploring other measures to manage power costs and at the same time contribute to sustainability strategy.

Dependence on Key Facilities

Substantially all of HPI's income has been, and will be derived from the sale of products manufactured at its production facilities in Luzon and Mindanao. Any prolonged breakdown of, or significant damage to, the Company's production facilities could have an adverse effect on the results of its operations. HPI maintains comprehensive property and casualty insurance policies covering its production facilities and key assets under an Industrial All-Risk policy. However, there can be no assurance that the proceeds from HPI's insurance claims would be sufficient to compensate the Company for all the effects of possible loss and/or damage. Notwithstanding that, the Company has appropriate processes and measures in place to further mitigate the risk of any possible loss or damage.

Impact of the Exchange Rate Fluctuations

Based on the 2021 Bangko Sentral ng Pilipinas Annual Exchange Rate Report, the Philippine Peso depreciated from PhP48.04 against the US Dollar as of December 31, 2020 to PhP50.77 as of December 31, 2021. The Peso has undergone fluctuations during the year with an average rate of PhP49.25. The weakening of the Peso resulted in the increase of cost of production inputs such as imported fuel, coal and supplies.

Environmental and Regulatory Matters

Cement manufacturing uses extensive resource and energy. It uses raw materials such as limestone, fossil fuel (coal and bunker fuel), electric power and water. As such, the environmental risks and impacts should be mitigated to ensure compliance to regulatory requirements and maintain operations in sustainable manner. An effective environmental management system is in place to manage these risks and impacts.

HPI conforms to rules and regulations defined under the following: The Philippine Environmental Impact Statement System (PD 1586), The Philippine Clean Air Act 1999 (RA 8749), Philippine Clean Water Act of 2004 (RA 9275), Ecological Solid Waste Management Act of 2000 (RA 9003), and Toxic Substances & Hazardous & Nuclear Waste Control Act of 1990 (RA 6969). Other Applicable Laws & Regulations are also identified in the Company's Integrated Management System Manual.

In a group-wide program, the Company strives to reduce dust emissions below the prescribed 150 mg/Nm3 level that the government allows cement plants to emit under the Philippine Clean Air Act. The Company maintains and operates modern electrostatic precipitators, bag houses, multi-cyclone and bag filters for mitigating the dust coming from its plants' pre-heater towers, kilns and cement mill grinding systems. With these modern dust control systems in place, HPI's cement plants kept dust emission levels below the prescribed government standard. The Company has in place Continuous Emission Monitoring System (CEMS) in all its four plants for continuous monitoring of particulate and gaseous emissions of main stack. The emissions data are being reported daily to regulatory body. In terms of compliance to Clean Water Act, the Company has in place pollution control facilities to manage storm water run-off and seasonal process water discharge such as siltation ponds. In terms of managing domestic water discharge, the Company properly maintains and operates waste treatment facilities. The Company also have waste management disposal facilities in the plants. The wastes generated by the plant which are qualified to be used as alternative fuel for the kiln are being co-processed. This co-processing technology under Geocycle follows the highest standard of environmental compliance. The four plants are also granted with Treatment, Storage and Disposal (TSD) Certificate as attestation to Geocycle's responsible handling and management of hazardous industrial wastes.

HPI's four plants continue to be recognized by the relevant national government agencies for its environmental performance and programs. The Company is committed to implement continuous improvement to ensure compliance and improve performance.

The status of compliance on the conditions stated in the Environmental Compliance Certificate (ECC) is regularly reported to DENR through the submission of Self-Monitoring Reports (SMR), Compliance Monitoring Reports (CMR), and Compliance Monitoring and Verification Reports (CMVR). Overall environmental performance is validated regularly by quarterly monitoring of multi-partite monitoring team (MMT) and government audits and is confirmed that HPI is compliant with the existing government standards.

Item 2. Properties

The Company's major items of property, plant and equipment are located in Norzagaray, Bulacan; Bacnotan, La Union; Bo. Ilang, Davao City; Lugait, Misamis Oriental; Mabini, Batangas; Calaca, Batangas; Iloilo; and Manila. The table shows the consolidated properties of HPI as of December 31, 2021 compared to December 31, 2020.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	**December 31, 2021**	December 31, 2020
Machinery and equipment	**₱ 30,436,009**	₱29,559,173
Buildings and installations	**14,082,667**	14,112,017
Furniture, vehicles and tools	**1,041,204**	998,828
Construction in progress	**1,823,279**	1,330,800
	47,383,159	46,000,818
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	**27,880,911**	26,475,284
Total	**₱ 19,502,248**	₱19,525,534

In connection with the principal properties of the Company, there are no existing mortgages, liens or encumbrances nor limitations in the usage or ownership.

There are no imminent acquisitions of property of significant amount that cannot be funded either by the Company's working capital or debt.

The table below summarizes the significant lease agreements entered into by the Company as a lessee.

Description	**Start Date**	**Expiration Date**	**2021 Lease Payments (in '000)**	**Renewal Options**
Plants, Terminals, Vessels, Ports	01.01.2016	01.01.2041	₱1,069,024	The contracts may be renewed or extended upon the mutual agreement of the Parties.
Head Office	15.11.2014	01.11.2023	57,612	The lease may be renewed upon the written agreement and under such terms and conditions as maybe acceptable to both Parties.
Industrial Warehouse	01.01.2019	31.12.2023	6,764	The contract may be renewed or extended upon the mutual agreement of the Parties.
Others (Housing, Vehicles)	15.03.2016	15.03.2022	130,012	The contract may be renewed or extended upon the mutual agreement of the Parties.

Item 3. Legal Proceedings

The Company is either a defendant or plaintiff in several civil, criminal and labor cases primarily involving collection and claims for damages. Based on the representation of management and the opinion of the Company's external legal counsels, the resolution of such cases will not result in any significant liability or loss of assets.

Other financial assets include the restricted funds in relation to court-mandated garnishment arising from a case filed by Seasia against the Group.

Pending material legal proceedings involving the Company are described in Exhibit 4.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the last annual meeting of the stockholders and the special meeting held on 15 January 2021 covered by the Company's SEC Form 20-IS report, no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

HPI common shares are listed in the PSE. The high and low market prices of HPI shares for each quarter of calendar year 2021 and that of the past two calendar years, as reported by the PSE, are shown below:

Table 7 – Market Prices of HPI Shares

Quarter Period	CY 2021		CY 2020		CY 2019	
	High	Low	High	Low	High	Low
January-March	6.28	5.00	14.08	10.08	10.34	10.18
April-June	6.98	6.05	8.93	6.02	13.70	13.42
July-September	7.20	6.12	6.44	5.20	14.50	14.10
October-December	5.90	5.01	7.92	6.72	13.70	13.50

Source: Philippine Stock Exchange, Inc.

As of March 16, 2022, the closing price of the Company's common shares at the PSE is ₱ 5.57 per share.

(2) Stockholders

As of December 31, 2021, HPI has 6,452,099,144 common shares outstanding held by 5,248 stockholders. The list of the top twenty stockholders of the Company as recorded by Stock Transfer Service, Inc., the Company's stock transfer agent, is as follows:

Table 8 – Top Twenty (20) Stockholders

Rank	Name	Citizenship	Shares (Sum)	%
1	UNION CEMENT HOLDINGS CORPORATION	FILIPINO	3,906,425,506	60.55%
2	HOLDERFIN B.V.	DUTCH	1,168,450,996	18.11%
3	SUMITOMO OSAKA CEMENT CO., LTD.	JAPANESE	594,952,725	9.22%
4	CEMCO HOLDINGS, INC.	FILIPINO	456,689,560	7.08%
5	PCD NOMINEE CORP (FILIPINO)	FILIPINO	233,518,176,	3.62%
6	PCD NOMINEE CORP. (NON-FILIPINO)	FOREIGN	62,677,829	0.97%
7	ANTONIO M. DUMALIANG &/OR ROSALINDA S. DUMALIANG	FILIPINO	922,363	0.01%
8	KAKUGARA AKIHIKO	FILIPINO	559,580	0.01%
9	LUIS CO CHI KIAT	FILIPINO	511,242	0.01%
10	LUIS ROLANDO GARCIA FADRIGO	FILIPINO	419,578	0.01%
11	JOAQUIN Q. TAN	FILIPINO	380,000	0.01%
12	AMERICAN WIRE & CABLE CO., INC.	FILIPINO	290,993	0.00%
13	LILIA V. QUITO	FILIPINO	288,000	0.00%
14	UNIVERSITY OF SANTO TOMAS	FILIPINO	190,750	0.00%
15	FRANCIS L. ESCALER	FILIPINO	186,935	0.00%
16	ANG GUAN PIAO		184,030	0.00%
17	ISABELA CULTURAL CORPORATION	FILIPINO	156,439	0.00%
18	FRANCISCO C. EIZMENDI, JR.	FILIPINO	149,459	0.00%
19	ROSALIA M. AMANDO	FILIPINO	141,069	0.00%
20	BENITO G. OBLENA	FILIPINO	137,337	0.00%
		Total	6,427,232,567	**99.61%**

(3) Dividends

The Company is authorized to pay cash or stock dividends, or a combination thereof, subject to approval by the Company's Board of Directors and/or its shareholders. Dividends paid in the form of additional shares are subject to approval by the Company's Board of Directors, the SEC and the stockholders of at least two thirds of the outstanding shares of the Company. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Other than the provisions in the loan covenants agreed to by the Company, there are no other limitations for the Company to declare dividends to its common stock.

Cash dividends were declared in for the years ended December 31, 2021, 2020 and 2019 as follows:

	2021	2020	2019
Cash Dividend Per Share (PhP)	**₱0.43**	NIL	NIL
Amount Declared (PhP)	**₱2,774,402,632**	NIL	NIL
Declaration Date	**May 27, 2021**	-	-
Record Date	**June 16, 2021**	-	-

(4) Sales of Unregistered Securities within the Last Three (3) Years

There are no other securities sold for cash by the Company within the last three years that were not registered under the SRC.

Item 6. Management's Discussion and Analysis or Plan of Operation

Review of CY 2021 Operations vs. CY 2020

The Philippine Gross Domestic Product (GDP) posted a growth of 7.7 percent in the fourth quarter of 2021, resulting in 5.6 percent full-year growth in 2021.

Revenue generated for the year was Php26.9billion, higher compared to Php26.0billion reported in the same period last year mainly due to higher volumes in both cement and aggregates. Series of price increases have been implemented during the year to partly augment the rising costs attributed to coal, fuel and power. Despite higher volumes produced, the aggressive cost reductions in production and distribution largely contributed in the overall profitability of the Group and in offsetting the increasing energy prices. The Company achieved total EBITDA of Php5.4billion, 14% higher than the same period last year.

The Company managed to incur lower financial expenses related to its short-term loans due to zero third party loans during the year. Net income after tax stood at Php2.6bio giving earnings per share of Php0.40.

**Source: Philippine Statistics Authority*

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2021 and 2020 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2021	**2020**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	6.3%	4.8%
Return on Equity (ROE)	Net Income / Ave. Total Equity	8.6%	7.2%
Operating EBITDA Margin	Operating EBITDA / Net Sales	20.1%	18.2%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	-0.7%	-6.0%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	152.7	23.8

Profitability

Higher compared with prior year from higher volume sold and net selling prices partially offset by higher operating costs.

Liquidity

The Company's liquidity position remained strong evidenced by significant cash balance.

Significant Disclosures

Please refer to Exhibit 5 of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Exhibit 5, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 5 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors (BOD) reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. All of the Company's revenues in 2021 and 2020 were denominated in the Philippine Peso.

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

As of December 31, 2021, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2021 and 2020, the Company had minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 20 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

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

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2021 and 2020, the Company has unutilized credit facilities of PhP13.6 billion and PhP12.0 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2021 and 2020 are disclosed in Note 20 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

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

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2021	2020
Loans payable - Group	**₱ -**	₱ -
Customers' deposits	**278,693**	296,600
Financial debt	**278,693**	296,600
Less cash and cash equivalents	**501,208**	2,080,791
Net financial asset	**(222,515)**	(1,784,191)
Total equity	**29,804,455**	29,632,055
Gearing ratio	**-0.7%**	-6.0%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity grew by 0.58% in 2021 as a result of increase in retained earnings coming from income from operations net of dividends declared.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease was mainly due to lower cash generated from operations coupled with higher capex spending.

Inventories

Increase was due to recognition of inventory as a result of discontinuation of inventory consignment for imported materials.

Trade and other receivables - net

Decrease was due to partial settlement of outstanding short-term loan receivable from a related party and the impact of the offsetting agreements executed by the Group with their associates.

Other current assets

Movement was due to lower prepaid expenses from amortization and lower input VAT from utilization, partially offset by the increase in advance payments to third party trade suppliers.

Right-of-Use Assets

Decrease was mainly due to the normal depreciation expense recognized for the period.

Intangible assets -net

Movement was due to capitalization of development costs incurred in product related projects net of the amortization expense recognized for the year.

Retirement Benefit Assets - net

The increase was largely attributable to gains earned from changes in actuarial assumptions upon remeasurement of retirement fund asset.

Trade and other payables

Decrease was mainly due to payments made to local vendors and importation and the impact of the offsetting agreements executed by the Group with their associates.

Income tax payable

Movement was mainly due to additional current tax expense for 2021 from higher income generated net of actual remittances to BIR and application of creditable withholding tax. The impact of the change in tax rate brought by the CREATE bill also contributed largely in the overall decrease.

Lease liabilities

Lower due to the decreasing balance of leases due to payments made to lessors in 2021 coupled with minimal additions during the year.

Deferred tax liabilities - net

Movement was driven by the tax effect on the remeasurement gain of retirement fund.

Remeasurement gain (loss) on retirement benefits

The increase was due to the net recognized gain in remeasurement of plan assets due to changes in actuarial assumptions and experience adjustments.

Non-controlling Interest

Increase was due to higher profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenue

Increase was mainly due to higher volumes sold coupled with higher selling price as compared to prior year.

Cost of goods sold

Movement was driven by lower production cost brought primarily by lower imported clinker and cement consumption coupled with savings in distribution cost mainly from lower outbound costs.

General and Administrative Expenses

The movement was due higher third party spending, software implementation cost and higher personnel expenses from full workforce deployment this year.

Selling Expenses

The increase was due to higher spending on marketing campaign and personnel expenses due to the absence of the benefit of rationalized workforce deployment.

Interest and Financing Charges

The decrease was because there were no third party or related party loans obtained in the current year.

Interest and Other Financial Income

The decrease was due to lower net interest earned on net defined benefit asset.

Other income (expense) - net

Decrease was due to the impact of the true up of share in undistributed earnings of associates coupled with the lower income from scrap sales.

Provision for income tax

Increase was due to higher taxable income as of the current period.

Review of CY 2020 Operations vs. CY 2019

Philippines' Gross Domestic Product (GDP) grew by negative 9.5%*, lower than the 5.9% growth registered in the prior year.

Revenue generated for the year was Php26.0billion, lower compared to Php33.5billion reported in the same period last year mainly due to lower volumes in both cement and aggregates businesses due to pandemic outbreak. Sustaining our net selling prices was a challenge in the year from intensified market competition in a generally soft demand coupled with shift to more pick-up sales to counter the supply interruptions brought by local quarantine. Aggressive cost reductions in production, distribution and support process costs partially mitigated the topline decline. The Group achieved total EBITDA after lease of Php4.7billion, 29% lower than the same period last year.

The Group managed to incur lower financial expenses related to its short-term loans due to full settlement of third party loans during the year. Net income after tax stood at Php2.1bio giving earnings per share of Php0.32.

**Source: Philippine Statistics Authority*

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2020 and 2019 are as follows:

Financial KPI	**Definition**	**For the Calendar Year ended December 31**	
		2020	**2019**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	4.8%	7.9%
Return on Equity (ROE)	Net Income / Ave. Total Equity	7.2%	13.5%
Operating EBITDA Margin	Operating EBITDA / Net Sales	18.2%	20.0%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	-6.0%	4.7%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	23.8	25.5

Profitability

While lower compared with last year, the profitability indicators remain to be at good levels remaining positive.

Liquidity

The Company's liquidity position remained strong as evidenced by significant cash balance.

Significant Disclosures

Please refer to Exhibit 5 of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Exhibit 5, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

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Accounting Policies and Principles

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Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors (BOD) reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Company's revenues, approximately nil and 0.02% were denominated in currencies other than the Philippine Peso in 2020 and 2019.

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

As of December 31, 2020, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2020 and 2019, the Company had minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 19 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

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

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2020 and 2019, the Company has unutilized credit facilities of PhP12.0 billion and PhP13.6 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2020 and 2019 are disclosed in Note 19 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

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

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2020	2019
Loans payable - Group	**₱ -**	₱3,925,849
Customers' deposits	**296,600**	345,915
Financial debt	**296,600**	4,271,764
Less cash and cash equivalents	**2,080,791**	2,961,897
Net financial debt (asset)	**(1,784,191)**	1,309,867
Total equity	**29,632,055**	27,769,609
Gearing ratio	**-6.0%**	4.7%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity grew by 6.7% in 2020 as a result of increase in retained earnings coming from income from operations.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease was mainly due to settlement of third party and related party loans coupled with lower cash generated from operations.

Trade and other receivables - net

Decrease was primarily due to lower credit sales coupled with higher customer collections from resolute collection efforts.

Inventories

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

Other current assets

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

Investments

Movement was due to due to the dividends received net of share from unrealized income from associates.

Property, plant and equipment – net

Decrease pertains to the depreciation, net of CAPEX additions and new and renewed lease contracts.

Right-of-Use Assets

Decrease was mainly due to the depreciation expense recognized for the period.

Retirement Benefit Assets - net

The decrease was due to recognized loss from re-measurement of retirement fund asset.

Other Non-current Asset

Increase pertains to movement in long-term prepaid assets pertaining to recognition of stranded cost for development.

Intangibles Assets - net

Decrease was mainly due to the amortization expense recognized for the period.

Loan payables

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

Trade and other payables

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

Income tax payable

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

Provisions

Decrease in provisions was mainly due to amortization relating to stranded cost.

Deferred tax liabilities - net

Movement was driven by the tax effect on the remeasurement of retirement fund.

Remeasurement gain (loss) on retirement benefits

The decrease was due to the recognized loss in remeasurement of plan assets due to changes in actuarial assumptions and experience adjustments.

Retained Earnings

Increase was due to net profit recognized for the period

Non-controlling Interest

Decrease was due to lower profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenue

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

Cost of goods sold

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

General and Administrative Expenses

The movement was due to lower third party / outside service costs; net of higher personnel and taxes and licenses expense.

Selling Expenses

The decrease was due to lower third party / outside service costs, personnel expenses, and transportation and communication costs.

Interest and Financing Charges

The decrease was due to full settlement of a loan from a third party.

Interest and Other Financial Income

The decrease was due to lower net interest on net defined benefit asset.

Foreign Exchange Gains (Losses) - net

Decrease was due to decrease in foreign currency denominated assets which were revalued at year-end.

Provision for income tax

Decrease was due to lower taxable income as of the current period.

Item 7. Financial Statements

The consolidated financial statements and supplementary schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this annual report under Item 14.1 and 14.2

Information on Independent Accountant

External Audit Fees

The fees billed for professional services rendered by Navarro Ampler & Co. (Deloitte) in 2021 and 2020 were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2021 and 2020.

Tax Fees & All Other Fees

The Company did not engage Deloitte for tax and other services in 2021 and 2020.

The Audit Committee's Approval Policies and Procedures for the Above Services

Upon recommendation of the Audit Committee and approval of the Board of Directors, the appointment of the external auditor was confirmed by the shareholders at the annual stockholders' meeting. In addition, the consolidated financial statements are reviewed and endorsed by the Audit Committee and approved by the Board of Directors before its release.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There was no event in the past five years where Deloitte or its predecessor, SGV, and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The audit findings are presented to the Company's Audit Committee, which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1) The Board of Directors

The Company's Board of Directors (the Board) is responsible for the overall management and direction of the Company. The Board meets regularly every quarter, or as often as may be necessary, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified. None of the members of the Board of the Company own more than 2% of outstanding common shares of HPI.

As of December 31, 2021, the following are the members of the Board:

Table 9 – The Board of Directors

Office	Name	Nationality
Chairman	Tomas I. Alcantara	Filipino
Vice Chairman	Martin Kriegner	Austrian
Director	Horia C. Adrian	Romanian
Director	Tan Then Hwee	Singaporean
Independent Director	Leandro Javier	Filipino
Independent Director	Thomas Aquino	Filipino
Independent Director	Medel Nera	Filipino

Set forth below are the business experience of the Board during the last five years:

Tomas I. Alcantara, 74, holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Master's in Business Administration degree from Columbia University, USA and attended the Advance Management Program of the Harvard Business School. He was the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. Mr. Alcantara was the Undersecretary for the Industry & Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996.

He is currently the Chairman of the Eagle Ridge Golf & Country Club, Inc. On July 2, 2021, Mr. Alcantara was elected as one of the board of the Philippine Stock Exchange (PSE). He was elected Director of the Company on July 4, 2003.

Martin Kriegner, 59, holds an MBA from the University of Economics in Vienna and a Doctorate degree from Vienna University Law Centre. He joined the Lafarge Group in 1990. In 1995, Mr. Kriegner was appointed as Chief Financial Officer of Lafarge Perlmooser AG, Austria. He served as Country CEO of Lafarge Austria from 1998 to 2001 and Lafarge India from 2002 to 2005 and 2012 to 2015. Mr. Kriegner was Lafarge Regional President, Asia and South West Asia, and was a member of the Lafarge Executive Committee from 2005 to 2012. Mr. Kriegner served as LafargeHolcim Area Manager for Central Europe from 2015 to 2016. He is presently LafargeHolcim Group's Head of India and South East Asia and a member of the LafargeHolcim Group Executive Committee. He was elected as Director of the Company on August 18, 2016.

Horia-Ciprian Adrian, 53, holds an MBA from the Ajou University in South Korea and a Master of Mechanical Engineering degree from University “Dunarea de Jos” in Romania. He is the former CEO of Holcim Romania and Head of Market for Serbia, Azerbaijan, Moldova & Bulgaria of LafargeHolcim. He joined LafargeHolcim in 2000 and has successfully held various management roles in the Group, including CEO roles for Russia, Eastern Europe & CIS and Middle East. He also managed the LafargeHolcim Group’s Business Transformation. He was elected as Director of the Company on March 1, 2021.

Tan Then Hwee, 49, holds an MBA and BBA in marketing from Wichita State University, Kansas , USA. She has over 20 years of human resources management experience in an international business environment across Asia Pacific. She is currently the Vice President HR, Global Head Learning & Development of Lafargeholcim Ltd. and concurrently a director of Ambuja Cements Ltd, India. Prior to joining Lafargeholcim in 2019, Ms. Tan was the Vice President HR of Sika Asia Pacific from April 2007 to March 2019. She was elected as Director of the Company on September 17, 2020.

Leandro D. Javier, 69, has over 20 years of experience in the cement industry. From 1983 to 1986, Mr. Javier worked for Iligan Cement Corporation (ICC) as Assistant Vice-President for Finance. He was assigned to "Holderbank" Switzerland to represent ICC in the Technical Center for the development of technical and financial feasibility studies involving plant rehabilitation and capacity expansion plans, and assist "HOFI's Regional Manager in the management of its investments in Asia.

He assumed the position of Executive Vice-President & General Manager in 1986, and served in the same position in Alsons Cement Corporation, after the acquisition of Floro Cement Corporation. He also served in similar senior executive positions in the various companies engaged in the related companies involved in domestic shipping and product distribution, bulk terminals, and aggregates. Mr Javier left Alsons Cement Corporation and its related companies in 1998.

Since 2013, Mr. Javier is a Management Consultant of Rapid Forming Corporation. He was elected as Director of the Company on May 24, 2019.

Thomas Aquino, 72, holds a Doctorate degree in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines. In 2000, he served at the Department of Trade and Industry as acting Secretary and as Senior undersecretary overseeing the country’s international trade promotions with trading partners and policy negotiations at the World Trade Organization and in the ASEAN Economic Community. Dr. Aquino is the recipient of the Presidential Service Award for extraordinary contribution of national impact on public interest, security and patrimony, Gawad Mabini Award and the Philippines-Japan Society Medal of Honor.

Dr. Aquino is currently the Chairman of NOW CORPORATION, Member of the Board of Directors and President of NOW Telecom Company, Inc (formerly Next Mobile, Inc.) and an Independent Director of ACR Corporation and A Brown Company, Inc. He was elected as Director of the Company on May 24, 2019.

Medel T. Nera, 66, is presently a director and a member of the Audit Committees of House of Investments, Inc., iPeople, Inc., EEI Corporation, and Seafront Resources Corporation. He is also an independent director of the National Reinsurance Corporation of the Philippines, Ionics, Inc., Actimed, Inc., Erikagen, Inc., Pharm Gen Ventures Corp., and Novelis Solutions, Inc. He was also a director of the Rizal Commercial Banking Corporation for 5 years, from 2011 to 2016. He was formerly a Senior Partner of SyCip Gorres Velayo & Co. (SGV), where he had about 35 years of experience in professional services. He served as Markets leader and Financial Services Practice Head at SGV. From 2008 – 2010, he served as Assurance Leader for the Financial Services Assurance practice of Ernst & Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam.

Mr. Nera was a partner of SGV for 22 years and had served in various other leadership positions. He received an undergraduate degree from Far Eastern University and an MBA from the Leonard N. Stern School of Business, New York University. He was elected as Director of the Company on January 15, 2021.

The Executive Officers

The officers are likewise elected annually by the Board and serve for one (1) year and until their respective successors have been elected. None of the officers of the Company own more than 2% of the total outstanding shares of the Company.

The Company's executive officers as of 31 December 2021 are set out below:

Table 10 – Executive Officers

Office	Name	Nationality
President & Chief Executive Officer	Horia Ciprian Adrian	Romanian
SVP - Chief Financial Officer/ Investor Relations Officer	Eliana Nieto Sanchez	Colombian
SVP – Head of Cement Industrial Performance	Eung Rae Kim	Korean
SVP - Head of Marketing & Innovation	Ramakrishna Maganti	Indian
SVP - Head of Organization and Human Resources , OIC	Elynor Roque	Filipino
SVP – Head of Logistics	Edwin Villas	Filipino
SVP - Head of Sustainability	Zoe Verna M. Sibala	Filipino
SVP – Head of Sales	William Sumalinog	Filipino
VP, Head of Procurement	Ike C. Tan	Filipino
VP, Head of Corporate Communications	Anne Claire Ramirez	Filipino
VP, Head of Health, Safety, Environment & Security	Richard C. Cruz	Filipino
VP, General Counsel/Corporate Secretary/ Compliance Officer	Belinda E. Dugan	Filipino
VP, Head of Geocycle	Albert Leoveras	Filipino
VP, Plant Manager – Bulacan	Bobby Garza	Filipino
VP, Plant Manager - Davao	Samuel Manlosa, Jr.	Filipino
VP, Plant Manager – La Union	Erano Santos	Filipino
VP, Plant Manager- Lugait	Arnold Pepino	Filipino
VP, Regional Head of Mindanao and Offshore Region	Ernesto Paulo Tan	Filipino
VP, Chief Audit Executive, OIC	Maria Kathrina Mamba	Filipino
Treasurer	Alexander Taar	Filipino

The business experience of Mr. Adrian Horia for the last five years is provided above. Set forth below are the business experience of the Company's other executive officers during the last five years:

Eliana Nieto Sanchez, 45, is the Company's Senior Vice President, Chief Financial Officer. Ms. Sanchez has vast experience within the Holcim Group with an impressive record in leading multi-disciplinary teams involved in high-impact projects for the Company's operative and digital transformation. Prior to joining Holcim Philippines, Inc., she was the Chief Financial Officer of Holcim Ecuador since May 2016. She holds a degree in Public Accounting from Universidad Nacional de Colombia and Master of Business Administration from Inalde Universidad de la Sabana.

Eung Rae Kim, 61, is the Senior Vice President, Head of Cement Industrial Performance. Mr. Kim holds a degree in Electrical Engineering and Masteral in Electrical Engineering from Hoseo University in Korea. He has 33 years of experience in cement plant operation having joined the cement industry since 1987. He has held various leadership roles within the LafargeHolcim Group in South Korea, Malaysia, Regional (IPC Asia) and Bangladesh. Prior to joining Holcim Philippines, Inc. Mr. Kim was the Industrial Director of LafargeHolcim Bangladesh Ltd. Since October 2015.

Ramakrishna Maganti, 52, is the Senior Vice President, Head for Marketing & Innovation. He holds a degree in Mechanical Engineering, MBA in Marketing from the Indian Institute of Management and a degree in Strategic Marketing Management from Harvard Business School. Mr. Maganti brings more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. Prior to joining Holcim Philippines, Inc. he held various leadership and management positions in LafargeHolcim India, Malaysia, France and the most recently in Singapore as Head of Sales and Marketing for Asia Pacific Region. Mr. Maganti worked for Philips NV a global consumer lifestyle and healthcare firm before joining the LafargeHolcim Group in 2006.

Elynor Roque, 51, is the Company's OIC – Senior Vice President, Head of Organization and Human Resource. Prior to her appointment, Ms. Roque was the Head of Talent Management of the Company. She has a solid background as a human resources professional, with 27 years of combined corporate and consulting work in different HR disciplines including organization development, change management, learning and development, executive coaching, and employee and labor relations. She completed the Management Development Program of Asian Institute of Management in 2015 and holds a degree in Bachelor of Science in Business Administration from the University of the Philippines.

Edwin Villas, **48**, is the Senior Vice President, Head of Logistics. He joined the Company in September 1997 as Strategic Sourcing Specialist. He served as the Company's Procurement Manager from October 2007 to August 2010 and was laterally transferred as Area Sales Manager for South Luzon in August 2011. Prior to his appointment as Head of Institutional Sales in May 2016, he served as the Head of Institutional Sales in May 2016 and thereafter as Manager, National Sales, Bulk. Institutional Sales. He is a certified Information Systems Auditor and a certified Professional for Supply Management. He has a degree in Computer Science from the Philippine Christian University.

Zoe Verna M. Sibala, 47, is the Senior Vice President, Head of Sustainability. Ms. Sibala holds a master's degree in Business Administration from the Graduate School of Business, De la Salle University and a degree in Economics from the University of the Philippines. In January 2010, she joined Lafarge as a Finance Manager of Batong Angono Aggregates Corporation and later on became the commercial controller of the Lafarge's cement product line – Lafarge Cement Service Philippines, Inc. Prior to being appointed as Head of Strategy of Holcim Philippines, Inc. she served Lafarge Republic Aggregates, Inc. as Project Manager from July 2014 to December 2014 and as Strategy and Business Development Manager from January to December 2015.

William Sumalinog, 52, is the Senior Vice President, Head of Sales. Mr. Sumalinog holds a Bachelor of Science degree in Computer Engineering from the University of Cebu where he graduated with leadership honors in 1992. Prior to his current role, Mr. Sumalinog was the Company's Regional Operating Head for various areas in Mindanao and Visayas. He joined Alsons Cement Corporation in 1998 where he occupied various key positions in sales.

Ike C. Tan, 61, is the Vice President, Head of Procurement joined Holcim Philippines (HPI) in 2011 as Solid and Liquid Fuels Manager. He held various positions in the Procurement / Supply Chain of HPI prior to his appointment as Head of Procurement in January 2017. His close to 25 years of procurement experience started during his employment with Philippine Airlines which included a stint as the airlines' Procurement Manager, Americas based in San Francisco, CA, U.S.A. Ike holds a degree of B. S. in Aeronautical Engineering, placed 6th in the Board and is an MBA candidate at the Ateneo Graduate School.

Ann Claire "Cara" M. Ramirez, 47, is the Vice President, Head of Corporate Communications. She was the Head for Marketing when she joined Holcim Philippines, Inc. in January 2015. She first joined a local food company, SAFI-UFC (now known as NutriAsia) in 1999, focusing on brand management of catsup brands. Prior to joining Holcim, she worked for Energizer Philippines, Inc. where she managed the Company's Marketing Department. Ms. Ramirez has a degree of Bachelor of Science in Economics from the University of the Philippines, Diliman.

Richard C. Cruz, 39, is the Vice President, Head of Health Safety and Environment. Mr. Richard Cruz joined Holcim Philippines, Inc. in May 2008 as Laboratory Engineer for AFR. In March 2010 he was appointed as Safety Officer responsible for delivering and maintaining safety systems and initiatives across all plants. From 2010 until his nomination for appointment as Head of Corporate Occupational Health and Safety, he served as Safety Manager for HPI's Commercial and Other Sites.

Belinda E. Dugan, 54, is the Vice President, General Counsel, Corporate Secretary and Compliance Officer of the Company. She obtained her Juris Doctor degree from Ateneo Law School and has over 23 years of experience with various multinational firms and a consulting company. Prior to joining Holcim Philippines, Inc. she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. (AEV) from October 2015 to October 2017. She served as Assistant Vice-president for Legal and Compliance of SN Aboitiz Power from May 2009 to October 2015.

Albert Leoveras, 48, is the Vice President, Head of Geocycle, Prior to his appointment to his current position, he was the Regional Head of sales for Northern and Central Luzon. He has over 15 years of experience in managing Sales Team, Distributors and key accounts sales. Prior to joining the Company, he was the Field Operations Manager and Regional Manager of Japan Tobacco International from 2012 to August 2015 and Sales Division Head of the Non-food Division of Wills International Sales Corporation.

***Bobby Garza*, **64**,** is the Vice President, Plant Manager of Bulacan. Mr. Garza is a registered Mining Engineer and a graduate of the Mapua Institute of Technology, Manila. He joined the Company in 1995 as Quarry Manager of La Union Plant. Prior to being appointed as Plant Manager in Bulacan, he was appointed as a Plant Manager in Lugait in 2012. He previously served as production manager of the Holcim La Union Plant from 2010 and Area Coach for Manufacturing Excellence of the Bulacan Plant.

Samuel O. Manlosa, Jr., 38, is the Vice President, Plant Manager of Davao. Mr. Manlosa is a licensed Chemical Engineer and placed 7th in the November 2004 Chemical Engineering Board Examinations. He joined the Company in June 2010 as Senior Process Engineer. In January 2016, he was engaged as Process and Automation Expert in Holcim Singapore where he supported 7 LafargeHolcim plants in the Southeast Asian region to resolve operational and efficiency issues in raw mean and cement grinding and to implement critical equipment modifications to drive process improvements. Prior to being appointed as Vice President, Mr. Manlosa held the position of Industrial Transformation and Operational Excellence Manager since November 2018.

Eraño Santos, 58, is the Vice President, Plant Manager of La Union. Mr. Santos served in various leadership capacities across several Holcim Philippines facilities. He joined the Company in November 1987 as Superintendent-Electrical. In September 2008, he was promoted as a manager and served as such until his promotion as Plant Manager of the La Union Plant.

Arnold Pepino, 50, is the Vice President, Plant Manager of Lugait Plant. Prior to being appointed as such, Mr. Pepino was the Production Manager of Lugait Plant. He is well-versed in the Company's plant operations having served the Company as early as 1996. He held the positions of Cadet Engineer, Production Engineer II, Shift Operations Manager, manufacturing Excellence Coach and Process Manager. As Production Manager of the Lugait Plant, he has achieved 18 months kiln run campaign without schedule plant shutdown that saved the Company refractory cost amounting to Php 61 Million and produced an additional clinker of 71,747 tons in 2016 and 16,740 in 2018.

Ernesto Paulo Tan, 45, is the Vice President, Regional Head of Mindanao and Offshore Region. He joined the Company in December 2015 as Head-Regional Commercial Sales of North Luzon. He served as the Zone Manager of JT International Philippines, Inc. from February 2012 to November 2015 where he was responsible for overall Luzon general trade performance, and as Sales and Marketing Head and Acting Market Manager from January 2011 to December 2011. He holds a Bachelor of Science in Business Administration from the University of the Philippines.

Ma. Kathrina Mamba, 39, is the Company's OIC, Chief Audit Executive. She is a member of the Integrated Bar of the Philippines and holds a Bachelor of Laws degree from San Beda University in 2007, Bachelor of Arts and Master's degree in Philosophy from the University of the Philippines in 2002 and 2003, respectively. She also attended the Basic Management Program of Asian Institute of Management in 2011.

Prior to joining the Legal Department of Holcim Philippines, Inc, in 2014, Ms. Mamba was the Company's Labor Relations Manager from 2012 to 2014 and was an associate lawyer of Siguion Reyna, Montecillo and Ongsiako Law Office ("Siguion Reyna") from 2008 to 2012. She has a solid background and experience in leading investigations on fraud and irregularities, and identifying and managing risks. During her stint as associate lawyer of Siguion.

Alexander V. Taar, 39**,** is the Company's Treasurer and concurrently holds the position of Head for Financial Planning, Performance and Analysis. He joined the Company in 2013 and held various positions in Finance including Head of Business Process and Controls and Head of Accounting and Finance Reporting. Mr. Taar holds a degree in Accounting from Philippine School of Business Administration and obtained his Masters degree in Business Administration from Ateneo Graduate School of Business. Mr. Taar is a Certified Public Accountant and a Certified Management Accountant.

2) Family Relationships

None of the members of the Board of Directors or any Executive Officer of the Company is related by affinity or consanguinity.

3) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, the present members of the Board of Directors or the Executive Officers are not, presently, or during the last five (5) years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings except for the pending legal proceedings involving certain directors and executive officers of the Company and its subsidiaries described in Exhibit 4 hereof.

Item 10. Executive Compensation

The Company has local and expatriate executives. The compensation of local executives is benchmarked against the established Focus Group (FG*). At 100% performance attainment of the Company's financial and business goals, the executive compensation is targeted to be at median (P50) of the FG and at the 3rd quartile for performance attainment of 110% and above. Expatriates are paid in accordance with the International Assignment compensation guidelines of Holcim Group.

The compensation received by the Executive Officers represents salaries, bonuses and benefits.

* The Company's Focus Group (FG) is composed of local and multi-national companies with annual gross revenues of PHP 5 - 50 billion and 500 to 5,000 employees.

Table 11 – Executive Compensation (in PhP)

Name and Principal Position	Year	Salary	Bonus	Benefits
The CEO and five (5) most highly compensated Executive Officers 1. Horia Adrian – President and Chief Executive Officer 2. Jesusa Natividad L. Rojas – SVP – Head, Chief Finance Officer* 3. Ramakrishna Maganti – SVP – Head, Marketing & Innovations 4. Eung Rae Kim – SVP – Head, Cement Industrial Performance (CIP) 5. William C. Sumalinog – SVP – Head, Sales** 6. Frederic Vallat – VP – Head, Geocycle***	2022*	61,766,414	43,435,174	58,161,987
	2021	61,766,414	43,435,174	58,161,987
	2020	81,254,363	35,161,212	74,587,381
	2019	86,961,274	20,104,726	71,959,081

Name and Principal Position	Year	Salary	Bonus	Benefits
All other Executive Officers and Directors as a group unnamed	2022*	71,490,930	19,610,988	23,181,192
	2021	71,490,930	19,610,988	23,181,192
	2020	68,707,768	18,800,253	23,320,930
	2019	79,113,370	19,907,071	47,082,597

"Benefits of the CEO and five (5) most highly compensated Executive Officers include retirement service cost of one (1) expatriate repatriated to home country and the pro-rate salaries and benefits of two (2) executives as follows:

** Jesusa Natividad L. Rojas - separated from the company on August 2021*
*** William C. Sumalinog - separated from the company end of December 2021"*
**** Frederic Vallat – repatriated effective July 1, 2021*
All other Executive Officers and Directors as a group unnamed in 2021 include all incumbents in the Leadership Team with the rank of Vice President and on current Officer-In-Charge (OIC) capacity.
2022 estimated compensation of executive officers for the ensuing year is assumed to approximate the 2021 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*
*2021** benefits of All Other Executive Officers and Directors include pro-rate salaries, bonuses and benefits of other two (2) separated local Executive Officers.*
*2020*** benefits of All Other Executives Officers and Directors include two (2) expatriates repatriated to home country*

Other than directors' per diem, the directors of the Company do not receive any other compensation from the Company, including any of the following arrangements:

a. Standard arrangement and any other material arrangements;
b. Employment contract (between the Company and named executive officers);
c. Compensatory plan or arrangement;
d. Outstanding warrants or options; and
e. Adjustments or amendments on the price of stock warrants or options.

Warrants and Options Outstanding

There are no warrants or options granted by the Company to any of its Directors or Executive Officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The table below shows persons or groups known to HPI as of December 31, 2021 to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting securities:

Table 12 – Beneficial Ownership of Voting Securities

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner And Relationship with Record Owner	No of Shares Held	% of Ownership
Common	Union Cement Holdings Corporation 7th Floor, Two World Square, McKinley Hill Fort Bonifacio, Taguig City (Filipino) Stockholder	Union Cement Holdings Corp. (same as record owner)	3,906,425,506	60.55%
Common	Holderfin B.V. De Lairessestraat 129Hs 1075 HJ Amsterdam the Netherlands	Holderfin B.V. (same as record owner)	1,168,450,996	18.11%
Common	Sumitomo Osaka Cement Co., Ltd. 6-28, Rokubancho, Chiyoda-ku, Tokyo 102-8465 Japan Japan (Japanese) Stockholder	Sumitomo Osaka Cement Co., Ltd. (same as record owner)	594,952,725	9.22%
Common	Cemco Holdings, Inc. 815/816 Tower One & Exchange Plaza Ayala Avenue, Makati City (Filipino)	Cemco Holdings, Inc. (same as record owner)	456,689,560	7.08%

The respective Board of Directors of each of UCHC, Holderfin, Sumitomo Osaka Cement Co., Ltd. and Cemco has the power to decide how their shares in the Company are to be voted.

Security Ownership of Management

The table below shows the securities beneficially owned by all directors, nominees and executive officers of HPI as of December 31, 2021:

Table 13 – Security Ownership of Management

Title of Class	Name and Address of Beneficial Owner	Amount / Nature of Ownership	Registered (R) or Beneficial (B)	% of Ownership
Common	Tomas I. Alcantara	1(D)	R	0.00%
Common	Martin Kriegner	1(D)	R	0.00%
Common	Horia C. Adrian	1(D)	R	0.00%
Common	Tan Then Hwee	1(D)	R	0.00%
Common	Leandro Javier	1(D)	R	0.00%
Common	Thomas Aquino	1(D)	R	0.00%
Common	Medel Nera	1(D)	R	0.00%
Common	Erano Santos	3,000	R	0.00%
	Total	**3,007**	R	**0.00%**

Directors and officers as a group hold a total of 3,007 common shares, equivalent to approximately 0.00% of the Company's issued and outstanding capital stock.

(1) Voting Trust Holders of 5% or more

No person holds five percent (5%) or more of the issued and outstanding shares of stock of the Company under a voting trust or similar agreement.

(2) Changes in Control

There were no material changes in the control of the Company since the beginning of the Company's last calendar year.

Item 12. Certain Relationships and Related Transactions

For a detailed discussion of other material related party transactions, please see Note 32 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1.

Except for the transactions discussed in Note 32 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and any: (i) director, officer, direct or indirect owner of 10% or more of the outstanding shares in the Company; (ii) close family member of such director, officer or owner; (iii) associates of the Company; (iv) enterprises controlling, controlled by or under common control with the Company; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, officer or owner of 10% or more of the outstanding shares in the Company or any close family member of such director, key officer or owner, or collectively, the Related Parties.

There was no outstanding indebtedness at any time during the last three (3) financial years that was owed to the Company and/or its subsidiaries by any Related Party.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company has in place a robust internal control system which is an overall process effected by the Board, management and other personnel designed to provide reasonable assurance concerning: (i) the reliability of the financial reporting and statements; (ii) compliance with laws and regulations; (iii) protection of assets and fraud prevention; (iv) effectiveness and efficiency of processes. Additionally, in accordance with the Company's Revised Corporate Governance Manual, the Board is assisted by a Compliance Officer who is in charge of evaluating and ensuring compliance by the Company, the Board of Directors and officers with its Manual of Corporate Governance, Code of Corporate Governance for Publicly-Listed Companies (the "CG Code") and all relevant laws, rules and regulations.

The Board has established a Corporate Governance Committee which ensures that the Board and the Company, as a whole, is sufficiently conversant and compliant with the adopted leading practices in corporate governance. This committee is required to be composed of at least three (3) independent directors and one (1) non-executive non-independent director.

There has been no known deviation from the Company's Manual of Corporate Governance.

The Board always seeks to improve corporate governance of the Company by improving existing policies, developing and establishing new policies required by the Company's Corporate Governance Manual and undertaking measures to implement such policies.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

14.1 Consolidated Financial Statements

The audited consolidated financial statements for the years ended December 31, 2021 and 2020 are attached as Exhibit 1:

- Statement of Management's Responsibility to the Financial Statements
- Independent Auditors' Report
- Consolidated Statements of Financial Position as at December 31, 2021 and 2020
- Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Changes in Equity for the years ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019
- Notes to Consolidated Financial Statements

14.2 Supplementary Schedules

- Supplementary Schedule of Retained Earnings Available for Dividend Declaration
- Illustration of relationships between the Company, its Ultimate Parent Company, Middle Parent, and its Subsidiaries
- Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2021
- Schedule of Financial Soundness Indicators
- The supplementary schedules of the Consolidated Financial Statements for the year ended December 31, 2021 are attached as Exhibit 2.

14.3 SEC Form 17 – Q

During the year 2021, the Company has filed the following SEC quarterly reports pursuant to Section 17 of SRC Rule 17 (2) (b) hereto attached as Exhibit 3.

Date of Filing	Quarter Ending
April 23, 2021	March 31, 2021
July 30, 2021	June 30, 2021
November 12, 2021	September 30, 2021

14.4 Legal Proceedings and Pending Cases (See Exhibit 4)

14.5 Reports on SEC Form 17-C

Reports on SEC Form 17-C filed during the year ended December 31, 2021 are attached together with this report as Exhibit 5:

Date Filed	Subject
January 22, 2021	An advisory on the results of the Special Shareholders meeting as follows: • Election of Mr. Nera as Independent Director • Approval of proposed merger of HPMC, MGMC and BPI with Holcim Philippines, Inc. • Approval of dissolution of HPBSCI, HSSI and Wellbourne International Group Limited
February 18, 2021	An advisory on the Board's approval to postpone the Annual Stockholder's Meeting from 2nd Thursday of May each year as stated in its By-Laws to May 27, 2021.
February 18, 2021	Notice of Special Stockholders Meeting
February 23, 2021	An advisory on the following: • Resignation of Mr. John William Stull as member of the Board, President and CEO of Holcim Philippines, Inc. and the election of Mr. Horia Adrian as his replacement • Appointment of Mr. Albert Leoveras to the position of Vice President, Head of Geoecycle to replace Mr. Frederic Vallat whose international assignment to the Philippines will end on June 30, 2021 • Approval of the Company's Audited Financial Statement for the year ending December 2020 • Appointment of external auditor for year 2021
March 3, 2021	An advisory on the fine imposed by the Pollution Adjudication Board of the EMB in connection with the oil spill incident at the Holcim La Union Plant.
April 28, 2021	An advisory on the Board's approval of the temporary suspension of the HPI grinding facility located in Mabini, Batangas lapse of the agreement for the sale and purchase of the Company shares among Holderfin, First Stronghold Cement Industries, Inc., San Miguel Corporation and LafargeHolcim Ltd., effective May 10, 2020.
May 31, 2021	Advisory on the Results of the Annual Stockholders' Meeting, Organizational Board Meeting and declaration of cash dividends
August 13, 2021	An advisory on the: • resignation of Ms. Jesusa Natividad L. Rojas as SVP, Chief Financial Officer, Treasurer and Investor Relations Officer and the appointment of Ms. Eliana Nieto Sanchez to replace her; • Change in designation of Officers • Appointment of Alexander V. Taar as Treasurer of the Company
September 24,2021	An advisory on the resignation of Ms. Bernadette Tansingco as SVP, Head of Organization and Human Resources and appointment of Ms. Elynor V. Roque as OIC, SVP – Head of Organization and Human Resources
October 13, 2021	An advisory on the fine imposed by the Philippine National Police ordering the Company to Pay a fine in connection with the late renewal of license to purchase controlled chemicals and late submission of Monthly consumption reports.
November 8, 2021	Advisory on the resignation of Mr. William C. Sumalinog, SVP Head of Sales.
December 15, 2021	Advisory on the result of the strike vote of the Holcim Philippines Workers Union-Federation of Democratic Labor Organization on the grounds of bargaining deadlock.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on MAR 16 2022 2022.

By:

Horia C. Adrian	Eliana Nieto
President/Chief Operating Officer	Chief Financial Officer/ Treasurer

Belinda E. Dugan
General Counsel/Corporate Secretary/ Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of MAR 16 2022 2022 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Holcim Philippines, Inc.	00136603	January 4, 2019	Taguig City
	PASSPORT NO		
Horia C. Adrian	056390642	August 22, 2018	Bucuresti
Eliana Nieto	AU876069	June 11, 2018	C. Guayaquil
Belinda E. Dugan	P7916925A	July 12, 2018	DFA Legazpi

Notary Public

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until June 30, 2022
(pursuant to Supreme Court En Banc Resolution dated September 28, 2021 - B.M. No. 3795
12th Floor, OneNeo Building 26th St. cor. 3rd Ave. Crescent Park West, Bonifacio Global City Taguig City 1634
Roll of Attorney No. 62515; PTR No. A-5400934; 01/18/2022; Taguig City
IBP Lifetime No. 12285; 1/03/2014; Makati City
MCLE Compliance No. VI-0023104, 04/12/2019

PATRICK HENRY D SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

Doc No: 491;
Page No: 100;
Book No: V;
Series of 2022.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A

Exhibit 1

Consolidated Financial Statements

For the years ended

December 31, 2021 and 2020

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						2	6	1	2	6

Company Name

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town)Province)

7/F, TWO WORLD SQUARE, MCKINLEY HILL, FORT BONIFACIO, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	(02) 459-3333	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5,248	July 22	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Dennis G. Segovia Jr.	dennis.segovia@lafargeholcim.com	8-459-3333	09175308837

Contact Person's Address

7/F Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commimission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Futher, non-receipt of Notice of Defeciencies shall not excuse the corporation from liability for its deficiencies.

Holcim

Holcim Philippines, Inc.
7th Floor Two World Square
McKinley Hill, Fort Bonifacio
Taguig City 1634
Philippines

Phone +63 2 459 3333
Fax +63 2 459 4444
www.holcim.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Holcim Philippines, Inc. and its Subsidiaries (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Navarro Amper & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members has expressed its opinion on the fairness of presentation upon completion of such audit.

Tomas I. Alcantara
Chairman of the Board

Horia-Ciprian Adrian
President and Chief Executive Officer

Eliana Nieto Sanchez
Chief Financial Officer

Signed this 16th day of March 2022

Holcim Philippines, Inc.
7th Floor Two World Square
McKinley Hill, Fort Bonifacio
Taguig City 1634
Philippines

Phone +63 2 459 3333
Fax +63 2 459 4444
www.holcim.com

SUBSCRIBED AND SWORN to before me this MAR 16 2022 with the presentation of the following:

Name	UMID ID		
Tomas I. Alcantara	0111- 05213746		
	Passport No.	Place Issued	Date Issued
Horia C. Adrian	056390642	Bucuresti	August 22, 2018
Eliana Nieto	AU876069	C. Guayaquil	June 11, 2018

Doc. No. 490
Page No. 99
Book No. V
Series of 2021.

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until June 30, 2022
(pursuant to Supreme Court En Banc Resolution
dated September 28, 2021 - B.M. No. 3795
12th Floor, One/Neo Building 26th St. cor. 3rd Ave.
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Roll of Attorney No. 62515; PTR No. A-5400934; 01/18/2022; Taguig City
IBP Lifetime No. 12285; 1/03/2014; Makati City
MCLE Compliance No. VI-0023104; 04/12/2019

NavarroAmper&Co.

Navarro Amper & Co.
19th Floor Six/NEO Building
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Bonifacio Global City, 1634 Taguig
Philippines

Tel: +63 2 8581 9000
Fax: +63 2 8869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0004-SEC

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITORS

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
7/F, Two World Square, McKinley Hill
Fort Bonifacio, Taguig City

Gentlemen:

We have audited the consolidated financial statements of Holcim Philippines, Inc. and its Subsidiaries (the "Group") as at and for the year ended December 31, 2021, in accordance with Philippine Standards on Auditing, on which we have rendered the attached report dated March 16, 2022. In connection with our audit, we wish to state that Holcim Philippines, Inc. (the "Parent Company") is listed with the Philippine Stock Exchange.

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 1793-A, issued on November 11, 2019; effective until November 10, 2022, Group A
TIN 170035681
BIR A.N. 08-002552-18-2020, issued on December 28, 2020; effective until December 27, 2023
PTR No. A-5334276, issued on January 4, 2022, Taguig City

Taguig City, Philippines
March 16, 2022

Deloitte.

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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0004-SEC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
7/F, Two World Square, McKinley Hill,
Fort Bonifacio, Taguig City

Opinion

We have audited the consolidated financial statements of Holcim Philippines, Inc. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the years then ended December 31, 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Our audit performed and responses thereon
Goodwill Goodwill has been recognized in the consolidated financial statements which is attributable to the cement operations of the Group. Under Philippine Financial Reporting Standards (PFRS), the Group is required to annually test the goodwill for impairment. This annual impairment test is significant to our audit because the aggregated balance of goodwill amounting to P2.64 billion is material to the consolidated financial statements and represents 6.37% of the total assets of the Group as at December 31, 2021. In addition, the Management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This annual impairment test involves a number of key sensitive judgments and estimates made in determining the inputs used in the assessment process. The Group's carrying value of goodwill as at December 31, 2021 are disclosed in Note 14 to the consolidated financial statements.	Our audit procedures focused on performing a detailed walkthrough and understanding on the Management's assessment process and challenging the key assumptions and judgments as follows: 1. We assessed the appropriateness and reasonableness of the Group's position on the impairment of goodwill including consideration of various factors such as historical business performance, current year developments, current risk evaluations, business plans, outlook, revenue potential and other market considerations. 2. We engaged our internal valuation specialist to review and assess the appropriateness of the valuation methodology and key assumptions used in the impairment analysis, in particular the discount rates and terminal growth rates by comparing the expectations to those used by Management. 3. We also compared the revenue and margin growth rates and EBITDA to the historical performance of the cash-generating unit (CGU), management plans and analysts' reports on market outlook. 4. We performed stress test of the key assumptions, assessed the impact on the recoverable amounts based on sensitivity analysis, and understood the degree to which assumptions would need to move before impairment would be triggered. 5. We also considered the adequacy and appropriateness of the related disclosures in the financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2021, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with PFRS, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bonifacio F. Lumacang, Jr.

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 1793-A, issued on November 11, 2019; effective until November 10, 2022, Group A
TIN 170035681
BIR A.N. 08-002552-18-2020, issued on December 28, 2020; effective until December 27, 2023
PTR No. A-5334276, issued on January 4, 2022, Taguig City

Taguig City, Philippines
March 16, 2022

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	**2021**	2020
		(In Thousands)	
ASSETS			
Current Assets			
Cash in banks	8	**₱ 501,208**	₱ 2,080,791
Trade and other receivables - net	9	**1,955,800**	3,067,077
Inventories – net	10	**4,347,057**	2,851,169
Other current assets	11	**360,052**	417,775
Total Current Assets		**7,164,117**	8,416,812
Non-current Assets			
Investments	12	**4,124,345**	4,299,259
Property, plant and equipment - net	13	**19,502,248**	19,525,534
Right-of-use assets	19	**1,544,292**	1,866,896
Goodwill	14	**2,635,738**	2,635,738
Intangible assets - net	14	**32,505**	19,445
Retirement benefit asset	34	**2,468,661**	2,161,204
Other non-current assets	15	**2,879,572**	2,440,534
Total Non-current Assets		**33,187,361**	32,948,610
		₱40,351,478	₱41,365,422
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	**₱ 8,566,340**	₱ 9,301,296
Lease liabilities - current portion	19	**171,418**	218,047
Income tax payable		**148,958**	161,427
Total Current Liabilities		**8,886,716**	9,680,770
Non-current Liabilities			
Provisions	22	**73,043**	74,479
Deferred tax liabilities – net	33	**112,025**	136,099
Lease liabilities – non-current portion	19	**1,475,239**	1,842,019
Total Non-current Liabilities		**1,660,307**	2,052,597
		10,547,023	11,733,367
Equity			
Capital stock	23	**6,452,099**	6,452,099
Additional paid-in capital		**8,476,002**	8,476,002
Other reserves	18	**4,050**	4,050
Reserves for remeasurement gain on retirement benefits – net	34	**1,806,860**	1,423,446
Retained earnings	23	**13,048,740**	13,261,328
Equity attributable to equity holders of the Parent Company		**29,787,751**	29,616,925
Non-controlling interest		**16,704**	15,130
Total Equity		**29,804,455**	29,632,055
		₱40,351,478	₱41,365,422

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the Years Ended December 31 2021	2020	2019
		(In Thousands, Except Per Share Amounts)		
Revenue	7	**₱26,946,145**	₱26,015,342	₱33,486,771
Cost of Sales	24	**21,700,100**	21,884,624	27,040,914
Gross Profit		**5,246,045**	4,130,718	6,445,857
Interest and other financial income	30	**99,096**	158,755	319,128
Other income (expense) – net	31	**56,964**	187,526	(18,273)
Interest and financing charges	29	**(134,535)**	(357,460)	(581,515)
Share of results of associate	12	**(155,399)**	22,234	134,146
Selling expenses	26	**(568,758)**	(460,606)	(544,548)
General and administrative expenses	25	**(1,103,063)**	(906,592)	(959,282)
Profit Before Income Tax		**3,440,350**	2,774,575	4,795,513
Income Tax Expense	33	**875,187**	710,491	1,205,871
Profit for the Year		**₱ 2,565,163**	₱2,064,084	₱ 3,589,642
Profit for the year attributable to:				
Equity holders of the Parent Company		**₱ 2,563,635**	₱2,062,303	₱ 3,587,301
Non-controlling interest		**1,528**	1,781	2,341
		₱ 2,565,163	₱2,064,084	₱ 3,589,642
Other Comprehensive Income (Loss) not to be reclassified to profit or loss in subsequent period:				
Remeasurement gain (loss) on retirement benefits	34	**₱ 343,333**	(₱286,800)	(₱1,564,752)
Income tax effect		**40,081**	86,040	469,427
		383,414	(200,760)	(1,095,325)
Reversal of remeasurement loss on retirement benefit		**46**	(453)	–
Other reserves		–	(425)	2,131
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods – net of tax		**383,460**	(201,638)	(1,093,194)
Total Comprehensive Income		**₱ 2,948,623**	₱1,862,446	₱ 2,496,448
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		**₱ 2,947,049**	₱1,861,118	₱ 2,498,719
Non-controlling interest		**1,574**	1,328	(2,271)
Total Comprehensive Income		**₱ 2,948,623**	₱1,862,446	₱ 2,496,448
Basic/Diluted Earnings per Common Share of Net Income Attributable to Equity Holders of the Parent Company	36	**₱ 0.40**	₱ 0.32	₱ 0.56

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 23)	**Additional Paid-in Capital**	**Other Reserves** (Note 18)	**Reserves for Remeasurement Gain (Loss) on Retirement Benefits - net** (Note 34)	**Retained Earnings** (Note 23)	**Total**	**Non-controlling Interest**	**Total Equity**
	(In Thousands, Except Per Share Amount)							
Balances at January 1, 2019	₱6,452,099	₱8,476,002	₱2,344	₱2,719,531	₱ 7,607,112	₱25,257,088	₱16,073	₱25,273,161
Profit for the year	-	-	-	-	3,587,301	3,587,301	2,341	3,589,642
Other comprehensive income (loss)	-	-	2,131	(1,095,325)	4,612	(1,088,582)	(4,612)	(1,093,194)
Total comprehensive income (loss)	-	-	2,131	(1,095,325)	3,591,913	2,498,719	(2,271)	2,496,448
Balances at December 31, 2019	6,452,099	8,476,002	4,475	1,624,206	11,199,025	27,755,807	13,802	27,769,609
Profit for the year	-	-	-	-	2,062,303	2,062,303	1,781	2,064,084
Other comprehensive loss	-	-	(425)	(200,760)	-	(201,185)	(453)	(201,638)
Total comprehensive income (loss)	-	-	(425)	(200,760)	2,062,303	1,861,118	1,328	1,862,446
Balances at December 31, 2020	6,452,099	8,476,002	4,050	1,423,446	13,261,328	29,616,925	15,130	29,632,055
Profit for the year	-	-	-	-	2,563,635	2,563,635	1,528	2,565,163
Other comprehensive income	-	-	-	383,414	-	383,414	46	383,460
Total comprehensive income	-	-	-	383,414	2,563,635	2,947,049	1,574	2,948,623
Transactions with owners:								
Cash dividends - ₱0.43 per share	-	-	-	-	(2,776,223)	(2,776,223)	-	(2,776,223)
Balances at December 31, 2021	**₱6,452,099**	**₱8,476,002**	**₱4,050**	**₱1,806,860**	**₱13,048,740**	**₱29,787,751**	**₱16,704**	**₱29,804,455**

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Notes	**2021**	2020	2019
		(In Thousands)		
Cash Flows from Operating Activities				
Profit before income tax		**₱3,440,350**	₱2,774,575	₱4,795,513
Adjustments for:				
Depreciation and amortization	28	**1,838,138**	1,967,923	1,746,800
Share in undistributed earnings (loss) of an associate	12	**155,399**	(22,234)	(134,146)
Interest and financing charges	29	**134,534**	357,460	581,515
Retirement benefits expense	34	**104,861**	87,220	64,594
Provision for inventory obsolescence	10	**57,943**	69,895	71,256
Reversal of revaluation of related party liability	31	**21,731**	-	-
Provision for (Reversal of) expected credit losses	9	**2,156**	31,778	(9,364)
Unrealized foreign exchange losses (gains) - *net*		**1,890**	(24,272)	15,859
Write-off of investment	31	**1,634**	–	–
Loss (Gain) on sale of property, plant and equipment	31	**336**	–	(8,322)
Revaluation of financial assets at FVTPL		**(2,750)**	–	–
Gain on termination of lease liabilities	31	**(39,162)**	–	–
Reversal of inventory obsolescence	10	**(74,173)**	(53,066)	(48,434)
Interest and other financial income	30	**(99,096)**	(158,755)	(319,128)
Loss on disposal of intangible asset	31	–	–	105,858
Income before working capital changes		**5,543,791**	5,030,524	6,862,001
Decrease (Increase) in:				
Trade and other receivables		**908,126**	849,528	94,695
Inventories		**(1,573,329)**	209,919	2,027,215
Other current assets		**3,500**	547,218	(169,152)
Decrease in trade and other payables		**(1,590,465)**	(799,248)	(1,347,267)
Cash generated from operations		**3,291,623**	5,837,941	7,467,492
Contributions to the retirement fund	34	**(5,998)**	(117,457)	(114,098)
Income taxes paid		**(815,361)**	(856,798)	(1,234,069)
Net cash from operating activities		**2,470,264**	4,863,686	6,119,325
Cash Flows from Investing Activities				
Additions to property and equipment	13	**(1,338,498)**	(890,447)	(2,599,089)
Additions to intangible assets	14	**(19,533)**	–	(107,577)
Additions to investments	12	–	–	(18,750)
Collection of loan extended to a related party		**227,090**	–	–
Decrease (Increase) in other non-current assets		**33,918**	(38,982)	275,073
Interest received		**12,440**	12,599	78,543
Proceeds from sale of property, plant and equipment	13	**182**	258	31,986
Dividends received	12	–	88,530	39,170
Net cash used in investing activities		**(1,084,401)**	(828,042)	(2,300,644)
Cash Flows from Financing Activities				
Payments of:				
Cash dividends	23	**(2,544,640)**	–	–
Loans payable		–	(9,225,849)	(11,400,000)
Lease liabilities	19	**(293,480)**	(341,747)	(667,995)
Interest and financing charges	29	**(21,051)**	(489,819)	(399,948)
terest on lease liabilities	19	**(105,838)**	(165,854)	–
Proceeds from availment of loans		–	5,300,000	6,200,000
Net cash used in financing activities		**(2,965,009)**	(4,923,269)	(6,267,943)
Effects of Exchange Rate Changes		**(437)**	6,519	11,306
Net Decrease in Cash in Banks		**(1,579,583)**	(881,106)	(2,437,956)
Cash in Banks, Beginning		**2,080,791**	2,961,897	5,399,853
Cash in Banks, End	8	**₱ 501,208**	₱2,080,791	₱ 2,961,897

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. CORPORATE INFORMATION

Holcim Philippines, Inc. (HPI or the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), except Wellborne International Group Limited (WEB), were incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company is primarily engaged in the manufacture, sale and distribution of cement and cementitious products.

The plant sites of the Parent Company are in Davao City and in the provinces of La Union and Bulacan while the plant sites of its subsidiaries, Mabini Grinding Mill Corporation and Holcim Philippines Manufacturing Corporation, are in the provinces of Batangas and Misamis Oriental, respectively. The registered address and principal place of business of the Parent Company is at 7th Floor, Two World Square McKinley Hill, Fort Bonifacio, Taguig City.

The Parent Company is majority-owned by Union Cement Holdings Corporation (UCHC), a Group incorporated in the Philippines. The ultimate parent of the Group is Lafarge Holcim Limited, a company incorporated in Switzerland.

The Parent Company's shares of stocks were listed in the Philippine Stock Exchange on June 17, 1996. Total shares registered and outstanding as at December 31, 2021 and 2020 is 6.5 billion.

Status of Operations

Following is the status of operations of some of the subsidiaries within the Group:

Excel Concrete Logistics, Inc. (ECLI) was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors (BOD) of the Parent Company approved the closure and dissolution of ECLI. On January 28, 2020, the SEC approved ECLI's application for amendment of ECLI's Articles of Incorporation to shorten its corporate term. Accordingly, the Parent Company impaired its investment in ECLI in 2019 amounting to ₱125.0 million and the financial statements of ECLI has been prepared using the alternative authoritative basis of accounting.

HUBB Stores and Services, Inc. (HSSI) incurred gains (losses) in 2021 and 2020 amounting to ₱184.4 million and (₱37.6 million), resulting in an accumulated deficit of ₱38.9 million and ₱223.3 million as at December 31, 2021 and 2020, respectively. In 2019, the Parent Company impaired its investment amounting to ₱112.5 million as the Parent Company foresees that the relevant investment will no longer be realized due to its current operations and financial stability. However, in 2020 Management had taken appropriate actions by implementing strategies that will assist in improving the results of operations and maintaining financial stability.

On November 20, 2020, the Board of Directors and stockholders of the Parent Company approved the dissolution of HSSI. On June 29, 2021, the Board of Directors of HSSI approved the shortening of its corporate term. Accordingly, the financial statements of HSSI has been prepared using the alternative authoritative basis of accounting.

On November 19, 2020, the Board of Directors of Holcim Philippines, Inc. approved the upstream merger of Holcim Philippines Manufacturing Corporation, Mabini Grinding Mill Corporation and Bulkcem Philippines, Inc. into Holcim Philippines, Inc. The stockholders likewise approved the upstream merger in a special meeting held on January 15, 2021.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation

The Group's consolidated financial statements have been prepared on historical cost basis except for:

- financial instruments measured at amortized cost;
- financial instruments which are valued at fair value;
- derivative assets and liabilities measured at fair value;
- inventories at lower of cost or net realizable value (NRV);
- defined benefit asset or obligation recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation;
- lease liabilities measured at the present value of the lease payments; and
- provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based payments,* leasing transactions that are within the scope of PFRS 16, *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories* or value in use in PAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These consolidated financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Group operates. All amounts are rounded in the nearest thousand pesos, except when otherwise indicated.

3. COMPOSITION OF THE GROUP

Details of the Parent Company's subsidiaries as at December 31, 2021 and 2020 are as follows:

	Ownership and Voting Interest	
	2021	2020
Held by the Parent Company		
WEB [(a)]	**100.00%**	100.00%
Excel Concrete Logistics, Inc. (ECLI) [(b)]	**100.00%**	100.00%
Shop and Build Corporation (S&B)[(c)]	**100.00%**	100.00%
Hubb Stores and Services, Inc. (HSSI) [(d)]	**100.00%**	100.00%
Holcim Philippines Manufacturing Corporation (HPMC) [(e)]	**99.62%**	99.62%
Held by WEB		
Mabini Grinding Mill Corporation (MGMC) [(e)]	**100.00%**	100.00%
Held by HPMC		
Alsons Construction Chemicals, Inc. (Alchem) [(f)]	**99.62%**	99.62%
Bulkcem Philippines, Inc. (Bulkcem) [(g)]	**99.62%**	99.62%
Calamba Aggregates Co., Inc. (CACI) [(h)]	**99.62%**	99.62%

Incorporated outside the Philippines
(a) A Group incorporated in British Virgin Islands and is dissolved as approved by the Board of Director on June 28, 2019.
Incorporated in the Philippines
(b) Ceased commercial operations of distributing and transporting cement effective December 31, 2018
(c) Formerly Holcim Philippines Business Services Center, Inc. (HPBSCI). Engaged in retail of all kinds of construction and building materials effective November 2021
(d) Ceased commercial operations of retail of all kinds of construction and building materials effective August 2020
(e) Engaged in leasing of cement manufacturing plant
(f) Ceased commercial operations effective December 31, 2013
(g) Engaged in leasing of pack houses.
(h) Ceased commercial operations of mining and selling raw materials and other quarry resources effective October 2004

The interest that the Non-Controlling Interest (NCI) have in the Group's activities and cash flows is not significant.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2021

The Group adopted all accounting standards and interpretations as at December 31, 2021. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed to be applicable to the Group's consolidated financial statements, are as follows:

Amendments to PFRS 16*, Covid-19-Related Rent Concessions beyond June 30, 2021*

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to PFRS 16)* which extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

In the current financial year, the Group has applied the amendment to PFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022 and increased lease payments that extend beyond June 30, 2022); and
c) There is no substantive change to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued.

The amendment does not have a significant impact on the Group's consolidated financial statements as there has been no reduction in lease payments for its existing lease contracts within the financial year.

PIC Q&A No. 2020-07, PAS 12, *Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation that discussed the impact on the financial statements ended December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020.
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed.
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the financial statement.

  For the financial statements ended December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes".
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed.
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return.
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates.
- Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

The interpretation is effective on or after January 29, 2021.

The Group has applied the interpretation starting March 2021. Payments made in April 2021 for 2020 income tax due applied the transitory rate of 27.5%. Accordingly, the new income tax rate of 25% and MCIT rate of 1% were applied by the Group throughout the year. Moreover, the current income tax for the current year included the difference between income tax per 2020 financial statements and 2020 income tax return as an income tax benefit.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2021

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4, *Insurance Contracts*.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Amendments to PFRS 3, *References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

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

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

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

Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2, *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

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

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

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

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to PFRS 9, *Fees in the '10 percent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to PFRS 16, *Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to PAS 41, *Taxation in Fair Value Measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13, *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

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

Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments are as follows:

- An entity is now required to disclose its *material* accounting policy information instead of its *significant* accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Amendments to PAS 8, *Definition of Accounting Estimates*

With the amendment, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

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

Amendments to PAS 12, *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.
Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.
Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.
The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.
The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
The Management of the Group is still evaluating the impact of these new amendments.

Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 – *Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

The main amendment in Initial Application of PFRS 17 and PFRS 9, C*omparative Information* (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9.

Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

There are no changes to the transition requirements in PFRS 9

The amendment is effective for annual periods beginning on or after January 1, 2025, as amended by the FRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Still subject to approval of the Board of Accountancy.

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

5. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- and has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having deficit balance.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Group, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, *Income Taxes* and PAS 19, *Employee Benefits* respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any) is recognized immediately in profit or loss as bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PFRS 9, *Financial Instruments,* or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (CGU) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Current Versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments such as derivatives and financial assets at fair value through profit or loss (FVTPL) at each balance sheet date.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

Fair value related disclosures for financial instruments that are measured at fair value are summarized in Notes 12 (Investments), 9 (Trade and other receivables), and 16 (Trade and other payables).

Financial Assets

Financial assets are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

Classification and subsequent measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as follows:

- financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

- all other financial assets managed on their fair value basis and equity instruments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies, in OCI; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in OCI in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVOCI, exchange differences are recognized in OCI in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on trade and other receivables and due from related parties. No impairment loss is recognized for investments in equity instruments.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

ECLs are required to be measured for all other financial instruments through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

ECLs are probability-weighted estimates of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the current credit status of customers as assessed regularly by credit and sales officers of the Group, the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 360 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'.

Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 360 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortized cost or FVOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Write-off

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain/loss allocated to it that had been recognized in OCI is recognized in profit or loss. A cumulative gain/loss that had been recognized in OCI is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Cash in Banks

Cash in banks exclude any restricted cash (presented as part of "Other non-current assets") that is not available for use by the Group and therefore, is not considered highly liquid, such as cash set aside to cover rehabilitation obligations.

Inventories

Inventories are initially measured at cost. Subsequently, valued at the lower of cost or net realizable value (NRV). Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Finished goods and goods in process	-	determined using the moving average method; cost includes direct materials, direct labor and a proportion of manufacturing overhead costs.
Raw materials, fuel, spare parts and others	-	determined using the moving average method; cost includes purchase price and other costs incurred in bringing these inventories to their present location or condition.

The NRV of finished goods and goods in process inventories is the selling price in the ordinary course of business, less estimated costs to complete the product and make the sale. The NRV of raw materials, fuel, spare parts and other inventories is the current replacement cost.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Other Current Assets

Other current assets mainly include advances to suppliers and prepaid expenses. These are amounts paid in advance for goods or services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or within 12 months from the balance sheet date, otherwise, these are classified under non-current assets. They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Investment in Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition, i.e. discount on acquisition is immediately recognized in profit or loss in the period of acquisition.

The results of operations, and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale in which measured at lower of carrying amount and fair value less cost to sell. Under the equity method, investments in associates are carried in the statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues to use the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with PFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when the equity method is discontinued.

When the Group reduces in its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in an associate that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The cost of construction in progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, these are accounted for as property, plant and equipment.

At the end of each reporting period, items of property, plant and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment are subsequently measured at cost less any subsequent accumulated depreciation, and impairment losses. Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Building and installations	20 to 40 years
Machinery and equipment	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Stand-by equipment is depreciated from the date it is made available for use over the shorter of the life of the stand-by equipment or the life of the asset the stand-by equipment is part of, while major spare parts are depreciated over the period starting it is brought into service, continuing over the lesser of its useful life and the remaining expected useful life of the asset to which it relates.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Construction in progress represents plant and properties under construction or development and is stated at cost. This includes costs of construction, plant and equipment, borrowing costs directly attributable to such assets during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Intangible Assets

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives of the intangible assets which is between 5 to 10 years. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Goodwill that forms part of the carrying amount of an investment in subsidiaries are not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an investment in subsidiaries is tested for impairment as a single asset when there is objective evidence that the investment in subsidiaries may be impaired.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and PFRS 9 permits the entire hybrid contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Since the Group does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with PFRS 9; and
- the amount recognized initially less, where appropriate, cumulative amortization recognized.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments.

These foreign exchange gains and losses are recognized in the other income (expense) – net line in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those, which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition of financial liabilities

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as a modification gain or loss within other gains and losses.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Capital stock

Capital stock are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Preferred shares

Preference share capital is classified as equity for non-redeemable and redeemable only at the Group's option, and any dividends are discretionary dividends thereon are recognized as distribution within equity upon approval by the Group's shareholders.

Additional paid-in capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings

Retained earnings represent accumulated profit earned by the Group after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Dividends

Dividend distribution to the Group's shareholders is recognized as liability in the Group's consolidated financial statements in the period in which the dividends are declared by the Group's Board of Directors (BOD).

Other reserves

Other reserves in the Group's financial statements represent the Group's share in the performance compensation scheme of the Holcim Group.

Derivative Financial Instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, such as foreign exchange forward contracts. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. All derivatives are carried as assets if the fair value is positive, otherwise derivatives are carried as liabilities. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities and assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities assumed in a business combination are only recognized when these are present obligation and can be measured reliably.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

Share-based Payments

Cash-settled share-based payments

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

The Group has both defined benefit and defined contribution plans.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due to be settled for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

Defined benefit plan

Net retirement benefits asset, as presented in the consolidated statements of financial position, is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets, are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to equity through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest is calculated by applying the single effective discount rate based on different term-dependent zero-coupon rate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

The level of benefits provided depends on the member's length of service and salary at retirement age.

Plan assets are assets that are held in trust and governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The net retirement benefit asset recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Revenue Recognition

The Group recognizes revenue from selling cement and other cementitious products such as dry-mix and aggregates.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

Sale of goods

The Group sells goods both to the wholesale market and directly to customers.

The Group has official written agreements with customers documented in supply agreements and approved purchase orders. The supply agreements contain each party's respective obligations.

For sales of goods to the wholesale market, revenue is recognized when control of the goods has transferred, being when the goods have been delivered depending on the shipping terms. The Group's shipping terms includes transfer of ownership upon departure of the goods on the plant and upon delivery to the customer's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to directly to customers, revenue is recognized when control of the goods has transferred. The performance obligation of the Group is satisfied at a point in time when the goods have been delivered based on the shipping terms. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Transaction price

The transaction price of the sale of goods varies from each sales order. The Group offers variable consideration in form of rebates for select customers on the sale of cement and aggregates. The rebates to be given to customers were already determined at the beginning of the year and recorded at the end of each month. Revenue is measured based on the consideration specified in a sales order with a customer and excludes amounts collected on behalf of third parties.

The Group has only one distinct performance obligation and that is to deliver the promised goods.

Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Costs of goods sold are expenses incurred that are associated with the goods sold and includes direct materials, direct labor and factory overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

The Group has applied PFRS 16 using the cumulative catch-up approach and therefore, comparative information has not been restated and is presented under PFRS 16. The details of accounting policies under PFRS 16 are presented separately below.

<u>The Group as a lessee</u>

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The Group uses its incremental borrowing rate ranging from 3.14% to 6.27%. The rates were selected based on the weighted average repayment maturity of the lease.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position. The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Value-Added Tax (VAT)

Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade and other payables" in the consolidated statements of financial position.

Foreign Currency

<u>Foreign currency transactions</u>
Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the consolidated statements of comprehensive income except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees and key management personnel of the Group are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax and deferred tax expense.

<u>Current tax</u>

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s current tax expense is calculated using 25% or 20% and 30% regular corporate income tax (RCIT) rate for 2021 and 2020, respectively, or 1% and 2% minimum corporate income tax (MCIT) rate for 2021 and 2020, respectively, whichever is higher. Adjustments recognized in the period for current tax of prior periods as a result of passing the CREATE Bill into law were calculated using either 27.5% or 25% RCIT rate or 1.5% MCIT rate for 2020.

<u>Deferred tax</u>

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

<u>Current and deferred tax for the year</u>

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Earnings per Share

The Group computes its basic earnings per share by dividing profit or loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Financial Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

For Management purposes, the Group is currently organized into two business segments: clinker and cement segment and other materials and construction segments. These divisions are the basis on which the Group reports its primary segment information. Financial information on segment reporting is presented in Note 7.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of 2 to 5 years. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Lease commitments - Group as lessee

The Group has various lease agreements as a lessee. The Group has determined, based on evaluation of the terms and condition of the lease agreements, that the significant risks and rewards of ownership of the leased properties were retained by the lessor (e.g., no transfer of ownership at the end of the lease term, lease term is not for the majority of the economic life of the asset and the amount of the present value of the minimum lease payments is not substantially the same as the fair value of the leased asset).

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key Sources of Estimation Uncertainty

The key estimates concerning the future and other key sources of estimation uncertainty as at balance sheet date that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Valuation of lease liabilities and right-of-use assets

The application of PFRS 16 requires the Group to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include: (i) determining contracts in scope of PFRS 16, (ii) determining the contract term and (iii) determining the interest rate used for discounting of future cash flows.

The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For lease contracts with indefinite term the Group estimates the length of the contract to be equal to the economic useful life of non-current assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of right-of-use assets.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

Useful lives of property, plant and equipment and intangible assets

The useful lives of property, plant and equipment are estimated based on the period over which the property, plant and equipment are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed at each financial year-end, and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances. There were no changes in the estimated useful lives of property, plant and equipment in 2021 and 2020.

The Group recognized depreciation expense related to property, plant and equipment amounting to ₱1.5 billion and ₱1.4 billion in 2021 and 2020, respectively, as disclosed in Notes 13 and 28. The carrying value of depreciable property, plant and equipment amounted to ₱ 19.5 billion as at December 31, 2021 and 2020, as disclosed in Note 13. Total accumulated depreciation as at December 31, 2021 and 2020 amounted to ₱27.9 billion and ₱26.5 billion, respectively, as disclosed in Note 13.

Impairment of non-financial assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indicators exist, the Group estimates the recoverable amount of the relevant asset.

Determining the recoverable amount of property plant and equipment, investments in associates, intangible assets and rights-of-use assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposal of such assets. Future events could cause Management to conclude that assets associated with an acquired business are impaired.

Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance. The preparation of estimated future cash flows involves significant estimations and assumptions. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the Group's assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

The carrying values of investment in associate, property, plant and equipment, intangible assets and right-of-use assets are disclosed in Notes 12, 13, 14 and 19, respectively.

Impairment of goodwill

The Group performs impairment testing of its goodwill on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the CGU unit to which the goodwill is allocated. Value-in-use is estimated by making an estimate of the expected future cash flows from the CGU and to apply a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount of the goodwill has been determined based on a value-in-use calculation using cash flow projections based on the seven-year financial plan approved by the senior management. Accordingly, actual outcome is likely to be different from that forecasted since anticipated events frequently do not occur as expected and the variation may be material. The Group has determined that the goodwill is not impaired. The carrying amount of goodwill amounted to ₱2.6 billion as at December 31, 2021 and 2020, as disclosed in Note 14.
The Group used significant valuation assumptions (discount rate, long-term growth rates and valuation multiples), and business assumptions (projections and forecast data) in the cash flow projections. Those cash flow projections are based on both prospective financial and non-financial information, which is highly subjective in nature.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon; the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group estimates PD based on the prior collectability experience, write-offs and forward-looking information. A general loss rate ratio is applied against the age of receivables and specific identification is done to further assess the risk of default and if deemed uncollectible, provision is provided accordingly.

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The rate is estimated by taking into account the actual default or write-offs for a specific group of receivables.

Estimating loss allowance for expected credit losses

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
The ECL rate on trade receivables over 360 days past due balances is 100% as at December 31, 2021 providing a loss allowance on trade receivables of ₱3.30 million as compared to December 31, 2020 of ₱7.60 million. This loss allowance calculation for over 360 days age is with the exception of identified customers which were provided only with 1% ECL rate based on their total outstanding balance.

In addition to the above, all trade receivables between 0 and 360 days past due were assumed with probability of default and provided with 1% ECL rate on its total outstanding balance. The loss allowance on trade receivables for this age bucket is ₱3.3 million and ₱3.1 million as at December 31, 2021 and 2020, respectively.

Furthermore, specific identification was also applied by the Group for receivables which are deemed uncollectible with 100% provision of ₱62.5 million and ₱56.3 million as at December 31, 2021 and 2020, respectively.

The total expected credit losses for trade and other receivable from third parties amounted to ₱69.1 million and ₱67.0 million as at December 31, 2021 and 2020, respectively, as disclosed in Note 9. Trade and other receivables, net of expected credit losses, amounted to ₱2.0 billion and ₱3.1 billion as at December 31, 2021 and 2020, respectively, as disclosed in Note 9.

Retirement benefit costs and other post-employment benefits

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 34.

In determining the appropriate discount rate, Group management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on historical actual salary increases of the Group.

Total retirement (gain) cost recognized amounted to (₱301.5 milliion) and ₱270.1 million in 2021 and 2020, respectively. Total retirement benefit asset amounted to ₱2.5 billion and ₱2.2 billion as at December 31, 2021 and 2020, respectively, as disclosed in Note 34.

Deferred tax assets

The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the past results and future expectations of revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient future taxable income to allow all or part of deferred income tax assets to be utilized. Management also reviews the level of projected gross margin for the use of Optional Standard Deduction (OSD) and assesses the future tax consequences for the recognition of deferred income tax assets and deferred income tax liabilities. Based on the Group's projected margin, Management expects to use the itemized deduction method for the Parent Company and most of the subsidiaries. HPMC and Mabini expect to use the OSD for the next three years and Bulkcem and HPBSCI for the next four years.
Total deferred tax assets recognized in the Group's consolidated statements of financial position are presented at net and offset against deferred tax liabilities amounted to ₱746.2 million and ₱733.3 million as at December 31, 2021 and 2020, respectively. The amounts of temporary differences and carry-forward benefits of unused tax credits and unused tax losses, for which no deferred income tax assets as at December 31, 2021 and 2020 are disclosed in Note 33.

Net realizable value of inventories

The Group writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete and unusable are written-off and charged as expense in the consolidated statements of comprehensive income. The allowance for inventory obsolescence amounted to ₱214.5 million and ₱230.7 million as at December 31, 2021 and 2020, respectively, as disclosed in Note 10. The carrying values of inventories amounted to ₱4.3 billion and ₱2.9 billion as at December 31, 2021 and 2020, respectively, as disclosed in Note 10.

Provisions for claims, litigations and assessments

The Group is currently involved in various legal proceedings and tax assessments. Management's estimate of the probable costs for the resolution of these claims has been developed based upon an analysis of potential results. The Group currently believes that these proceedings will not have a material adverse effect on the consolidated financial statements. It is possible however, that future financial performance could be materially affected by changes in the estimates or effectiveness of the strategies relating to these proceedings and assessments. As at December 31, 2021 and 2020, the Group's provision for probable losses amounted to ₱10.0 million, as disclosed in Note 22.

Contingencies

The Group is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages.

The Group has an outstanding legal case with Seasia Nectar Port Services Inc. ("Seasia") concerning the termination of the port services agreement with the latter. The Group lodged multiple petitions that are still pending with the Regional Trial Court of Bataan and the Regional Trial Court of Taguig. An interim measure of protection in the form of a preliminary attachment of the Group's assets was secured by Seasia, as disclosed in Note 15. Based on the assessment of Management and the opinion of the Company's external legal counsels, the outflow of resources is not probable, as disclosed in Note 35.

Onerous contract

The Group reviews contracts in which the unfavorable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. These unfavorable costs are recognized as provisions and discounted using the applicable weighted average cost of capital (WACC). As at December 31, 2021 and 2020, the Group's provisions on stranded cost amounted to ₱63.0 million and ₱64.5 million, respectively, as disclosed in Note 22.

7. SEGMENT INFORMATION

Business segment

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

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

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

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

The Group has determined the Clinker and Cement segment as the only reportable segment. Information on the other segments that are not reportable are combined and presented as "Others". Segment revenues, EBITDA, assets, liabilities and other information for segments as at December 31, 2021 and 2020 and for each of the three years ended December 31, 2021, 2020 and 2019 are presented below:

	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
2021					
Revenue:					
External customers	**₱25,153,069**	**₱1,793,076**	**₱26,946,145**	**₱ –**	**₱26,946,145**
Inter-segment	**227,636**	**–**	**227,636**	**(227,636)**	**–**
	25,380,705	**1,793,076**	**27,173,781**	**(227,636)**	**26,946,145**
Operating EBITDA	**4,746,336**	**666,026**	**5,412,362**	**–**	**5,412,362**
Segment assets	**26,005,234**	**9,720,691**	**35,735,925**	**4,625,553**	**40,351,478**
Segment liabilities	**7,850,882**	**3,717,887**	**11,568,769**	**(1,021,746)**	**10,547,023**
Results -					
Depreciation, amortization and depletion	**1,831,514**	**6,624**	**1,838,138**	**–**	**1,838,138**
Other disclosures					
Construction-in-progress	**1,826,633**	**505**	**1,827,138**	**(8,259)**	**1,818,879**
2020					
Revenue:					
External customers	₱25,788,478	₱ 226,864	₱26,015,342	₱ -	₱26,015,342
Inter-segment	214,647	1,043,243	1,257,890	(1,257,890)	–
	26,003,125	1,270,107	27,273,232	(1,257,890)	26,015,342
Operating EBITDA	4,376,272	355,171	4,731,443	–	4,731,443
Segment assets	23,200,791	11,784,581	34,985,372	6,380,050	41,365,422
Segment liabilities	9,483,912	3,582,209	13,066,121	(1,332,754)	11,733,367
Results -					
Depreciation, amortization and depletion	1,957,414	10,509	1,967,923	–	1,967,923
Other disclosures					
Construction-in-progress	1,330,295	505	1,330,800	–	1,330,800
2019					
Revenue:					
External customers	₱30,885,687	₱2,601,084	₱33,486,771	₱ –	₱33,486,771
Inter-segment	128,676	–	128,676	(128,676)	–
	31,014,363	2,601,084	33,615,447	(128,676)	33,486,771
Operating EBITDA	7,727,851	(1,039,024)	6,688,827	–	6,688,827
Segment assets	37,134,595	367,992	37,502,587	7,325,322	44,827,909
Segment liabilities	8,749,988	267,636	9,017,624	8,040,676	17,058,300
Results -					
Depreciation, amortization and depletion	1,733,413	13,387	1,746,800	–	1,746,800
Other disclosures					
Construction-in-progress	3,744,731	2,420	3,747,151	–	3,747,151

Inter-segment revenues, other than those outside the Group, are eliminated upon consolidation and reflected in the "Adjustments and eliminations" column. All other adjustments that are part of detailed reconciliations presented further below include the following:

- Finance income and charges, and foreign exchange gains (losses) on financial assets and liabilities are not allocated to individual segments as the underlying instruments are managed on a group basis.
- Deferred income taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Following is the reconciliation of segment operating profit to consolidated profit before income tax:

	2021	2020	2019
		(In Thousands)	
Operating EBITDA	**₱5,412,362**	₱4,731,443	₱6,688,827
Depreciation, amortization and depletion	**(1,838,138)**	(1,967,923)	(1,746,800)
Interest and financing charges	**(134,535)**	(357,460)	(581,515)
Interest and other financial income	**99,096**	158,755	319,128
Share in undistributed earnings	**(155,399)**	22,234	134,146
Other income (expense) – net	**56,964**	187,526	(18,273)
Profit before income tax	**₱3,440,350**	₱2,774,575	₱4,795,513

	December 31, 2021	December 31, 2020
	(In Thousands)	
Segment assets	**₱35,725,925**	₱34,985,372
Cash in banks	**501,208**	2,080,663
Investments	**4,124,345**	4,299,259
Consolidated assets	**₱40,351,478**	₱41,365,294
Segment liabilities	**₱10,114,622**	₱11,217,794
Lease liabilities - current portion	**171,418**	218,047
Income tax payable	**148,958**	161,427
Deferred income tax liabilities – net	**112,025**	136,099
Consolidated liabilities	**₱10,547,023**	₱11,733,367

Geographic information

	2021	2020	2019
		(In Thousands)	
Revenues from external customers			
Local	**₱26,946,145**	₱26,015,342	₱33,486,771

The Group has no revenue from transactions with a single external customer accounting for 10% or more of the consolidated revenues. Moreover, there are no noted additions of non-current assets allocable to the reportable segments. All property, plant and equipment of the Group are located in the Philippines.

8. CASH IN BANKS

	2021	2020
	(In Thousands)	
Cash in banks	**₱501,208**	₱2,080,791

Cash in banks earn interest at prevailing bank deposit rates from 0.95% to 1.29% for 2021 and 2020, respectively.

Interest income earned from cash in banks amounted to ₱12.4 million, ₱12.5 million and ₱23.7 million in 2021, 2020 and 2019 respectively as disclosed in Note 30.

The Group holds restricted cash balance amounting to ₱2.14 billion and ₱2.15 billion as at December 31, 2021 and 2020, respectively, which are not available for use. Majority of the amount pertains to restricted cash balance which is due to pending settlement of case with Seasia. The restricted cash are presented under other financial assets as disclosed in Notes 15 and 35.

9. TRADE AND OTHER RECEIVABLES – net

	Note	2021	2020
		(In Thousands)	
Trade receivables from:			
Third party customers		**₱ 803,910**	₱ 694,955
Allowance for expected credit losses		**(64,043)**	(61,887)
		739,867	633,068
Due from relates parties – net	32	**652,945**	1,519,089
Loans receivable from related parties	32	**240,426**	465,657
		893,371	1,984,746
Others		**327,667**	454,368
Allowance for expected credit losses		**(5,105)**	(5,105)
		322,562	449,263
		₱1,955,800	₱3,067,077

Trade and other receivables are non-interest bearing and generally have credit terms of 30 to 60 days. Due from related parties and other receivables are normally collectible within the next financial year but for those which are long outstanding and overdue, the Group expects and plans to collect them within 4 years. No interest was charged on the outstanding balances.

Other receivables consist mainly of collectibles from various parties for transactions other than sale of goods and accrued interests.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

2021	Current -360 days	Over 360 days	Specifically identified	Total
		(In Thousands)		
Estimated total gross carrying amount at default	**₱329,500**	**₱3,340**	**₱62,513**	
Expected credit loss rate	**1%**	**100%**	**100%**	
Provision for ECL	**₱ 3,295**	**₱3,340**	**₱62,513**	**₱69,148**
2020				
Estimated total gross carrying amount at default	₱308,700	₱7,598	₱56,307	
Expected credit loss rate	1%	100%	100%	
	₱ 3,087	₱7,598	₱56,307	₱66,992

The Group assessed that the trade receivable amounting to ₱408.5 billion and ₱322.4 billion in 2021 and 2020, respectively, is performing and not in default; thus, no expected credit loss is recognized.

Movements in the allowance for expected credit losses which pertain to trade and other receivables are as follows:

	Note	2021	2020
		(In Thousands)	
Balance, beginning		**₱66,992**	₱52,055
Provisions	26	**2,156**	31,778
Write-off	26	**-**	(16,841)
		₱69,148	₱66,992
Individually impaired		**₱62,513**	₱56,307
Collectively impaired		**₱ 6,635**	₱10,685

Customary to the credit practices of the Group, customers are required to provide guarantees in the form of a standby letter of credit, bank guarantee and cash bond to allow them to purchase on credit. In the event that customers are deemed incapable of settling their obligations, the Group shall exercise its right to call out the letter of credit or bank guarantee from the issuing banks or apply the cash bond accordingly. However, for some customers that are deemed to be reputable, competent and with sound business practices are exempted. These are normally the large real estate developers and construction companies that have been in operation for a long time. As at December 31, 2021, 50% of the total trade receivables (₱402 million) is covered by letter of credit and bank guarantees while 50% (₱402 million) is not covered by letter of credit and bank guarantees. As at December 31, 2020, 71% of the total trade receivables (₱493 million) is covered by letter of credit and bank guarantees while 29% (₱202 million) is not covered by letter of credit and bank guarantees. There has not been any significant change in the quality of the guarantees. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Management believes that there is no further expected credit losses required in excess of those that were already provided. Aging of past due accounts but not impaired and credit quality of trade and other receivable are disclosed in Note 20.

The Group writes off a trade receivable or due from a related party when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the customer has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

10. **INVENTORIES –** net

	Finished Goods	Goods in Process	Raw Materials	Fuels	Spare Parts and Others	Total
2021						
			(In Thousands)			
At Cost:	**₱575,286**	**₱939,345**	**₱495,538**	**₱1,571,904**	**₱979,483**	**₱ 4,561,556**
Allowance for inventory obsolescence	**–**	**–**	**–**	**–**	**(214,499)**	**(214,499)**
At net realizable value	**₱575,286**	**₱939,345**	**₱495,538**	**₱1,571,904**	**₱764,984**	**₱ 4,347,057**
2020						
			(In Thousands)			
At Cost:	₱810,155	₱850,203	₱253,558	₱ 180,094	₱987,888	₱3,081,898
Allowance for inventory obsolescence	–	–	–	–	(230,729)	(230,729)
At net realizable value	₱810,155	₱850,203	₱253,558	₱ 180,094	₱757,159	₱2,851,169

Total inventories charged to cost of sales amounted to ₱14.8 billion, ₱15.3 billion, and ₱18.9 billion in 2021, 2020 and 2019, respectively, as disclosed in Note 24.

Allowance for inventory obsolescence relates to allowance for spare parts. No provisions were provided for other inventories due to their nature which is fast moving as compared to spare parts. Furthermore, these inventories are perpetually consumed in operations and disposed through sale hence has lower risk of obsolescence.

The table below shows the movement of allowance for inventory obsolescence as at December 31:

	Note	**2021**	2020
		(In Thousands)	
Balance, beginning		**₱230,729**	₱213,900
Additions	24	**57,943**	69,895
Reversal (Due for consumption/write off)	24	**(74,173)**	(53,066)
Balance, end		**₱214,499**	₱230,729

11. OTHER CURRENT ASSETS

	2021	2020
	(In Thousands)	
Prepaid expenses	**₱143,753**	₱261,212
Advances to suppliers	**118,761**	39,132
Input VAT	**88,297**	99,839
Advances to employees	**691**	8,970
Creditable withholding taxes	**8,550**	8,622
	₱360,052	₱417,775

Prepaid expenses include rent, insurance, and taxes paid in advance that are amortized within next year.

Advances to suppliers represent advances that are applied against subsequent purchases and are outstanding for less than one year from initial recognition.

Advances to employees are non-interest bearing and generally have terms of 30 days.

12. INVESTMENTS

Investment as at December 31, 2021 and 2020 consists of the following:

	2021	2020
	(In Thousands)	
Investments in associate	**₱4,119,289**	₱4,295,319
Financial asset at fair value through profit or loss	**5,056**	3,940
	₱4,124,345	₱4,299,259

The details of investments in associate as at December 31, 2021 and 2020 are as follows:

	2021	2020
	(In Thousands)	
HMDC (1)	**₱4,119,289**	₱4,295,319

(1) HMDC is audited by another firm of auditors for consolidation purposes.

HMDC - 40%

HMDC was incorporated in the Philippines and registered with the SEC on October 5, 1987. Its registered place of business is 5th Floor, One Campus Place, Tower B, 1080 Campus Avenue, McKinley Town Center, Taguig City. HMDC is involved in mining, processing and sale of quarry resources of mineral rights.

Pursuant to the subscription by the Holcim Philippines, Inc. Retirement Fund ("HPI RF") to 60% of the issued and outstanding capital stock of HMDC, on February 2015, the Parent Company and HPMC appointed and designated HPI RF as their proxy for their respective 60% voting shares in HMDC, which proxy is irrevocable until SEC approves the increase in capital stock. Thereafter, three nominees of HPI RF were elected to the five-member Board of HMDC. As a result, HPI RF has effectively taken over the control of HMDC. Consequently, the Group accounted for its remaining 40% interest in HMDC as investment in an associate. At the date of the loss of control, the Parent Company's investment in HMDC was remeasured at ₱4.2 billion based on the fair value of its retained equity in HMDC.

As of December 31, 2021, the Group owns a total of ₱16.8 million common shares (Class A & B) and 0.75 million redeemable preference shares. HMDC's redeemable preference shares has an entitlement to the voting rights, dividends, option to redeem all or any portions of the redeemable preferred shares, and preference in liquidation.

Based on the shareholders agreement, HPI is entitled 100% on the land owned by HMDC. However, HPI is not entitled on some land purchased by HMDC in 2018 and 2019 which are direct purchases of HMDC from third party.

Following are the summarized consolidated statements of financial position as at December 31, 2021 and 2020:

	2021	2020
	(In Thousands)	
Current assets	**₱1,948,813**	₱2,710,027
Non-current assets	**6,141,548**	6,303,122
Current liabilities	**(2,201,038)**	(3,642,718)
Non-current liabilities	**(1,361,587)**	(819,418)
Net assets	**₱4,527,736**	₱4,551,013

The reconciliation of the above summarized financial information to the carrying amount of the interest in HMDC recognized in the consolidated financial statements is shown below:

	2021	2020
	(In Thousands)	
Net assets of the associate	**₱4,527,736**	₱4,551,013
Ownership interest in HMDC	**40%**	40%
Proportion of the Group's ownership interest in HMDC	**1,811,094**	1,820,405
Attributable to land	**1,179,230**	1,254,879
Gain on remeasurement of retained equity at deconsolidation	**2,092,278**	2,092,278
Others	**(963,313)**	(872,243)
Carrying amount of the Group's interest in HMDC	**₱4,119,289**	₱4,295,319

Gain on remeasurement of retained equity at deconsolidation pertains to the amount recognized in profit or loss arising mainly from the fair value adjustments of certain assets owned by HMDC and its subsidiaries as a result of the change of HMDC from a subsidiary to an associate in 2015.

Others primarily pertain to subscription deposit and the receivables from the sale of land originally invested by HPI, in accordance with the shareholders' agreement.

Following are the summarized consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020:

	2021	2020
	(In Thousands)	
Revenues	**₱2,254,282**	₱1,866,065
Cost and expenses	**(1,598,937)**	(1,334,829)
Gross profit	**655,345**	531,236
Other income (loss)	**(477,936)**	(441,301)
Income before income tax	**177,409**	89,935
Provision from income tax	**(52,985)**	(34,599)
Net income	**₱ 124,424**	₱ 55,336
Dividends received from the associate during the year	**₱ 20,631**	₱ 88,530

Movements of the investment in HMDC in 2021 and 2020 are as follows:

	2021	2020
	(In Thousands)	
Cost:		
Beginning balance of investment in associate	**₱4,319,496**	₱4,319,496
Accumulated share in undistributed earnings:		
Beginning balance	**(24,177)**	42,119
Share of results (loss) of associate	**(155,399)**	22,234
Dividends received	**(20,631)**	(88,530)
	(200,207)	(24,177)
	₱4,119,289	₱4,295,319

On September 16, 2021, the BOD of HMDC declared total cash dividends of ₱25 million to its stockholders of record as of date.

	Dividend Per share	Total Dividends
Preferred Share Class A – 50,000	₱5.00	₱ 250,000
Preferred Share Class B – 700,000	₱25.00	17,500,000
Preferred Share Class C – 26,250,000	₱0.17	4,515,200
Common Class A – 6,250,000	₱0.17	1,075,048
Common Class B – 10,250,000	₱0.17	1,806,080

On September 4, 2020, the BOD of HMDC declared total cash dividends of ₱172 million at ₱3.17 per share to its stockholders of record as of date.

Management believes that there is no indication that an impairment loss has occurred during the year.

13. PROPERTY, PLANT AND EQUIPMENT - net

	December 31, 2020	**Additions/ Depreciation**	**Disposals/ Retirements**	**Transfers/ Reclassification**	**December 31, 2021**
			(In Thousands)		
Cost:					
Buildings and installations	₱14,112,018	₱ 5,247	(₱ 90,065)	₱ 55,467	₱14,082,667
Machinery and equipment	29,559,172	208,174	–	668,663	30,436,009
Furniture, vehicles and tools	998,828	1,632	(23,496)	64,240	1,041,204
Construction in-progress	1,330,800	1,281,779	–	(789,300)	1,823,279
	46,000,818	1,496,832	(113,561)	(930)	47,383,159
Less accumulated depreciation and impairment losses:					
Buildings and installations	8,766,031	401,492	(87,099)	(2,038)	9,078,386
Machinery and equipment	16,918,163	1,068,445	–	1,108	17,987,716
Furniture, vehicles and tools	791,090	44,751	(21,048)	16	814,809
	26,475,284	1,514,688	(108,147)	(914)	27,880,911
Carrying Amount	₱19,525,534	(₱ 17,856)	(₱ 5,414)	(₱ 16)	₱19,502,248

	December 31, 2019	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2020
			(In Thousands)		
Cost:					
Buildings and installations	₱13,593,446	₱ 18,484	₱ –	₱ 500,088	₱14,112,018
Machinery and equipment	26,985,692	362,637	(238,564)	2,449,407	29,559,172
Furniture, vehicles and tools	1,023,527	5,112	(44,473)	14,662	998,828
Construction in-progress	3,747,152	589,443	–	(3,005,795)	1,330,800
	45,349,817	975,676	(283,037)	(41,638)	46,000,818
Less accumulated depreciation and impairment losses:					
Buildings and installations	8,458,268	307,763	–	–	8,766,031
Machinery and equipment	16,141,139	1,015,588	(238,564)	–	16,918,163
Furniture, vehicles and tools	751,107	84,198	(44,215)	–	791,090
	25,350,514	1,407,549	(282,779)	–	26,475,284
Carrying Amount	₱19,999,303	(₱ 431,873)	(₱ 258)	(₱ 41,638)	₱19,525,534

Construction in progress includes on-going item replacements and expansion projects for the Group's operations.

The Company recognized loss from the disposal of property, plant and equipment amounting to ₱0.34 million and nil in December 31, 2021 and 2020, respectively, as disclosed in Note 31.

Out of the total amount of additions to property, plant and equipment, ₱248.2 million and ₱89.8 million are still unpaid as at December 31, 2021 and 2020, respectively. On December 31, 2021 and 2020, the Company sold various property, plant and equipment with a total net carrying amount of ₱ 0.5 million and ₱ 0.3 million, respectively.

The proceeds from the sale of property, plant, and equipment amounted to ₱0.2 million and ₱0.3 million in 2021 and 2020, respectively.

Transfers from property, plant and equipment to intangible assets amounted to ₱0.8 million and ₱41.6 million in 2021 and 2020, respectively.

Management believes that there is no indication that an impairment loss has occurred for the years ended December 31, 2021 and 2020.

No property, plant and equipment are pledged as security for the Group's borrowings.

14. GOODWILL AND INTANGIBLE ASSETS – net

The movements of goodwill and intangible assets are as follows:

	December 31, 2020	Additions/ Amortization	Transfers	December 31, 2021
Goodwill	₱2,635,738	₱ -	₱ -	**₱2,635,738**
Intangible assets				
Cost:				
Software costs	115,633	19,533	930	**136,096**
Project development costs and others	64,467	-	-	**64,467**
	180,100	19,533	930	**200,563**
Less accumulated amortization:				
Software costs	110,908	7,272	131	**118,311**
Project development costs and others	49,747	-	-	**49,747**
	160,655	7,272	131	**168,058**
	19,445	12,261	799	**32,505**
Balance	₱2,655,183	₱12,261	₱799	**₱2,668,243**

	December 31, 2019	Additions/ Amortization	Transfers	December 31, 2020
Goodwill	₱2,635,738	₱ -	₱ -	₱2,635,738
Intangible assets				
Cost:				
Software costs	100,206	-	15,427	115,633
Project development costs and others	38,256	-	26,211	64,467
	138,462	-	41,638	180,100
Less accumulated amortization:				
Software costs	95,926	14,982	-	110,908
Project development costs and others	15,661	34,086	-	49,747
	111,587	49,068	-	160,655
	26,875	49,068	41,638	19,445
Balance	₱2,662,613	₱49,068	₱41,638	₱2,655,183

Goodwill

Goodwill amounting to ₱2.6 billion relates to the cement operations of one of the Group's Plants, particularly its Mabini Grinding Mill plant, which was acquired in 2004. The goodwill arising from the acquisition of MGMC is attributable to the strategic plan of the Group to expand its operations by rehabilitating the existing grinding plants of MGMC. The Management decides to boom the cement making production capacity of the Group in anticipation of the significant boom in the construction industry.

The Group performs its annual impairment test every last quarter of the year. The recoverable amount of the CGU determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the CGU exceeds its recoverable amount. Future cash flows are discounted using the WACC.

The cash flow projections are based on a seven-year financial planning period approved by senior management. The Company's Mid-Term plan covers a period of 3 years. However, it was decided to apply a 7-year business plan period in accordance with the LafargeHolcim global policy, in order to be able to estimate a development towards a sustainable level in the years 4 to 7 if required.

Cash flows beyond the five-year budget period are extrapolated under the premise that cash flows will have zero percent growth in real terms while having three percent growth as terminal growth rate (TGR). As a result of this analysis, Management has determined that there was no impairment loss in 2021, 2020 and 2019 since the value-in-use exceeds the carrying value of the cement segment.

The key assumptions used on determining the value-in-use of the CGU are as follows:

	Discount Rate	Terminal Growth Rate
2021	**8.5%**	**3.0%**
2020	8.5%	3.0%
2019	8.2%	6.8%

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

Management believes that there is no indication that an impairment loss has occurred on its intangible assets with definite useful lives as at December 31, 2021 and 2020.

15. OTHER NON-CURRENT ASSETS

	Note	2021	2020
		(In Thousands)	
Other financial assets	8	**₱2,135,778**	₱2,149,987
Guarantee deposits		**69,062**	101,729
Long-term prepaid asset		**191,600**	178,642
Deferred input value-added (VAT) taxes		**482,685**	9,729
Refundable deposits		**447**	447
		₱2,879,572	₱2,440,534

Other financial assets represent both restricted funds in relation to court-mandated garnishment arising from a case filed by Seasia against Holcim Philippines and minimum mine rehabilitation fund required by the Department of Environment and Natural Resources (DENR) to cover site restoration cost amounting to ₱2.14 billion and ₱2.15 billion as at December 31, 2021 and 2020, respectively. The garnished funds amounting to ₱1.9 billion is deposited at Metrobank until the outcome of the case and/or until further order of the courts/garnishing authority as disclosed in Note 35. As at December 31, 2020, the Group is already working to close the rehabilitation fund as DENR requirement is no longer applicable consequent to the disposal of all land and mining assets previously owned by HPI.

As at December 31, 2021, the Group is still working to close the rehabilitation fund and plans to transfer substantially the outstanding balance to the regular bank accounts in 2022.

Guarantee deposits represent cash deposits made to suppliers for raw material supply agreement and various security deposits for rentals.

Long-term prepaid asset pertains to stranded cost for development of assets held for future use or mining. The increase in the balance in 2021 to ₱192 million from ₱179 million in 2020 is due to the recognition of additional stranded costs.

As at December 31, 2021 and 2020, the deferred input VAT amounted to ₱482.7 million and ₱9.7 million, respectively. The movement in the account was due to the reclassification from current to non-current, reflective of the deferrals of input VAT credits attributable to the services obtained from HPMC, MGMC and BPI.

Refundable deposits amounting to ₱0.4 million as at December 31, 2021 and 2020 include warranty deposits arising from the Group's contract with Manila Electric Company ("Meralco"). The Group has commenced recovering the deposits by coordinating with Meralco Corporate Partners and by preparing the required documentations. As of December 31, 2021, process of recovering the deposits is still on-going.

16. TRADE AND OTHER PAYABLES

	Note	2021	2020
		(In Thousands)	
Trade payables		**₱3,776,605**	₱2,974,999
Advances and deposits from customers		**744,143**	1,948,302
Due to related parties	32	**1,308,671**	781,730
Accrued expenses		**2,174,705**	3,255,172
Non-trade payable		**75,119**	296,608
Other payables		**487,097**	44,485
		₱8,566,340	₱9,301,296

Trade payables are non-interest bearing and normally have payment terms of 30 to 60 days and includes provision.

Advances and deposits from customers represent those that will be applied against subsequent shipments thus, are generally outstanding for less than 30 days from initial recognition.

Other payables include taxes payable (i.e. employee, withholding and fringe benefit taxes payable), capex payable and other payables pertaining to non-trade transactions with normal payment terms of 30 days.

Non-trade payables represent accounts with suppliers other than production-related expenses.

Details of the Group's accrued expenses are as follows:

	2021	2020
	(In Thousands)	
Outside services	**₱ 705,226**	₱2,076,695
Rebates	**529,933**	595,950
Freight	**16,754**	180,932
Power	**400,538**	160,426
Employee-related payable	**267,331**	95,256
Maintenance	**73,750**	24,437
Others	**181,173**	121,476
	₱2,174,705	₱3,255,172

Outside services include accrual for audit fees, consigned raw materials, security services and other third-party services acquired. The decrease in the balance in 2021 was due to the discontinued consignment agreement for imported raw materials in the first quarter of the year.

Other accrued expenses include interest from interest-bearing cash bonds which are refundable anytime upon demand by the customers.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					
	Beginning balance	**Financing cash flows**	**Declaration**	**Additions**	**Interest accretion**	**Foreign exchange movement**	**Other changes**	**Closing balance**
				(In Thousands)				
2021								
Lease liabilities	**₱2,060,066**	**(₱ 399,318)**	**₱ -**	**₱ 13,354**	**₱105,838**	**(₱ 7)**	**(₱133,276)**	**₱1,646,657**
Loans payable	**-**	**(2,544,640)**	**2,774,403**	**-**	**-**	**-**	**-**	**229,763**
	₱2,060,066	**(₱2,943,958**	**₱2,774,403**	**₱ 13,354**	**₱105,838**	**(₱ 7)**	**(₱133,276)**	**₱1,876,420**
2020								
Lease liabilities	₱2,164,503	(₱ 507,601)	₱ -	₱ 269,406	₱165,854	(₱10,376)	(₱21,720)	₱2,060,066
Loans payable	3,925,849	(9,225,849)	-	5,300,000	-	-	-	-
	₱6,090,352	(₱9,733,450)	₱ -	₱5,569,406	₱165,854	(₱10,376)	(₱21,720)	₱2,060,066
2019								
Lease liabilities	₱ 2,454,194	(₱ 667,995)	₱ -	₱ 234,988	₱143,316	₱ -	₱ -	₱2,164,503
Loans payable	9,125,849	(11,400,000)	-	6,200,000	-	-	-	3,925,849
	₱11,580,043	(₱12,067,995)	₱ -	₱6,434,988	₱143,316	₱ -	₱ -	₱6,090,352

Interest and financing charges as included in the Group's consolidated statements of cash flows from financing activities amounted to ₱21.1 million, ₱489.8 million,and ₱399.9 million in 2021, 2020 and 2019, respectively, attributable to bank charges interest and on standard cost and pension cost.

18. SHARE-BASED PAYMENTS

Long-Term Incentive

The Group has a long-term incentive scheme for its executives. In accordance with the terms of the LafargeHolcim's Long-term Incentive (LTI) Plan, the Group was instructed to process the LTI Share Award Payroll Instruction plan for executives with more than five years of service with the Group.

For the years 2021 and 2020, employees purchased 3,813 shares at an average price of CHF 37.37 per share and 4,490 shares at an average price of CHF 44.19 per share, respectively. Total incentive compensation related to the purchased plans is ₱6,181,036 and ₱3,997,295 for 2021 and 2020, respectively.

The following long-term incentive arrangements were in existence during the current and prior years:

	Number	Grant Date	Expiry Date	Exercise Price (in CHF)	Fair value at grant date (in CHF)
Granted on 30 March 2021	1,290	03/01/18	03/01/21	56.06	72,317
Granted on 30 March 2021	2,523	03/01/18	03/01/21	56.06	141,439
Granted on 16 September 2020	1,234	07/25/17	07/27/20	44.19	54,530
Granted on 16 September 2020	2,416	07/25/17	07/27/20	44.19	106,763
Granted on 16 September 2020	840	07/25/17	07/27/20	44.19	37,120

The LTI outstanding at the end of the year had a weighted average exercise price of CHF 37.37 in 2021 and CHF 44.19 in 2020, and a weighted average remaining contractual life of 0 days in 2021 and 59 days in 2020.

Other reserves represent the Group's share in the performance compensation scheme of the Lafarge Holcim Group.

19. LEASES

The Group has a number of lease agreement covering office spaces, warehouse, bulk terminals and various equipment that are accounted under PFRS 16, with periods ranging from more than one year to twenty-five years. Bulk of the commitments pertain to lease of vessels being used to transport cement and land agreements.

The discount rates used to calculate the lease liability for existing lease agreements range from 3.14% to 6.27%.

See out below are the carrying amounts of lease liabilities and the movement during the period:

	Note	**2021**	2020
		(In Thousands)	
January 1, 2021		**₱2,060,066**	₱2,164,503
Additions		**13,354**	269,406
Accretion of interest	29	**105,838**	165,854
Effect of foreign exchange		**(7)**	(10,376)
Impact on lease modification		**-**	(21,720)
Terminated lease		**(133,276)**	-
Payments		**(399,318)**	(507,601)
December 31, 2021		**₱1,646,657**	₱2,060,066
Current portion		**₱ 171,418**	₱ 218,047
Non-current portion		**₱1,475,239**	₱1,842,019

In 2021, the Group has terminated its lease contracts which were initially recognized as part of right-of-use assets and lease liabilities.

In 2020, the Group has benefited from a 2-month lease payment holiday on land and land improvements. The payment holiday reduces payments in the period to 2040 by ₱26.3 million. The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of ₱21.7 million, which has been correspondingly recorded as a decrease in right-of-use asset. The Group continued to recognize interest expense on the lease liability.

Shown below is the maturity analysis of the undiscounted lease payments:

	2021	2020
	(In Thousands)	
1 year	**₱ 171,418**	₱ 218,047
More than 1 year to 2 years	**191,353**	426,717
More than 2 years to 3 years	**156,595**	267,669
More than 3 years to 4 years	**135,942**	369,020
More than 5 years	**1,975,010**	2,036,872
	2,630,318	3,318,325
Less: Unamortized interest	**983,661**	1,258,259
	₱1,646,657	₱2,060,066

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The roll forward analysis of this account follows:

	Right-of-Use Land	**Right-of-Use Buildings and installations**	**Right-of-Use Machinery and equipment**	**Right-of-Use Furniture, vehicle and tools**	**Total**
2021					
			(In Thousands)		
Cost:					
At January 1, as previously reported	**₱1,677,889**	**₱349,708**	**₱20,790**	**₱442,069**	**₱2,490,456**
Additions	–	**13,354**	–	–	**13,354**
Termination	–	–	–	**(129,726)**	**(129,726)**
Adjustments	**14,439**	**8,943**	–	–	**23,382**
At December 31	**1,692,328**	**372,005**	**20,790**	**312,343**	**2,397,466**
Accumulated depreciation:	**233,307**	**121,257**	**14,406**	**254,590**	**623,560**
Depreciation	**125,138**	**78,402**	**6,218**	**106,420**	**316,178**
Termination	–	–	–	**(86,564)**	**(86,564)**
At December 31	**358,445**	**199,659**	**20,624**	**274,446**	**853,174**
Net book value	**₱1,333,883**	**₱172,346**	**₱ 166**	**₱ 37,897**	**₱1,544,292**
2020					
			(In Thousands)		
Cost:					
At January 1, as previously reported	₱1,644,962	₱403,423	₱11,551	₱625,312	₱2,685,248
Additions	63,489	4,699	9,239	191,976	269,403
Disposals	(8,842)	(58,414)	–	(375,219)	(442,475)
Impact of Lease Modification	(21,720)	–	–	–	(21,720)
At December 31	1,677,889	349,708	20,790	442,069	2,490,456
Accumulated depreciation:	121,744	95,413	7,173	330,399	554,729
Depreciation	120,405	84,258	7,233	299,410	511,306
Disposals	(8,842)	(58,414)	–	(375,219)	(442,475)
At December 31	233,307	121,257	14,406	254,590	623,560
Net book value	₱1,444,582	₱228,451	₱ 6,384	₱187,479	₱1,866,896

See out below, are the amounts recognized in the consolidated statements of comprehensive income:

	Notes	2021	2020
		(In Thousands)	
Depreciation expenses on right-of-use assets	28	**₱316,178**	₱511,306
Interest expense on lease liabilities	29	**105,838**	165,854
Rent expense - short-term lease	24, 26	**-**	4,406
		₱422,016	₱681,566

The breakdown of lease payments is as follows:

	2021	2020
	(In Thousands)	
Fixed payments	**₱293,480**	₱341,747
Interest payments	**105,838**	165,854
Total payments	**₱399,318**	₱507,601

Total cash outflow for leases amounted to ₱399.3 million and ₱507.6 million in 2021 and 2020, respectively.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The main risks arising from the Group's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Management reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market risks

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

Foreign currency risk

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

The Group has foreign exchange exposures, arising primarily from purchases of goods and services in currencies other than the Philippine Peso that leads to currency translation effects. None of the Group's revenues in 2021 and 2020 were denominated in currencies other than the Philippine Peso.

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

As at December 31, 2021, the Group had minimal assets and liabilities exposed to foreign currency risks.
The table below summarizes the Group's exposure to foreign currency risk before considering the effect of hedging transactions. Included in the table are the Group's foreign currency denominated assets and liabilities at carrying amounts:

	December 31			
	2021		2020	
	In USD	**In PHP**	In USD	In PHP
	(In Thousands)			
Assets:				
Cash in banks	**$ 434**	**₱22,135**	$ 863	₱ 41,459
Other current asset	**-**	**-**	362	17,398
	434	**22,135**	1,225	58,857
Liabilities:				
Trade and other payables	**3,897**	**198,573**	20,262	973,792
Lease liabilities	**648**	**33,019**	3,091	148,498
	4,545	**231,592**	23,353	1,122,290
Net exposure	**($4,111)**	**(₱209,457)**	($22,128)	(₱1,063,433)

Converted to US$1.00: ₱50.955 as of December 31, 2021 and US$1.00: ₱48.04 as of December 31, 2020

The following table demonstrates the sensitivity of the Group's income before income tax (due to changes in fair value of monetary assets and liabilities after considering the impact of hedging transactions) to a reasonably possible change in U.S. dollar exchange rate, with all other variables held constant:

	US Dollar Appreciates (Depreciates) by	Effect on Income Before Income Tax
December 31, 2021		*(In Thousands)*
Sensitivity 1	**10%**	**(₱20,946)**
Sensitivity 2	**(5%)**	**10,473**
December 31, 2020		
Sensitivity 1	10%	(₱106,343)
Sensitivity 2	(5%)	53,172

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The impact of any change in foreign exchange rate on the embedded currency forwards of the Group is immaterial.

Interest rate risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at December 31, 2021 and 2020, the Group has minimal exposure to interest rate risk.

Credit risk

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

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

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset, except for the following financial assets:

	Gross Maximum Exposure[(a)]		Net Maximum Exposure[(b)]	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	(In Thousands)		*(In Thousands)*	
Loans and receivables:				
Cash in banks	**₱ 501,208**	₱2,080,791	**₱ 501,208**	₱1,885,710
Trade receivables	**803,910**	694,955	**803,910**	694,955
Other financial assets*	**2,135,778**	2,149,987	**2,135,778**	2,149,987
	₱3,440,896	₱4,925,733	**₱3,440,896**	₱4,730,652

(a) *Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.*

(b) *Gross financial assets after taking into account any collateral or other credit enhancements or offsetting arrangements or deposit insurance.*

* *Included under "Other noncurrent assets" account in the consolidated statements of financial position.*

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

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

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
				(In Thousands)			
2021							
Cash in banks	8	N/A	Performing	12m ECL	**₱ 501,208**	**₱ -**	**₱ 501,208**
Trade receivables	9	N/A	(i)	Lifetime ECL (simplified approach)	**803,910**	**(64,043)**	**739,867**
Due from related parties	9	N/A	Performing	12m ECL	**652,945**	**-**	**652,945**
Other receivables	9	N/A	Performing	12m ECL	**322,562**	**-**	**322,562**
	9	N/A	Doubtful	Lifetime ECL	**5,105**	**(5,105)**	-
Advances to employees	11	N/A	Performing	12m ECL	**691**	**-**	**691**
Other financial assets	15	N/A	Performing	12m ECL	**2,135,778**	**-**	**2,135,778**
Guarantee deposits	15	N/A	Performing	12m ECL	**69,062**	**-**	**69,062**
Refundable deposits	15	N/A	Performing	12m ECL	**447**	**-**	**447**
Loans receivable from related parties	32	N/A	Performing	Lifetime ECL (general approach)	**240,426**	**-**	**240,426**
					₱4,732,134	**(₱69,148)**	**₱4,662,986**
2020							
Cash in banks	8	N/A	Performing	12m ECL	₱2,080,791	₱ -	₱2,080,791
Trade receivables	9	N/A	(i)	Lifetime ECL (simplified approach)	694,955	(61,887)	633,068
Due from related parties	9	N/A	Performing	12m ECL	1,519,089	-	1,519,089
Other receivables	9	N/A	Performing	12m ECL	449,263	-	449,263
	9	N/A	Doubtful	Lifetime ECL	5,105	(5,105)	-
Advances to employees	11	N/A	Performing	12m ECL	8,970	-	8,970
Other financial assets	15	N/A	Performing	12m ECL	2,149,987	-	2,149,987
Guarantee deposits	15	N/A	Performing	12m ECL	101,729	-	101,729
Refundable deposits	15	N/A	Performing	12m ECL	447	-	447
Loans receivable from related parties	32	N/A	Performing	12m ECL	465,657	-	465,657
					₱7,475,993	(₱66,992)	₱7,409.001

(i) For trade receivables, the Group has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 9 include further details on the loss allowance for these assets respectively.

For intercompany receivables, the Group has applied the general approach in PFRS 9 to measure the loss allowance.

The Group assessed the expected credit losses on these items by using the provision matrix, estimated based on historical information that the entity holds about the other entity, and adjusted for forward-looking information that is reasonable and supportable, and can be obtained without undue cost or effort.

Liquidity risk

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

The Group maintains sufficient reserves of cash in banks, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2021 and 2020, the Group has unutilized credit facilities of ₱13.6 billion and ₱12.0 billion, respectively.

The tables below summarize the maturity profile of the Group's financial assets used for liquidity management as at December 31, 2021 and 2020:

	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In thousands)		
2021					
Financial assets at FVTPL**:					
Quoted shares	**₱ 1,300**	**₱ -**	**₱ -**	**₱ -**	**₱ 1,300**
Unquoted shares	**3,756**	**-**	**-**	**-**	**3,756**
Loans and receivables:					
Cash in banks	**501,208**	**-**	**-**	**-**	**501,208**
Trade and other receivables:	**803,910**	**-**	**-**	**-**	**803,910**
Due from related parties	**-**	**-**	**652,945**	**-**	**652,945**
Other receivables	**-**	**-**	**322,562**	**-**	**322,562**
Advances to employees**	**-**	**-**	**-**	**691**	**691**
Other financial assets***	**-**	**-**	**-**	**2,135,778**	**2,135,778**
Guarantee deposits***	**-**	**-**	**-**	**69,062**	**69,062**
Loans receivable from related parties	**-**	**-**	**240,426**	**-**	**240,426**
	₱1,310,174	**₱ -**	**₱1,215,933**	**₱2,205,531**	**₱4,731,638**
			(In thousands)		
2020					
Financial assets at FVTPL**:					
Quoted shares	₱ 176	₱ –	₱ –	₱ –	₱ 176
Unquoted shares	3,764	–	–	–	3,764
Loans and receivables:					
Cash in banks	2,080,791	–	–	–	2,080,791
Trade and other receivables:	694,955	–	–	–	694,955
Due from related parties	–	–	1,519,089	–	1,519,089
Other receivables	–	–	454,368	–	454,368
Advances to employees**	–	–	–	8,970	8,970
Other financial assets***	–	–	–	2,149,987	2,149,987
Guarantee deposits***	–	–	–	101,729	101,729
Loans receivable from related parties	–	–	465,657	–	465,657
	₱2,779,686	₱ –	₱2,439,114	₱2,260,686	₱7,479,486

**Included under "Other current assets" in the consolidated statements of financial position.*
***Included under "Investments" in the consolidated statements of financial position.*
****Included under "Other noncurrent assets" in the consolidated statements of financial position.*

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2021 and 2020 based on contractual undiscounted payments:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
			(In thousands)		
2021					
Other financial liabilities:					
Trade and other payables:					
Trade payables*	**₱3,776,605**	**₱ -**	**₱ -**	**₱ -**	**₱ 3,776,605**
Accrued expenses and non-trade payables*	**2,249,824**	**-**	**-**	**-**	**2,249,824**
Due to related parties*	**1,308,671**	**-**	**-**	**-**	**1,308,671**
Lease liabilities	**-**	**-**	**171,418**	**2,458,900**	**2,630,318**
Advances from customers*	**744,143**	**-**	**-**	**-**	**744,143**
Other payables*	**487,097**	**-**	**-**	**-**	**487,097**
	₱8,566,340	**₱ -**	**₱ 171,418**	**₱2,458,900**	**₱11,196,658**
2020					
Other financial liabilities:					
Trade and other payables:					
Trade payables*	₱2,974,999	₱ –	₱ –	₱ –	₱ 2,974,999
Accrued expenses and non-trade payables*	3,551,780	–	–	–	3,551,780
Due to related parties*	781,730	–	–	–	781,730
Lease liabilities	–	–	218,047	1,842,019	2,060,066
Advances from customers*	1,948,302	–	–	–	1,948,302
Other payables*	9,091	–	–	–	9,091
	₱9,265,902	₱ –	₱218,047	₱1,842,019	₱11,325,968

**Included under "Trade and other payables" account in the consolidated statements of financial position.*

Management believes that it has the sufficient reserves to meet its liquidity requirements at all times. It has the financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Group manages its negative liquidity ratio position in 2021 and 2020 by forecasting cash flow regularly, monitoring and optimizing net working capital and managing existing credit facilities. As of December 31, 2021 and 2020, the total available credit line from various bank partners is ₱15.9 billion and ₱15.1 billion, respectively.

Capital management policy

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

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

The Group monitors capital, among others, on the basis of gearing ratio. Gearing ratio is calculated as net financial debt divided by total equity in the consolidated statements of financial position as shown in the table below:

	2021	2020
	(In Thousands)	
Customers' deposits (Cash bond)*	**₱ 278,693**	₱ 296,600
Financial debt (Excess)	**278,693**	296,600
Less: Cash in banks	**501,208**	2,080,791
Net financial asset	**(222,515)**	(1,784,191)
Total equity	**29,804,455**	29,632,055
Gearing ratio	**(0.01)**	(0.06)

**Included as part of "Trade and other payables"*

The Group's target is to maintain a gearing ratio in the range of no more than 100 percent. Total equity increased by 0.58% in 2021 as a result of increase in retained earnings coming from income from operations. There were no changes in the Group's approach to capital management during the year.

21. FINANCIAL ASSETS AND LIABILITIES

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at December 31, 2021 and 2020. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash in Banks, Trade and Other Receivables, Advances to Employees, Loan receivable from a related party, Long-term Financial Receivable, Loans Payable and Trade and Other Payables. Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as at end of each reporting period.

Derivatives. The fair values of the embedded currency forwards are calculated by reference to current forward exchange.

Financial Assets at FVTPL. The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period.

Long-term Financial Receivable and Guarantee Deposits. These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

Summary of Financial Assets and Liabilities

	Note	2021	2020
Financial Assets at FVTPL			
Quoted shares	12	**₱ 1,300**	₱ 176
Unquoted shares	12	**3,756**	3,764
		5,056	3,940
Financial Assets at Amortized Cost			
Cash in banks	8	**501,208**	2,080,791
Trade receivables	9	**739,867**	633,068
Due from related parties	9	**652,945**	1,519,089
Other receivables	9	**322,562**	449,263
Advances to employees	11	**691**	8,970
Other financial assets	15	**2,135,778**	2,149,987
Guarantee deposits	15	**69,062**	101,729
Loan receivable from related parties	32	**240,426**	465,657
		4,662,539	7,408,554
Financial Liabilities at Amortized Cost			
Trade payables	16	**3,776,605**	2,974,999
Accrued expenses	16	**2,249,824**	3,551,780
Due to related parties	16	**1,308,671**	781,730
Other payables	16	**487,097**	44,484
		₱7,822,197	₱7,352,993

Fair Value Hierarchy

As at December 31, 2021 and 2020, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as financial assets at FVTPL (Level 1), see Note 12. The Group's unquoted equity securities are not significant.

As at December 31, 2021 and 2020, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2021 and 2020.

22. PROVISIONS

	2021	2020
	(In Thousands)	
Provisions for stranded cost	**₱63,043**	₱64,479
Provision for dispute and tax assessment	**10,000**	10,000
	₱73,043	₱74,479

Provisions pertain to probable claims arising from assessments and onerous contracts involving the Group. The timing of the cash outflows of these provisions is uncertain as it depends upon the outcome of the Group's negotiations and/or legal proceedings, which are currently ongoing with the parties involved.

The unamortized stranded cost as at December 31, 2021 and 2020 amounted to ₱63.04 million and ₱64.48 million, respectively. In 2021 and 2020, total interest cost on stranded cost amounted to ₱4.8 million and ₱4.8 million, respectively, as disclosed in Note 29.

The Group recognized a provision for probable losses amounting to ₱10 million related to a dispute with a former supplier of its aggregates. As at December 31, 2018, it was presented as part of trade payable, since the Group's negotiations and/or legal proceedings are still on-going. As at December 31, 2021 and 2020, the provision was classified to non-current liabilities as part of provisions due to the uncertainty of the settlement date.
In 2017, the Group recognized a provision for tax assessment amounting to ₱53,000 related to a final assessment notice received from the BIR in December 2014 for alleged deficiency of current income tax and VAT covering the taxable year 2011. The Management believes the amount of provision will cover the expected tax due after providing the supporting documents in their protest last January 2016. During 2020, the Group settled this through the availment of tax amnesty.

Disclosure of additional details beyond the present disclosure may prejudice the Group's position. Thus, as allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

23. EQUITY

a. Capital Stock

The composition of the Parent Company's capital stock as at December 31, 2021 and 2020 is as follows:

	Number of Shares	Amount *(In Thousands)*
Authorized - P1 par value		
Preferred shares	20,000,000	₱ 20,000
Common shares	9,980,000,000	9,980,000
Issued, fully paid and outstanding - Common shares	6,452,099,144	₱6,452,099

The Parent Company has one class of common share which carries voting rights and right to dividends but none for fixed income.

The preferred shares are cumulative and non-participating and entitled to preferential dividend rate when declared by the Management of the Parent Company. There were no preferred shares issued and outstanding as at December 31, 2021 and 2020.

The Parent Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2021 and 2020 is 6.5 billion. These shares are held by 5,248 and 5,257 stockholders as at December 31, 2021 and 2020, respectively. There have been no recent changes in the number of shares registered and outstanding.

b. Retained Earnings

The Parent Company's retained earnings available for dividend declaration amounted to ₱7.2 billion and ₱7.6 billion as at December 31, 2021 and December 31, 2020, respectively, based on the guidelines set in the Securities Regulation Code Rule 68.

c. On May 27, 2021, the Parent Company declared cash dividends amounting to ₱2.8 billion at ₱0.43 dividend per share. As of December 2021, the Parent Company has an outstanding dividend payable to UCHC amounting to ₱229.8 million as disclosed in Note 32.

24. COST OF SALES

	Notes	2021	2020	2019
			(In Thousands)	
Raw, packaging and production materials	10	**₱ 6,768,308**	₱ 9,609,195	₱11,085,665
Power and fuel	10	**7,986,391**	5,736,512	7,827,845
Outside services		**2,092,611**	1,964,562	2,188,254
Depreciation and amortization	13, 14, 19	**1,576,975**	1,703,306	1,500,590
Personnel	27	**1,295,572**	1,152,694	1,163,432
Transportation and communications		**718,907**	765,771	1,812,002
Repairs and maintenance		**803,553**	470,515	888,199
Taxes and licenses		**307,994**	326,148	328,976
Insurance		**119,531**	99,028	70,264
Rent	19	**-**	1,984	24,528
Others		**30,258**	54,909	151,159
		₱21,700,100	₱21,884,624	₱27,040,914

Others include inter-unit production freight, rent, provision for write-offs of spare parts and other miscellaneous expenses.

25. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2021	2020	2019
			(In Thousands)	
Personnel	27	**₱ 470,975**	₱381,819	₱352,047
Depreciation and impairment	13, 19	**147,055**	133,619	136,377
Outside services		**148,978**	120,870	128,139
Software implementation costs		**147,504**	102,198	188,339
Taxes and licenses		**95,854**	89,188	57,040
Office expenses		**54,470**	55,369	69,892
Directors' fees		**15,613**	11,475	11,640
Transportation and communications		**8,194**	4,349	13,030
Entertainment, amusement and recreation		**216**	486	677
Others		**14,204**	7,219	2,101
		₱1,103,063	₱906,592	₱959,282

Others include rent, training expenses, community services and expenses related to the Group's ongoing internal projects.

26. SELLING EXPENSES

	Notes	2021	2020	2019
			(In Thousands)	
Personnel	27	**₱243,847**	₱215,901	₱258,148
Depreciation	13, 14, 19	**114,108**	130,998	109,833
Outside services		**25,455**	20,213	40,404
Advertising		**124,648**	19,856	21,523
Transportation and communication		**16,751**	17,224	42,829
Taxes and licenses		**16,780**	4,827	8,063
Rent	19	**-**	2,422	4,659
Office expenses		**5,573**	2,296	15,280
Others		**21,596**	46,869	43,809
		₱568,758	₱460,606	₱544,548

Others include provision for expected credit losses, entertainment & recreation, insurance, utilities and expenses related to the Group's ongoing internal projects.

27. PERSONNEL EXPENSES

	2021	2020	2019
		(In Thousands)	
Salaries, wages and employee benefits	**₱1,358,065**	₱1,204,967	₱1,307,954
Retirement benefit costs	**216,371**	248,553	360,502
Training	**5,032**	3,547	11,573
Others	**430,926**	293,347	93,598
	₱2,010,394	₱1,750,414	₱1,773,627

Retirement benefit costs above exclude net interest cost classified as part of interest and financing charges.

Others includes other labor expenses own, recruitment/hiring expense, meals (non-travel), retrenchment and dismissal costs etc.

28. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Notes	2021	2020	2019
			(In Thousands)	
Property, plant and equipment				
Cost of sales	24	**₱1,412,237**	₱1,306,653	₱1,113,060
General and administrative	25	**94,487**	75,574	68,224
Selling expenses	26	**7,964**	25,322	6,799
		1,514,688	1,407,549	1,188,083
Right-of-use Assets				
Cost of sales	24	**158,929**	347,585	385,145
General and administrative	25	**52,568**	58,045	68,153
Selling expenses	26	**104,681**	105,676	103,034
		316,178	511,306	556,332
Intangible assets				
Cost of sales	24	**5,809**	49,068	2,385
Selling expenses	26	**1,463**	-	-
		7,272	49,068	2,385
		₱1,838,138	₱1,967,923	₱1,746,800

29. INTEREST AND FINANCING CHARGES

Details of interest and financing charges are as follows:

	Notes	2021	2020	2019
			(In Thousands)	
Interest on lease liabilities	19	**₱105,838**	₱165,854	₱143,316
Interest cost on defined benefit obligation		**15,359**	19,498	18,902
Accretion of provision for stranded cost	22	**4,804**	4,846	5,188
Interest on loans payable		**4,663**	150,936	404,823
Bank charges		**3,871**	16,326	9,286
		₱134,535	₱357,460	₱581,515

30. INTEREST AND OTHER FINANCIAL INCOME

	Notes	2021	2020	2019
			(In Thousands)	
Interest earned on cash in banks and on loans	8, 32	**₱20,750**	₱ 35,297	₱ 53,141
Interest income on defined benefit asset		**78,346**	123,458	265,987
		₱99,096	₱158,755	₱319,128

31. OTHER INCOME (EXPENSE) - net

	Note	2021	2020	2019
			(In Thousands)	
Gain on sale of by products and other revenue		**₱46,028**	85,801	37,284
Gain on termination of lease liabilities		**39,162**	₱ -	₱ -
Scrap sales		**3,957**	1,835	20,987
Revaluation of financial assets at FVTPL		**2,750**	-	-
Gain (Loss) on sale of properties - net	13	**(336)**	-	8,322
Write-off of investment		**(1,634)**	-	-
Foreign exchange (loss) gain – net		**(5,827)**	1,751	6,580
Reversal of revaluation of related party liability		**(21,731)**	-	-
Recovery of written off assets		**-**	53,415	-
Loss on disposal of intangible assets		**-**	-	(105,858)
Others		**(5,405)**	44,724	14,412
		₱56,964	₱187,526	(₱ 18,273)

Others include miscellaneous revenues from non-operating assets and loss on unrecoverable advances to officers and employees..

32. RELATED PARTY TRANSACTIONS

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Group has transactions with the following related parties:

Parent Company:

- Clinco Corporation
- Cemco Holdings, Inc. (Cemco), a subsidiary of Clinco
- Union Cement Holdings Corporation (UCHC), a subsidiary of Cemco

Subsidiaries of Cemco, a stockholder of the Parent Company:

- Lafarge Holdings (Philippines) Inc. (LHPI)
- Calumboyan Holdings, Inc. (CHI)
- Seacem Silos, Inc. (SSI)

Subsidiaries of Lafarge Holcim Limited

- Holcim Trading Pte. Ltd., Singapore (Holcim Trading)
- Holcim Technology Ltd. (HTEC)
- Holcim Technology (Singapore) Pte. Ltd. (HTPL)
- Holcim Group Services Ltd. (HGSX)
- Holcim East Asia Business Service Centre B.V (HEABS)
- Lafarge Holcim Energy Solutions (LHES)
- LH Shipping PTE Ltd.
- Holcim US Inc.
- Other Holcim Group affiliates
- LH Global Hub Services Pvt Ltd. (LHGH)

Associate and Subsidiaries of HMDC:

- Holcim Mining and Development Corporation (HMDC)
- Holcim Resources and Development Corporation (HRDC)
- LafargeHolcim Aggregates Inc. (LHAI)
- Sigma Cee Mining Corporation (SCMC)
- APC Properties, Inc. (APC)
- Quimson Limestones, Inc. (QLI)
- Lucky One Realty Ventures, Inc. (LORVI)

The following table summarizes the related party transactions and outstanding balances as at and for the years ended December 31, 2021 and 2020:

		2021		2020			
Related Parties	**Nature**	**Transactions During the Year**	**Outstanding Receivable (Payable)**	Transactions During the Year	Outstanding Receivable (Payable)	**Terms**	**Conditions**
			(In thousands)				
Parent							
UCHC							
	Payment of expenses	₱ –	₱ –	₱ 5,110	₱ –	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Short-term loan	–	–	1,840,699	–	Interest-bearing, settled in cash, due and demandable	Unsecured, unguaranteed
	Interest payable	-	-	111,383	–	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Dividend	**1,679,763**	**(229,763)**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed

Related Parties	Nature	2021 Transactions During the Year	2021 Outstanding Receivable (Payable)	2020 Transactions During the Year	2020 Outstanding Receivable (Payable)	Terms	Conditions
Cemco							
	Payment of expenses	**–**	**–**	5,515	–	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Payment of short-term loan	**(83,826)**	**-**	-	-	Interest bearing, settled in cash	Unsecured, unguaranteed, not impaired
	Short-term loan	**-**	**–**	395,970	465,671	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Interest payable	**-**	**-**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Long-term loan	**238,581**	**238,581**	(381,845)	–	Interest-bearing, fixed term	Unsecured, unguaranteed
	Interest receivable	**14,437**	**1,845**	22,738	54,305	To be settled in cash, fixed term	Unsecured, unguaranteed, , not impaired
	Operating expenses	**27,636**	**–**	59,920	27,636	To be settled in cash, due and demandable	Unsecured, unguaranteed, , not impaired
	Dividends	**196,377**	**-**	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
Clinco							
	Payment of expenses	**–**	**-**	1,296	–	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Under common shareholder							
HTEC							
	Purchases and/or expense	**1,033,410**	**-**	1,628,854	5,348	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, , not impaired
LAFARGEHOLCIM LTD (HOFI)	Purchases and/or expense	**824,257**		15,863	–	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Various charges	**131**	**131**	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
LAFARGEHOLCIM INVESTMENT CO., LTD	Cost recharge for Expats	**(5,381)**	**(5,381)**	**–**	**–**	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
Holcim Trading							
	Purchases and/or expense	**(679,102)**	**(634,639)**	122,794	(60,208)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
HTSG							
	Advances	**–**	**–**	(76)	–	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
HEABS							
	Service contract	**–**	**–**	59,398	–	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Assignment of lease	**–**	**–**	31,627	–	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Sale of assets	**–**	**–**	22,000	–	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Short-term financial receivable			(32,556)	–	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Sublease	**–**	**–**	(9,405)	–	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Various charges	**-**	**-**	(14,429)	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired, , not impaired

Related Parties	Nature	2021 Transactions During the Year	2021 Outstanding Receivable (Payable)	2020 Transactions During the Year	2020 Outstanding Receivable (Payable)	Terms	Conditions
LHES	Purchases and/or expenses	**17,710**	**-**	6,318	21,559	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
Holcim US Inc.	Purchases and/or expenses	**-**	**-**	28,494	-	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
LH Shipping Pte Ltd	Purchases and/or expenses	**487,456**	**(46,924)**	263,601	(2,520)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
LHPI	Short-term loan	**–**	**–**	1,845,151	–	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest payable	**–**	**–**	129,812	5,951	To be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Various charges	**10,677**	**–**	–	(10,677)	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed
SSI	Short-term loan	**–**	**–**	240,000	–	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest payable	**–**	**–**	17,629	–	To be settled in cash, due and demandable	Unsecured, unguaranteed
CHI	Various charges	**112**	**–**	520	112	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LAFSA	Expat recharges	**2,163**	**-**	4,595	(2,163)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Expat charges	**–**	**–**	(3,926)	–	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
HGSX	Various charges	**–**	**–**	(35,375)	–	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Administrative fees	**108,486**	**(22,438)**	72,725	(1,313)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
HSSA	IT / Various charges	**53,025**	**(14,550)**	52.457	(45,520)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
LHGH	Service Fee	**19,016**	**(3,219)**	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
Associates							
HMDC	Interest on loan	**–**	**–**	299	–	To be collected in cash, due and demandable	Unsecured. unguaranteed
	Sale and transfer of assets	**–**	**426,072**	–	426,072	Noninterest- bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	**146,734**	**490,421**	102,504	674,505	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases of quarried materials	**880,537**	**(8,076)**	516,516	(328,426)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	In-plant billing	**59,366**	**(153,550)**	101,674	(163,215)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed

Related Parties	Nature	2021 Transactions During the Year	2021 Outstanding Receivable (Payable)	2020 Transactions During the Year	2020 Outstanding Receivable (Payable)	Terms	Conditions
	Asset leasing	**103,761**	**(77,716)**	103,761	(69,174)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Sale of Motorpool Assets	**–**	**1,406**	–	1,406	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Dividend	**20,631**	**20,631**	74,283	–	Noninterest- bearing, to be collected in cash, demandable	Not applicable
	Expense from various charges	**152,816**	**(207,784)**	19,551	221,763	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
			491,404				
HRDC							
	Expenses from various charges	**–**	**(10,158)**	–	(499)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Purchases of quarried materials	**91,289**	**(126,410)**	250,708	(251,581)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Transfer of mining rights and related site restorations costs	**–**	**183,368**	–	173,708	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Advances	**73**	**40,542**	43,934	282,824	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Asset Lease	**1,270**	**(1,668)**	16,313	(1,025)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Advances	**-**	**(300,463)**	212,450	(209,626)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Fuel withdrawal/ quarried	**-**	**270,701**	47,903	208,690	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
			55,912				
LHAI	Purchases and/or expenses	**1,224,472**	**(352,617)**	646,597	(130,753)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Advances	**60,276**	**88,756**	2,130	28,480	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
			(263,861)				
APC	Short term loan receivable	**–**	**52,204**	–	52,204	Noninterest- bearing, to be collected in cash, fixed term	Unsecured, unguaranteed, not impaired
	Asset Lease and/or expenses	**12,172**	**(20,968)**	12,172	(8,332)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	**1,097**	**782**	1,100	1,880	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
			32,018				
QLI	Short term loan receivable	**–**	**77,314**	–	77,314	Noninterest- bearing, to be collected in cash, fixed term	Unsecured, guaranteed, not impaired
	Purchases and/or expenses	**1,099**	**(9,838)**	1,099	(3,764)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	**817**	**3,868**	824	4,686	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
			71,344				
SCMC	Purchases and/or expenses	**–**	**-**	–	(1,001)	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	**5**	**2,136**	9	2,131	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
			2,136				
LORVI	Foreshore lease	**(55,773)**	**(79,793)**	60,942	(19,675)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Expense from various charges	**5,148**	**4,364**	55,773	(29,188)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
			(75,429)				

		2021		2020			
Related Parties	**Nature**	**Transactions During the Year**	**Outstanding Receivable (Payable)**	Transactions During the Year	Outstanding Receivable (Payable)	**Terms**	**Conditions**
Huaxin Cement	Purchases and/or Expense	**-**	**-**	–	(2,122)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
Others	Expenses from various charges	**–**	**–**		(1,758)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
Other Holcim Group Affiliates							
	Purchases and/or Expense	**7,438**	**(12,467)**	5,808	(3,025)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Various Charges	**-**	**-**	110	3,032	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Retirement Fund	Contributions	**–**	**–**	117,457	–	Not Applicable	Not applicable

	Notes	**2021**	2020
		(In Thousands)	
Due from related parties	9	**₱ 652,945**	₱1,519,089
Due to related parties	16	**1,308,671**	781,730

	Notes	**2021**	2020
		(In Thousands)	
Loans receivable from related parties	9	**₱240,426**	₱465,657

Offsetting Agreement

In 2021, the Group executed offsetting agreements with HMDC and its subsidiaries (LHAI, HRDC, LORVI, QLI, SCMC, and APC), whereby the parties formalize the agreements to offset their receivables from the other party, as against their payable to it. Accordingly, the related parties' balances as at December 31, 2021 covered by these offsetting agreements were presented at either net receivable or net payable position.

Parent

UCHC. In April 2018, the Group entered into a short-term loan agreement with UCHC, lender, amounting to ₱200 million which will be collected after three months from the date of the agreement. On June 28, 2018 the loan was extended for one year ended June 30, 2019. The loan was still outstanding and was further extended until July 30, 2020. The applicable interest rate of the loan is equal to the prevailing interest rate of 2.96% per annum which shall be due and payable monthly in arrears, net of any applicable withholding taxes. On September 1, 2018 additional loan was executed amounting to ₱1.64 billion with interest rate of 4.86%. In January 2020, loans were extended for five years until January 31, 2025 with interest rate of 4.382%. On June 30, 2020 principal loan was pre-terminated and settled.

On May 27, 2021, the BOD of the Group declared a cash dividend of ₱1.68 billion at ₱0.43 per share. The outstanding dividend payable as at December 31, 2021 amounted to ₱229 million.

Cemco. On September 28, 2018, the Group entered a long-term loan to Cemco amounting ₱381.8 million with 5.30% per annum interest to be paid on or before September 28, 2020. In 2020, it was reclassified to short term financial receivable and due on September 28, 2021 with rate of 1.839%.

On May 27, 2021, the BOD of the Group declared a cash dividend of ₱196 million at 0.43 per share. In September 28, 2021, the cash dividends paid to CEMCO was offset to the outstanding loan amounted to ₱ 143.3 million plus interest receivable of ₱53.1 million as of September 28, 2021. The outstanding loan balance of ₱238.6 million was extended until September 28, 2026 with an interest rate of 3.096% per annum. Interest earned as of December 31, 2021 and 2020 amounted to ₱14.4 million and ₱22.7 million, respectively.

In June 2021, the loan amounting to ₱83 million related to tax funding entered last 2019 with original due date of 2020 was extended until 2021 was collected during the year including interest of ₱7.3 million.

Clinco. In August 2020, the Group collected the outstanding receivable balance amounting to ₱1.3 million.

Entities under Common Shareholder

a. *HEABS*. On January 1, 2015, the Group entered into a service contract with HEABS for business process outsourcing and other information technology enabled services. Service fees billed to the Group amounted to ₱59.4 million and ₱285.3 million for 2020 and 2019, respectively.

   On July 1, 2019, HEABS executed a deed of assignment to transfer contract of lease of office space, including all rights, titles and obligations to the Group. Advance rent and security deposit recognized amounted to ₱31.6 million. In December 2019, HEABS sold leasehold improvements to the Parent Company amounting to ₱22.0 million.

   Consequently, HEABS leased a portion of the office space through a five-month sublease agreement ended November 31, 2019. Lease revenue earned by the Group amounted to ₱9.4 million.

b. *HTEC.* Effective January 1, 2013, a new contract with HTEC came into force introducing the application of new Industrial Franchise Fee (IFF). The new agreement is aligned with the Organization for Economic Co-operation and Development (OECD) principles and takes into account arm's length transfer pricing principles.

   The IFF shall cover all intellectual properties and value-adding solutions derived by the Group. IFF is an annual charge payable quarterly and is based on fair assessment of economic value of intellectual properties and value adding solutions.

   HTEC also renders managerial and project support services to the Group.

   In 2020, IFF was replaced by MIIPA- Master Industrial Intellectual Property Agreement.

   Total expenses incurred amounted to ₱1.03 billion and ₱1.63 billion in 2021 and 2020, respectively.

   As at December 31, 2020, outstanding receivables/payable with HEABS was collected and settled since the related party ceased its operations the same year.

c. *HOFI.* In 2020, new agreement was executed with LafargeHolcim Ltd, under Master Branding Agreement (MBA). Total expenses incurred amounted ₱824 million and ₱15.8 million in 2021 and 2020, respectively.

d. *Holcim Trading.* The Group imports clinker and raw materials, such as gypsum and granulated blast furnace slag.

e. *HTSG.* On January 1, 2014, the Group entered into a service agreement with HTSG, for support services. The new service agreement is complementary to the existing Franchise Agreement. The services shall be based on all costs and expenses incurred by HTPL plus a certain mark-up. This agreement will be in effect unless and until superseded.

f. LAFSA. The Group has an outstanding liability pertaining to expat recharges amounting to nil and ₱2.2 million as at December 31, 2021 and 2020, respectively.

g. LHES. The Group had an outstanding receivable to LH Energy Solutions (LHES) amounting to nil and ₱21.5 million as at December 31, 2021 and 2020, respectively.

h. LH Shipping. The Group had an outstanding payable to LH Shipping related to time-chartered shipping amounting to ₱ 46 million and ₱ 2.5 million as at December 31, 2021 and 2020, respectively.

i. HSSA. The Group has an outstanding liability pertaining to IT support services and Sales Force - Non-IT recharges amounting to ₱14 million and ₱45 million as at December 31, 2021 and 2020, respectively.

j. Other Holcim Group Affiliates. The Group's transactions with other Holcim Group Affiliates include intercompany charges for salaries and wages of inbound and outbound expatriates, and other expenses related to operations.

k. HGSX. On January 1, 2017, the Group entered into an agreement for the "Administrative Support" which include activities in the field of administration as well as clerical and operational support. The administrative support fee is calculated based on the allocated costs plus mark-up and other indirect costs in connection of rendering such support. The administrative support fee amounted to ₱108.4 million and ₱72.7 million in 2021 and 2020 respectively.

l. LHPI. The Group loan originally amounted to ₱2.4 billion in 2017 was partially settled in 2018. In August 2020, partial repayment was made for interest and portion of loan and as at December 31, 2020 remaining principal loan amounted to ₱669 million with 4.38% p.a. interest to be paid on or before May 31, 2025 was pre-terminated and settled. Interest expenses in 2020 amounted to ₱129.8 million.

m. SSI. On October 25, 2018, the Group availed a short-term loan amounting to ₱240.0 million with interest of 6.42% p.a.

   On December 31, 2020 principal loan with interest rate of 4.382% and will be due on January 31, 2025 was pre-terminated and settled. Interest expense in 2020 amounted to ₱17.63 million.

n. CHI. As of December 31, 2018, the Group had an outstanding payable to CHI amounting to ₱ 0.6 million which was subsequently paid in 2019 pertaining recharges of business taxes. Outstanding receivable was ₱0.11 million pertaining to working capital initially paid by the Group.

   In 2021, the outstanding balance with CHI was transferred to CEMCO upon merger.

o. LHGH. On June 1, 2021, the Group y entered into a service agreement contract with LH Global Service Hub (GHBS) to provide the support on Finance, Procurement and Human Resources function from January 1, 2022 to December 31, 2026 for an annualized fee of CHF 692,016 charged to the Group. The total service fees recognized amounted to ₱19 million in 2021.

Direct and Indirect Associates

a. In 2021 and 2020, the Group has an existing service agreement with HMDC for the quarry operations, in which HMDC provides quarry and related services for a fee plus operating costs charged back to the Group.

   Amount charged to the Group amounted to ₱880.5 million and₱ 516.5 million in 2021 and 2020, respectively.

b. In 2021 and 2020, HMDC declared dividends for its Class A and Class B preferred shares, as well as for its Common A and Common B shares. The Company received dividend payment from HMDC amounting to ₱20.6 million and ₱74.2 million in 2021 and 2020, respectively.

c. In January 2016, the Group has entered into various lease agreements with HMDC and its subsidiaries APC, HRDC, QLI and LORVI for certain plant sites and terminals from various locations. The term of the leases is for a period of 25 years.

d. The Group sold/transferred various assets to HMDC, such as motorpools in 2017.

e. Principal of the short-term loan granted to HMDC had been fully paid. Interest income from this loan is nil in 2021 and 2020.

f. LHAI. As at December 31, 2021 and 2020, the Company had a total payable of ₱352.6 million and ₱130.8 million, respectively, due and outstanding at the end of each year.

g. The Group grants non-interest bearing advances to HMDC, HRDC, LORVI and LHAI for working capital requirements.

h. In October 2021, the Group entered into a short term loan agreement with QLI and APC amounting to ₱77.3 million and ₱52.2 million with 1.6123% interest per annum for working capital requirements.

   On November 30, 2021, HMPC and QLI entered into a guarantee agreement where the former agreed to act as a guarantor of the latter in case of default or unable to settle its liabilities to the Company.

Retirement Benefit Funds

The Parent Company has a retirement with Holcim Philippines, Inc. Retirement Fund (HPI-RF). As at December 31, 2021 and 2020, HPI-RF has investments in HMDC, shares with a fair value of ₱596.3 million representing 60% of the total ownership, as disclosed in Note 12.

All of the funds' investing decisions are made by the Retirement Committee, the composition of which includes certain officers and employees of the Parent Company. The power to exercise the voting rights rests with the Board of Trustees.

Terms and Conditions of Transactions with Related Parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There is a guarantee provided or received to one of its related party receivable.

The Company regularly assessed whether there has been a significant increase in credit risk and considered reasonable and supportable information that is available without undue cost or effort and that is relevant for an individual financial instrument

Amounts due from related parties is included in "Trade and other receivables" and amounts due to related parties is included in "Trade and other payables" accounts in the consolidated statements of financial position.

Total amount of intercompany receivables eliminated as at December 31, 2021 and 2020 amounted to ₱3.6 billion and ₱2.6 billion, respectively.

Total amount of intercompany payables eliminated as at December 31, 2021 and 2020 amounted to ₱4.5 billion and ₱3.6 billion, respectively.

Key Management Personnel

The following are the details of the compensation of key management personnel:

	2021	2020	2019
	(In Thousands)		
Short-term employee benefits	**₱68,564**	₱82,759	₱109,404
Retirement benefit cost	**13,905**	15,150	9,638
	₱82,469	₱97,909	₱119,042

33. INCOME TAXES

The provision for current income tax in 2021, 2020 and 2019 are as follows:

Components of income tax expense charged to profit or loss are as follows:

	2021	2020	2019
		(In Thousands)	
Current tax expense	**₱858,857**	₱704,610	₱1,250,078
Deferred tax expense (benefit)	**16,330**	5,881	(44,207)
	₱875,187	₱710,491	₱1,205,871

The reconciliation between the statutory and effective income tax of the Group is as follows:

	2021	2020	2019
		(In Thousands)	
Profit before income tax	**₱3,440,350**	₱2,774,575	₱4,795,513
Income tax at statutory income tax rate of 30%	**₱ 860,088**	₱ 832,373	₱1,250,078
Income tax effects of:			
Effect of CREATE tax rate change	**32,882**	–	–
Difference in tax rates (25% vs. 20%)	**3,327**	–	–
Nondeductible expenses	**69,620**	1,437	108,829
Write off of deposits	–	–	72
Reversal of accrual	–	–	4
Penalties	**8,261**	137	1
Interest income from retirement fund not subject to income tax	**(19,587)**	(37,037)	(79,796)
Use of OSD	**(22,835)**	(61,413)	(66,580)
Income not subject to income tax	**(3,791)**	10	(6,737)
Interest and other income subjected to lower tax rates	**941**	(3,769)	–
Reversal of deferred income tax asset/ liability	–	(458)	–
Expired NOLCO	–	15,466	–
NOLCO utilized without DTA recognized	**(3,782)**	–	–
MCIT	**(235)**	–	–
Effect of dividend eliminations and other non-taxable income	**(49,702)**	(36,255)	–
Income tax at effective tax rate	**₱ 875,187**	₱ 710,491	₱1,205,871

The components of the Group's deferred tax liabilities – net as at December 31, 2021 and 2020 are as follows:

	2021	2020
	(In Thousands)	
Deferred tax assets		
Retirement benefit asset	**₱324,141**	₱258,558
Allowances for:		
Impairment losses on property, plant and equipment	**64,655**	89,039
Impairment losses on investments	**59,375**	71,250
Decline in value of inventories	**76,136**	84,405
Doubtful accounts	**15,938**	20,083
Provision for bonus accrual	**38,872**	18,770
Accrued expenses	**1,204**	1,800
Unamortized past service costs	**18,413**	24,745
Leases	**103,872**	65,131
NOLCO, excess MCIT and others	**155**	54,441
Provision for write-off of finished goods	**8,425**	10,029
Others	**35,025**	35,070
	746,211	733,321
Deferred tax liabilities		
Capitalized cost of property, plant and equipment from insurance proceeds	**54,782**	96,411
Remeasurement in OCI	**795,891**	755,763
Unrealized foreign exchange gain	**7,263**	17,851
Unamortized amount of capitalized land site restoration costs	**300**	416
Others	–	(1,021)
	858,236	869,420

Deferred tax liabilities – net	**(₱112,025)**	(₱136,099)

Total amount of deferred tax expense charged to OCI pertaining to the Group's remeasurement loss on retirement benefit amounted to ₱0.8 billion in 2021 and 2020.

Deferred income taxes for temporary differences for HPMC and HPBSCI affecting gross income were recognized using the effective tax rate of 18% as they availed of OSD as its method of deduction for income tax purposes. Management forecasts that HPMC and Mabini will be using OSD in the next three years and HPBSCI and Bulkcem in the next four years from 2020.

Deferred income tax assets for the following deductible temporary differences and carryforward benefits of unused tax losses and unused tax credits, have not been recognized as they have arisen in subsidiaries that have been incurring losses for some time and may not be used to offset taxable profits or tax liabilities of any other entity other than that of the entity from where such deductible temporary difference arose:

	2021	2020
	(In Thousands)	
Carryforward benefit of NOLCO	**₱4,254**	₱233,151
Excess MCIT over RCIT	**199**	–
Unrecognized deferred income tax assets	**₱4,453**	₱233,151

The following NOLCO can be claimed as deduction against future taxable income:

Date Incurred	Expiry Date	NOLCO
		(In Thousands)
December 31, 2020	December 31, 2025	₱4,254
		₱4,254

34. RETIREMENT BENEFIT ASSET

Defined Benefit Retirement Plans

The Parent Company and HPMC have distinct funded, noncontributory defined benefit retirement plans (the "Plans"). The Plans cover all permanent employees, each administered by their respective Retirement Committees or Board of Trustees.

The following tables summarize the components of retirement benefit costs, the funding status and the amounts recognized as retirement benefit liability of the Group.

Details of retirement benefit costs are as follows:

	Notes	**2021**	2020	2019
			(In Thousands)	
Current service cost		**₱104,861**	₱ 87,220	₱ 64,594
Net interest cost (income)	29,30	**(62,987)**	(103,960)	(247,085)
Retirement benefit costs recognized in profit or loss		**41,874**	(16,740)	(182,491)
Remeasurements (gain) loss recognized in OCI		**(343,333)**	286,800	1,564,752
Retirement benefit (gain) loss		**(₱301,459)**	₱270,060	₱1,382,261

Remeasurement gain (loss) on retirement benefits consists of:

	2021	2020	2019
		(In Thousands)	
Actuarial gain (loss) arising from:			
Changes in assumptions	**₱452,535**	(₱186,345)	(₱ 235,283)
Experience adjustments	**(6,404)**	(12,872)	(9,968)
Total actuarial gain (loss)	**446,131**	(199,217)	(245,251)
Loss on plan assets*	**(102,798)**	(87,583)	(1,319,501)
Total gain (loss) recognized in OCI	**₱343,333**	(₱286,800)	(₱1,564,752)

**Excluding amounts recognized in net interest cost.*

The reconciliation of retirement benefit asset recognized in the consolidated statements of financial position follows:

	2021	2020
	(In Thousands)	
Fair value of plan assets	**₱3,495,053**	₱3,586,725
Present value of benefit obligation	**(1,026,392)**	(1,425,521)
Balance at end of year	**₱2,468,661**	₱2,161,204

The breakdown of the retirement benefit asset per entity are as follows:

	2021	2020
	(In Thousands)	
HPI	**(₱ 326,305)**	(₱ 552,227)
HPMC	**2,794,966**	2,713,431
	₱2,468,661	₱2,161,204

Movements in the retirement benefit asset are as follows:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱2,161,204**	₱2,313,807
Retirement benefit costs	**(41,874)**	16,740
Contributions	**5,998**	117,457
Remeasurement (gain)loss recognized in OCI	**343,333**	(286,800)
Balance at end of year	**₱2,468,661**	₱2,161,204

The changes in the present value of defined benefit obligation are as follows:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**(₱1,425,521)**	(₱1,186,024)
Actuarial losses (gains)	**446,131**	(199,217)
Interest cost	**(41,449)**	(53,363)
Current service cost	**(104,861)**	(87,220)
Benefits paid from plan	**99,308**	100,303
Balance at end of year	**(₱1,026,392)**	(₱1,425,521)

The changes in the fair value of plan assets are as follows:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱3,586,725**	₱3,499,831
Contributions	**5,998**	117,457
Gain (loss) on plan assets*	**(102,799)**	(87,583)
Interest income on plan assets	**104,436**	157,323
Benefits paid from plan	**(99,307)**	(100,303)
Balance at end of year	**₱3,495,053**	₱3,586,725

Excluding amounts recognized in net interest cost.

Actual return on plan assets amounted to a gain of ₱1.6 million and ₱7.0 million in 2021 and 2020, respectively.

The fund is administered by a trustee bank under the supervision of the duly Authorized Person or Trustee of the Plan. The Authorized Person or Trustee is responsible for investment of the assets. Based on the overall direction set by a Retirement Fund Committee, the Trustee proposes an investment strategy and as approved by the Retirement Fund Committee, executes such strategy. The Trustee defines the investment strategy based on the investment instructions found in the Trust Agreement. When defining the investment strategy, the Trustee takes into account the Plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The control, direction, and management of the fund shall reside in and be the sole responsibility of the Trustee.

The percentages of fair value of total plan assets are as follows:

	2021		2020	
	HPI	**HPMC**	HPI	HPMC
Cash and receivables	**4.5%**	**0.09%**	8.8%	0.16%
Investments in debt securities:				
Government securities	**0.9%**	**1.15%**	0.9%	2.04%
Corporate debt securities	**3.2%**	**0.65%**	5.5%	0.80%
	4.1%	**1.80%**	6.4%	2.84%
Investment in equity securities				
Construction, infrastructure, property and mining	**91.4%**	**0.0%**	84.8%	0.72%
Holding firms	**0.0%**	**0.41%**	0%	0.35%
Power and utilities	**0.0%**	**0.0%**	0%	
Banks	**0.0%**	**0.0%**	0%	
Telecommunications	**0.0%**	**0.0%**	0%	
Others	**0.0%**	**97.70%**	0%	95.93%
	91.4%	**98.11%**	84.8%	97.00%
	100.0%	**100.0%**	100.0%	100.0%

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently, the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at December 31, 2021 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Discount rate is determined by calculating the single effective discount rate determined by discounting the projected benefit payments using different term-dependent zero-coupon rates at the end of the reporting period.

The principal assumptions used in determining the retirement benefit liability of the Group as at December 31 are as follows:

	2021	2020	2019
Discount rates	**4.8%**	3.0%	4.7%
Future salary rate increases	**4.0%**	6.0%	6.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation	
		HPI	HPMC
		(In Thousands)	
2021			
Discount rate			
Sensitivity 1	**0.5%**	**₱32,635**	**₱12,731**
Sensitivity 2	**(0.5%)**	**(30,263)**	**(12,103)**
Future salary rate increases			
Sensitivity 1	**0.5%**	**(30,629)**	**(12,251)**
Sensitivity 1	**(0.5%)**	**32,732**	**12,769**
2020			
Discount rate			
Sensitivity 1	0.5%	₱55,687	₱20,743
Sensitivity 2	(0.5%)	(51,072)	(19,339)
Future salary rate increases			
Sensitivity 1	0.5%	(49,912)	(23,617)
Sensitivity 1	(0.5%)	53,779	24,726

The Management and its trustee bank review the performance of the Plans on a regular basis and assess whether the Plans will achieve an investment return which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Group also reviews its solvency position on an annual basis and estimates, through the actuary, the expected contribution to the Plans in the subsequent year.

The funding requirements are agreed between the Plan Trustees and Group, in consideration of the contribution advice from the Plan Actuary.

The tables below show the expected undiscounted future payments as at December 31:

	HPI	HPMC
	(In Thousands)	
2021		
Within one year	**₱ 67,490**	**₱23,261**
More than one year to five years	**203,562**	**90,157**
More than five years	**435,984**	**292,121**
2020		
Within one year	₱ 65,977	₱21,796
More than one year to five years	206,447	73,594
More than five years	461,820	306,292

The Group expects to make a contribution of ₱94.3 million in 2022 to the defined benefit plans during the next financial year.

Defined Contribution Retirement Plan

The Parent Company has a defined contribution plan wherein the obligation is limited to the specified contribution in the defined contribution plan. Total retirement benefits cost (benefit) related to the defined contribution plans amounted to ₱54.5 million, ₱54.5 million and ₱49.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Total retirement benefit costs under the defined benefit and defined contribution plans recognized in the Group's statements of comprehensive income as part of profit or loss are as follows:

	2021	2020	2019
		(In Thousands)	
Expense (Income) recognized for:			
Defined benefit plans	**₱41,874**	(₱16,740)	(₱ 182,491)
Defined contribution plan	**54,435**	54,461	49,933
Retirement benefit and contribution costs (benefits)	**₱96,309**	₱37,721	(₱132,558)

35. COMMITMENTS AND CONTINGENCIES

Lawsuits

The Group is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages. Based on the assessment of Management and the opinion of the Group's external legal counsels, the outflow of resources is not probable to happen.

The Group has an outstanding legal case with Seasia Nectar Port Services Inc. ("Seasia") concerning the termination of the port services agreement with the latter. The Group lodged multiple petitions that are still pending with the Regional Trial Court of Bataan and the Regional Trial Court of Taguig. An interim measure of protection in the form of a preliminary attachment of the Group's assets was secured by Seasia as disclosed in Note 15.

To date, these petitions and motions are pending for resolutions. The disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiation strategy.

Thus, as allowed by *PAS 37, Provisions, Contingent Liabilities, and Contingent Assets*, only general descriptions were provided.

Commitments

a. Electricity Supply Agreement (ESA)

   An amended electricity supply agreement was signed with AC Energy Philippines, Inc. (ACEPI) effective June 26, 2020 and valid until December 26, 2030 which will supply Bulacan, La Union and Mabini Grinding plants. The related expense under this contract is recognized as part of "Power and Fuel" account in Note 24.

b. Service Agreement with Misamis Oriental – 1 Rural Electric Service Cooperative, Inc. (MORESCO-1)

On November 26, 2012, the Group entered into a Sub Transmission Line Wheeling Service Agreement with MORESCO-1 for supply of electric power exclusively for the operation and requirement of Lugait plant. The related expense under this contract is recognized as part of "Power and Fuel" account in Note 24.

c. Davao Light Service Contract

The Group also entered into a contract with Davao Light and Power Group (DLPC) for electric service to the Group's plant in Davao commencing on November 14, 2013 and thereafter until the contract is terminated. The related expense under this contract is recognized as part of "Power and Fuel" account in Note 24.

d. Kalayaan – Davao Cement Mill Project 01 – EP

On August 14, 2017, the Parent Company entered into a supply agreement with Huaxin Cement Co. Ltd for mechanical and electrical engineering and process control equipment and civil engineering design required for the cement mill system to be put into operation in the existing Davao Plant.

e. Others

There are contingent liabilities for tax assessments occurring in the ordinary course of business. On the basis of information furnished by the Group's legal counsels, Management believes that none of these contingencies will materially affect the Group's financial position and financial performance.

f. Power Purchase Agreement (PPA)

On November 16, 2021, the Company signed a 20-year power purchase agreement with Blueleaf Energy, to deliver solar power to its plants in Bulacan and La Union. Under the agreement, Blueleaf Energy will finance, build, operate, and maintain solar energy facilities in Norzagaray, Bulacan and Bacnotan, La Union with a combined capacity of 29-megawatt peak and an annual generation of more than 50 gigawatt hours that will supply up to 15% of the energy requirements of Holcim Philippines' plants there. The solar energy facilities are scheduled to be completed in 2024.

36. EARNINGS PER COMMON SHARE (EPS)

Basic/diluted EPS is computed as follows:

	2021	2020	2019
		(In Thousands)	
Consolidated profit for the year attributable to common equity holders of the Parent Company	**₱2,563,635**	₱2,062,303	₱3,587,301
Weighted average number of common shares - Issued and outstanding	**6,452,099**	6,452,099	6,452,099
Basic/diluted EPS of profit attributable to equity holders of the Parent Company	**₱ 0.40**	₱ 0.32	₱ 0.56

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as at the beginning of the year. Where the Parent Company does not have any potential common share or other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

There are no dilutive financial instruments in 2021, 2020 and 2019; hence, diluted EPS is the same as basic EPS.

37. ENVIRONMENTAL AND REGULATORY MATTERS

a. Clean Air Act (RA 8749)

The Clean Air Act and the related IRR contain provisions that have an impact on the industry as a whole, and to the Group in particular, that needs to be complied with within 44 months from the effectivity date or by July 2004. Based on the assessment made on the Group's existing facilities and audits conducted by external stakeholders, management believes it complies with the provisions of the Clean Air Act and the related IRR.

b. Clean Water Act (RA 9275)

On February 4, 2004, the Senate and House of Representatives passed The Clean Water Act and the related IRR which contain provisions that have an impact on the industry as a whole, and to the Group in particular. Based on the assessment made on the Group's existing facilities and audits conducted by external stakeholders, management believes it complies with the provisions of the Clean Water Act and the related IRR.

c. Ecological Solid Waste Management Act (RA 9003)

On December 12, 2000, the Senate and House of Representatives passed The Ecological Solid Waste Management Act which contains provisions that have an impact to the Group. The Group adheres to all the rules and regulations and follows the waste management hierarchy which prioritizes waste avoidance, reduction, re-processing, and recycling. As an attestation to Geocycle's responsible handling and management of qualified wastes including hazardous wastes, the Group has valid Treatment, Storage and Disposal (TSD) Certificate.

HPI's four cement integrated plants continued to be recognized by the relevant national government agencies for its environmental programs.

38. CORRECTION OF CLASSIFICATION

In 2021, the Group reclassified the current and non-current portion of lease liability in 2020 to reflect the obligation that were due within the next 12 months after the reporting period and those that were beyond one year.

The Group believes that the above reclassifications would reflect the nature of the transactions and did not have any impact on prior year's profit or loss.

The impact of the reclassification on the Group's consolidated financial statements is summarized below:

December 31, 2020	As Previously Reported	Adjustments	As Restated
Lease liabilities – current portion	**₱1,218,146**	**(₱1,000,099)**	**₱ 218,047**
Lease liabilities – noncurrent portion	**841,920**	**1,000,099**	**1,842,019**
Total effect on liabilities	**₱2,060,066**	**₱ –**	**₱2,060,066**

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on March 7, 2022. The same were approved for issuance by the Board of Directors (BOD) on March 16, 2022.

* * *

Exhibit 2

Supplementary Schedules to the Consolidated Financial Statements For the year ended December 31, 2021

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

FORM 17-A

Supplementary Schedules

NavarroAmper&Co.

Navarro Amper & Co.
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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0004-SEC

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
7/F Two World Square, McKinley Hill
Fort Bonifacio, Taguig City

We have audited the consolidated financial statements of Holcim Philippines, Inc. and its Subsidiaries (the "Group") as at and for the years ended December 31, 2021 and 2020, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated March 16, 2022.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached Schedule showing Supplementary information shown in schedules A, B, C, D, E, F, G, and H as at and for the year ended December 31, 2021, as required by the Securities and Exchange Commission under the Revised SRC Rule 68, is presented as additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 1793-A, issued on November 11, 2019; effective until November 10, 2022, Group A
TIN 170035681
BIR A.N. 08-002552-18-2020, issued on December 28, 2020; effective until December 27, 2023
PTR No. A-5334276, issued on January 4, 2022, Taguig City

Taguig City, Philippines
March 16, 2022

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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0004-SEC

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF
FINANCIAL SOUNDESS INDICATORS

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
7/F, Two World Square, McKinley Hill
Fort Bonifacio, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Holcim Philippines, Inc. and its Subsidiaries ("the Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 3, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule 68 issued by the Securities and Exchange Commission (SEC) and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted. [See Note A below]

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 1793-A, issued on November 11, 2019; effective until November 10, 2022, Group A
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PTR No. A-5334276, issued on January 4, 2022, Taguig City

Taguig City, Philippines
March 16, 2022

Deloitte

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DECLARATION
December 31, 2021

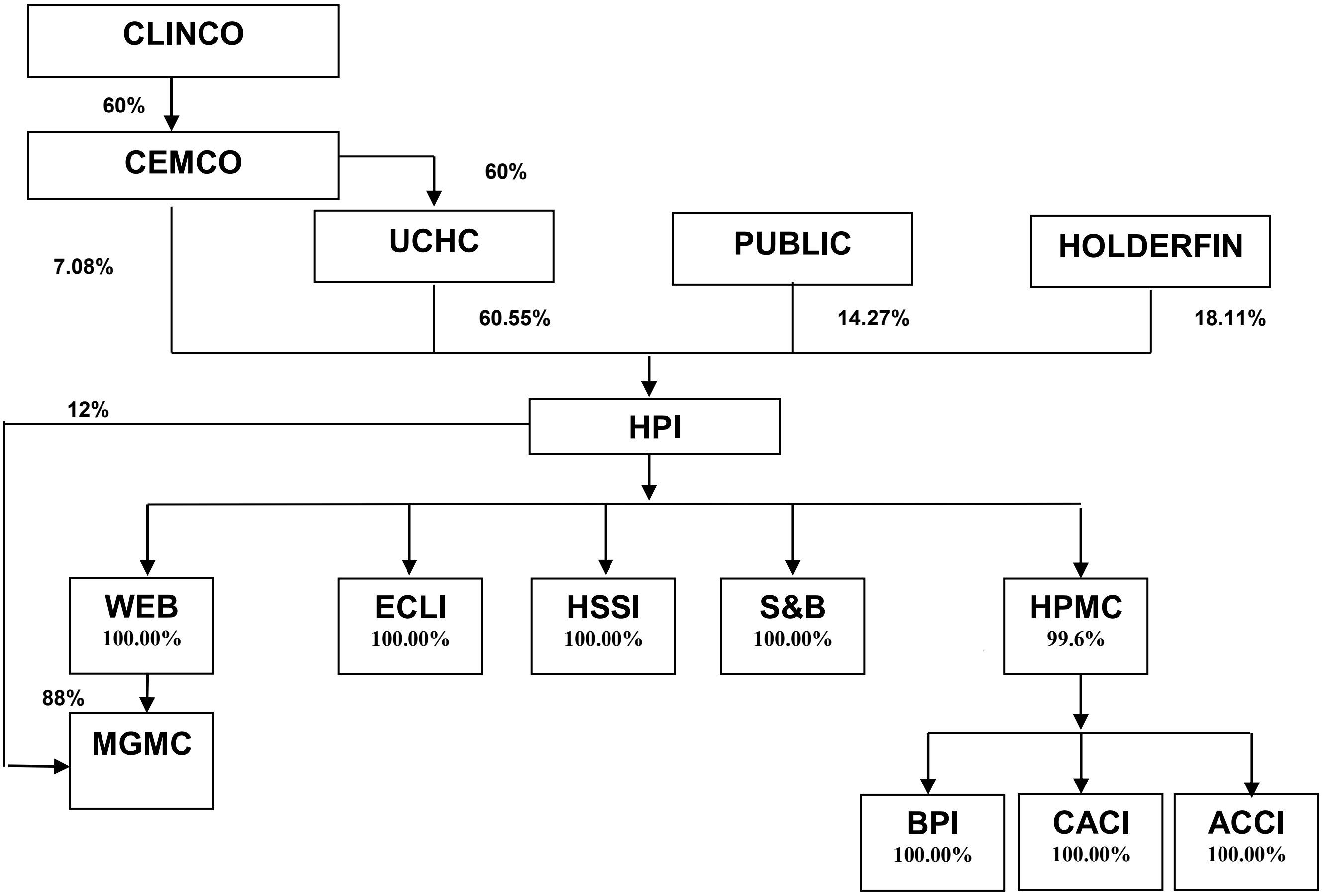
Holcim Philippines, Inc.
7th Floor, Two World Square, Mckinley Hill, Fort Bonifacio, Taguig City

Items		Amount
		(In Thousands)
Unappropriated retained earnings, beginning		7,593,291
Adjustments:		
Deferred tax asset		(245,309)
Unappropriated retained earnings, as adjusted, beginning		7,347,982
Net Income based on the face of AFS		2,519,470
Less: Non-actual/Unrealized income net of tax**		
Unrealized foreign exchange gain net (except those attributable to Cash and Cash equivalent)	(1,744)	
Add: Non-actual losses		
Deferred tax expense charged to profit or loss as a result of certain transactions accounted for under the PFRS	70,590	68,846
Net income actual/realized		2,588,316
Less: Dividend Declaration during the period		(2,774,403)
Unappropriated Retained Earnings, as Adjusted, End		**7,161,895**

Company: Holcim Philippines Inc. (HPI)

Illustration of relationships between the company and its ultimate parent company, middle parent, and it's subsidiaries

As of December 31, 2021



COMPANY NAME		PRINCIPAL ACTIVITIES
CLINCO	Clinco Corporation	Investment holding in CEMCO
CEMCO	Cemco Holdings, Inc.	Investment holding in UCHC and HPI
UCHC	Union Cement Holdings Corporation	Investment holding in HPI
HPI	Holcim Philippines, Inc.	Manufacture and distribute cement products
HPMC	Holcim Philippines Manufacturing Corporation	Manufacture and distribute cement products
BPI	Bulkcem Philippines, Inc.	Purchase, lease, sale of real properties
CACI	Calamba Aggregates Co., Inc.	Mining, Processing and sale of quarry resources
ACCI	Alsons Construction Chemical, Inc.	Manufacture, use and sale of admixtures
WEB	Wellbourne International Group Limited	Investment holding in MGMC
MGMC	Mabini Ginding Mill Corporation	Manufacture and distribute cement products
ECLI	Excel Concrete Logistics, Inc.	Distribution of concrete and cement products
S&B	Shop and Build Corporation *(formerly Holcim Philippines Business Services Center Inc.)*	Retail operations
HSSI	Hubb Stores and Services, Inc.	Retail operations

HOLCIM PHILIPPINES, INC., AND ITS SUBSIDIARIES
As of December 31, 2021

Ratio	Formula		Current Year	Prior Year
Current ratio	**Total Current Assets divided by Total Current Liabilities (in billions '000,000')**		81%	79%
	Total Current Assets	**7,164**		
	Divide by: Total Current Liabilities	**8,886**		
	Current ratio	**0.81**		
Acid test ratio	**Quick assets (Total Current Assets Less Inventories and Prepayments) divided by Total Current Liabilities**		30%	50%
	Total Current Assets	**7,164**		
	Less: Inventories	**(4,347)**		
	Prepayments	**(142)**		
	Quick assets	**2,675**		
	Divide by: Total Current Liabilities	**8,886**		
	Acid test ratio	**0.30**		
Debt-to-equity ratio	**Total Debt divided by Total Stockholder's Equity (in billions '000,000')**		35%	40%
	Total Debt	**10,547**		
	Divide by: Total Stockholder's Equity	**29,804**		
	Debt-to-Equity ratio	**0.35**		
Asset-to-equity ratio	**Total Asset divided by Total Stockholder's Equity (in billions '000,000')**		135%	140%
	Total Asset	**40,351**		
	Divide by: Total Stockholder's Equity	**29,804**		
	Asset-to-Equity ratio	**1.39**		
Interest rate coverage ratio	**Earnings before Interest, Taxes, and Depreciation divided by Interest Charges (in billions '000,000')**		40%	13%
	Earnings before Interest, Taxes, and Depreciation	**5,412**		
	Divide by: Interest Charges	**135**		
	Interest Rate Coverage Ratio	**40**		
Return on equity	**Net Income divided by Average Total Equity (in billions '000,000')**		8.6%	7.2%
	Net Income	**2,565**		
	Divide by: Average Total Equity	**29,718**		
	Return on Equity	**0.086**		
Return on assets	**Net Income divided by Average Total Assets (in billions '000,000')**		6.3%	4.8%
	Net Income	**2,565**		
	Divide by: Average Total Assets	**40,858**		
	Return on Assets	**0.063**		
Operating EBITDA Margin	**Earnings before Interest, Taxes, and Depreciation divided by Net Sales (in billions '000,000')**		20%	18%
	Net Profit	**5,412**		
	Divide by: Sales	**26,946**		
	Net Profit	**0.20**		

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule A. Financial Assets
For the Year Ended December 31, 2021
(Amounts in Thousands)

Name of Issuing Company and Association of Each Issue	Number of Units or Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Reporting Date	Income Received and Accrued
	N/A	N/A	N/A	N/A
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)**
For the Year Ended December 31, 2021
(Amounts in Thousands)

Name and Designation of Debtor		Beginning Balance	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Offset of due to related parties	Current	Non Current	Ending Balance
Directors, Officers and Employees		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances to Directors, Officers and Employees		-	-	-	-	-	-	-	-
Accounts Receivable from related parties									
Holcim East Asia Business Service Centre, B.V. - Philipp	₱	900	-	(900)	-		-	-	-
Associates		1,433,009	271,745	(42,187)	-	(1,009,753)	652,814	-	652,814
Other Holcim Group Affiliates		85,180	-	(85,049)	-		131	-	131
		1,519,089	271,745	(128,136)	-	(1,009,753)	652,945	-	652,945
Loan receivable									
Cemco Holdings, Inc. (Due on September 28,2026 @ 3.096% pa interest)	₱	465,657	1,845	(227,076)	-	-	-	240,426	240,426
Related Parties		1,984,746	273,590	(355,212)	-	-	652,945	240,426	893,371

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
For the Year Ended December 31, 2021
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Reclassification from Due to related parties	Amounts Written Off/Impaired	Current	Non Current	Balance at the End of Period
Holcim Philippines Manufacturing Corporation								
Due from:								
Excel Concrete Logistics Inc.	1,785	-	-	-	(1,785)	-	-	-
Holcim Philippines, Inc.	1,838,009	459,570	-	-	-	2,297,579	-	2,297,579
	1,839,794	459,570	-	-	(1,785)	2,297,579	-	2,297,579
Holcim Philippines, Inc.								
Due from:								
Bulkcem Philippines, Inc.	214		-	-	-	214	-	214
Holcim Philippines Manufacturing Corp.	496,125	105,028	-	-	-	601,153	-	601,153
Excel Concrete Logistics Inc.	178,798	-	(18,050)	(142,620)	(18,128)	-	-	-
Hubb Stores and Services, Inc.	438,374	-	-	(178,199)	(260,175)	(0)	-	(0)
	1,113,511	105,028	(18,050)	(320,819)	(278,303)	601,367	-	601,367
Hubb Stores and Services, Inc.								
Due from:								
Holcim Philippines, Inc.	20,767	-	-	(20,767)	-	-	-	-
Excel Concrete Logistics Inc.	11	-	-	(11)	-	-	-	-
	20,778	-	-	(20,778)	-	-	-	-
Bulkcem Philippines, Inc.								
Due from:								
Holcim Philippines, Inc.	21,731	7,238	(1,206)	-	-	27,763	-	27,763
Holcim Philippines Manufacturing Corp.	16,665	-	-	-	-	16,665	-	16,665
	38,396	7,238	(1,206)	-	-	44,428	-	44,428
Excel Concrete Logistics Inc.								
Due from:								
Holcim Philippines, Inc.	27,219	368	-	(27,219)	-	368	-	368
Hubb Stores and Services, Inc.	1,793	-	-	(11)	(1,782)	-	-	-
	29,012	368	-	(27,230)	(1,782)	368	-	368
Mabini Grand Mill Co.								
Due from:								
Holcim Philippines, Inc.	472,183	184,800	(14,095)	-	-	642,888	-	642,888
	472,183	184,800	(14,095)	-	-	642,888	-	642,888

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule D. **Long-Term Debt**
For the Year Ended December 31, 2021
(Amounts in Thousands)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Remarks
	NIL	NIL	NIL	
	-	-	-	

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule E. Indetebtedness to Related Parties (Long-term Loans from Related Companies)
For the Year Ended December 31, 2021
(Amounts in Thousands)

Name of Related Party	Beginning Balance	Balance at the End of Period
	₱ NIL	₱ NIL
	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule F. Guarantees of Securities of Other Issuers
For the Year Ended December 31, 2021
(Amounts in Thousands)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
	NIL	₱ NIL	₱ NIL	NIL
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule G. Capital Stock
For the Year Ended December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Affiliates	Number of Shares Held by Directors, Officers and Employees	Others	
Preferred Shares	20,000,000	-	-	-	-	-	
Common Shares	9,980,000,000	6,452,099,144	-	5,531,566,062	3,007	920,530,075	5,339,074,435
	10,000,000,000	6,452,099,144	-	5,531,566,062	3,007	920,530,075	

Exhibit 3

SEC Form 17-Q

For the quarters ended

March 31, June 30, September 30 and December 2021

COVER SHEET

							2	6	1	2	6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

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

Dennis G. Segovia Jr.		**8581-1511**
(Contact Person)	(1st Quarter 2021)	(Company Telephone Number)

0 3 **3 1**	**SEC FORM 17-Q**	
Month *Day*	For the quarter ended March 31, 2021	*Month* *Day*
(Fiscal Year)	(Form Type)	(Annual Meeting)

(Secondary License Type, If Applicable)

CFD	–
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

5,252		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended March 31, 2021

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

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

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020
Exhibit II – Consolidated Statements of Income for the quarters ended March 31, 2021 and 2020
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2021 and 2020
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended March 31, 2021 and 2020
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended March 31, 2021 and 2020
Exhibit VI – Aging of Trade and Other Receivables as of March 31, 2021

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2021 and December 31, 2020
(In Thousands)

	31 Mar 2021	31 Dec 2020
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 2,715,017	₱ 2,080,791
Trade and other receivables - net	2,568,497	2,601,420
Inventories	2,702,325	2,851,169
Short-term financial receivables	465,671	465,657
Other current assets	686,730	417,775
Total Current Assets	**9,138,240**	**8,416,812**
Noncurrent Assets		
Investments	4,344,628	4,299,259
Property, plant and equipment – net	19,354,913	19,525,534
Right-of-use assets	1,777,577	1,866,896
Goodwill	2,635,738	2,635,738
Intangibles – net	17,777	19,445
Retirement assets – net	2,139,366	2,161,204
Other noncurrent assets	2,388,789	2,440,534
Total Noncurrent Assets	**32,658,788**	**32,948,610**
	₱41,797,028	**₱41,365,422**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	8,491,205	9,301,296
Current portion of lease liabilities	1,165,247	1,218,146
Income tax payable	423,522	161,427
Total Current Liabilities	**10,079,974**	**10,680,869**
Noncurrent Liabilities		
Long-term lease liabilities	849,926	841,920
Provisions	79,211	74,479
Deferred tax liabilities – net	246,037	136,099
Total Noncurrent Liabilities	**1,175,174**	**1,052,498**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	1,423,446	1,423,446
Other reserves	4,050	4,050
Retained earnings	14,170,248	13,261,328
	30,525,845	**29,616,925**
Noncontrolling Interest	**16,035**	**15,130**
Total Stockholders' Equity	**30,541,880**	**29,632,055**
	₱41,797,028	**₱41,365,422**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended March 30, 2021 and 2020
(In Thousands, Except Per Share Data)

	Quarter Ended	
	Jan-Mar 2021	**Jan-Mar 2020**
Net Sales	**₱ 6,805,794**	**₱7,270,481**
Cost of sales	4,804,270	5,716,573
Gross Profit	**2,001,524**	**1,553,908**
Operating expenses	285,022	358,324
Operating EBITDA	**1,716,502**	**1,195,584**
Depreciation and amortization	442,369	439,607
Profit from Operations	**1,274,133**	**755,977**
Other income (expenses)		
Net financial expense	(22,988)	(92,736)
Other income (expense) - net	63,285	30,542
Total	40,297	(62,194)
Profit before Income Tax	**1,314,430**	**693,783**
Provision for income tax		
Current	328,605	218,048
Deferred	76,478	(25,808)
	405,083	192,240
Profit for the Period	**909,347**	**501,543**
Noncontrolling interest	(427)	(237)
Profit for the period attributable to Equity holders of the Parent Company	**₱ 908,920**	**₱501,306**

Basic/Diluted Earnings Per Share (EPS)		
Computation of EPS:		
(a) Profit for the period attributable to Equity holders of the parent company	**₱908,920**	**₱501,306**
(b) Common shares issued and outstanding	**6,452,099**	**6,452,099**
EPS [(a)/(b)]	**₱0.14**	**₱0.08**

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended March 31, 2021 and 2020
(In Thousands)

	Quarter Ended	
	Jan-Mar 2021	**Jan-Mar 2020**
Total Comprehensive Income	**₱909,347**	**₱501,543**
Attributable to:		
Equity holders of Parent Company	908,442	500,622
Noncontrolling interest	905	921
Total Comprehensive Income	**₱909,347**	**₱501,543**

Exhibit IV

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended March 31, 2021 and 2020
(In Thousands)

	Jan-Mar 2021	**Jan-Mar 2020**
Capital Stock		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
Issuances (Retirement)	-	-
Balance at end of period	**6,452,099**	**6,452,099**
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	**8,476,002**	**8,476,002**
Other comprehensive income	**1,423,446**	**1,624,206**
Other reserves	**4,050**	**4,475**
Retained Earnings		
Balance at beginning of period	13,261,328	11,199,025
Profit for the Period	908,920	501,306
Balance at end of period	**14,170,248**	**11,700,331**
Noncontrolling Interest	**16,035**	**12,881**
	₱30,541,880	**₱28,269,994**

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended March 31, 2021 and 2020
(In Thousands)

	Jan-Mar 2021	Jan-Mar 2020
Operating Activities		
Profit before Income Tax	**₱1,314,430**	**₱ 693,783**
Adjustments to reconcile profit to cash		
Depreciation and amortization	442,369	439,607
Other items (net)	(198,057)	(107,436)
Changes in current assets and liabilities	(730,775)	(616,839)
Cash provided by operating activities	**827,967**	**409,115**
Investing Activities		
Additions to plant, property and equipment	(146,777)	(321,885)
Increase in other investing activities	51,742	2,668
Cash used in investing activities	**(95,035)**	**(319,217)**
Financing Activities		
Repayment of long-term leases	(100,961)	(71,584)
Proceeds from short-term loans	–	3,800,000
Cash provided (used in) financing activities	**(100,961)**	**3,728,416**
Net increase in cash and cash equivalents	**631,971**	**3,818,314**
Cash and cash equivalents, beginning	**2,080,791**	**2,961,897**
Effect of exchange rate changes on cash and cash equivalents	**2,255**	**1,410**
Cash and cash equivalents, end	**₱2,715,017**	**₱6,781,621**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2021
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱ 781,353**	**₱721,602**	**₱37,285**	**₱ 8,138**	**₱ 14,328**
Other Receivables	**1,850,817**	**220,060**	**7,149**	**20,314**	**1,603,294**
Total		**₱941,662**	**₱44,434**	**₱28,452**	**₱1,617,622**
Allowance for Doubtful Accounts	**(63,673)**				
Net Receivables	**₱2,568,497**				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

At the end of the first quarter, the Group posted net sales of ₱6.8 billion, lower by 6% compared to ₱7.3 billion reported in the same period last year. This is due to lower volume as cement demand and construction activity remain muted due to the pandemic.

The Group reported total EBITDA of ₱1.7 billion, higher by 44% as compared to ₱1.2 billion reported during the same period last year. Efficiency gains and strong cost discipline helped the Company manage the impact of rising costs of fuel, power and freight, as well as and other business challenges such as logistical bottlenecks caused by renewed restrictions in response to the surge in COVID-19 cases in March. The Group managed to incur lower financial expenses related to its short-term payables and lease liabilities. Net income after tax stood at ₱0.9 billion giving earnings per share of ₱0.14.

Financial Position

The Group's financial position has remained healthy with stable liquid cash position. The return on assets rose to 2.2% as of March 31, 2021 which is 1.1% higher from the end of 2020 as a result of higher net income. Total assets stood at ₱41.8 billion as of March 31, 2021, 1% higher from end of 2020.

Cash Flow Generation

The Group's cash requirements were mainly sourced through cash from operating activities. As of March 31, 2021, there are no outstanding third party and related loan payables as these were settled in full. Please refer to the attached statement of cash flow for details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended March 31, 2021 and 2020 were as follows:

Financial KPI	**Definition**	**For the period ended March 31**	
		2021	**2020**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	3.0%	1.8%
Return on Asset (ROA)	Net Income / Average Total Assets	2.2%	1.1%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	25.2%	16.4%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(7.9%)	4.5%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	142.5 times	12.8 times

Profitability and Efficiency

Profitability and efficiency indicators have increased as compared to the same period last year due to higher income generated from operations.

Liquidity

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

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2020.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2020:

PFRS 17, *Insurance Contracts*

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

The key principles in PFRS 17 are that an entity:

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

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

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

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

Amendments to PFRS 3, *References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

Amendments to PFRS 10 and PAS 28*, Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

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

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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

Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PFRS 9 – *Fees in the ’10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PFRS 16 – *Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to PAS 41 – *Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

New Accounting Standards Effective in 2020 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy.

The Company will adopt the following standards once these become effective.

PIC Q&A No. 2019-04, *Conforming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

<u>PIC Q&As Amended</u>

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019

PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases - Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The management of the Group is still evaluation the impact of the interpretation.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

  Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The amendments will not have an impact on the Group's financial statements as the Group has no plans for a step acquisition of a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.
b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, *Financial Instruments:* Presentation.

The interpretation is effective for periods beginning on December 11, 2019 and should be applied retrospectively.

The amendments will not have an impact on the Group's financial statements as the Company is not a non-stock savings and loan association.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation is still being assessed by the Group's Management.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects*

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the lease term*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee has known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

<u>PIC Q&As Amended</u>

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a	References to *The Conceptual Framework for Financial Reporting* have been updated due

basis other than going concern	to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive)

The effective date of the amendments is included in the affected interpretations.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-04(Addendum to PIC Q&A 2018-12-D), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-05, PFRS 15 - *Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three(3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as its applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-06, PFRS 16 - *Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
1.	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease.		• PFRS 16; par. 87 • PAS 16; pars. 6, 16-17 • PAS 40; par. 21 • PFRS 16; par. 45 • Illustrative example 18 issued by IASB • PAS 16; pars. 56-57

		capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs under PAS 16 or PAS 40.	ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor)and using a revised discount rate. iii. Revisit the amortization period of right-of-use asset and any related leasehold improvement following the shortening of the term.		
2.	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3.	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis.		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4.	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold improvement in accordance with PAS 16 or PAS 40.	• Same as in fact pattern 1C. • PAS 40; par. 21 • PAS 16; pars. 16-17
5.	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the		• PAS 16 • PAS 38 • PFRS 16; par. 18

		previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	financial impact would have been recognized already as part of the lease liability.		
6.	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; Appendix A
7.	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight-line basis or another systematic basis.		Recognize as part of the cost of the right-of-use asset.	PFRS 16; par. 24 • PAS 16; par. 71 • PFRS 16; par 81
8.	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right-of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of-use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par. 24

The future adoption of the interpretations is still being assessed by the Group's Management.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2021, there are no revenues denominated in currencies other than the Philippine Peso.

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

As of March 31, 2021, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at March 31, 2021 and 2020, the Group has minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

Liquidity Risk

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

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at March 31, 2021, the Group has unutilized credit facilities of ₱12.5 billion.

Capital Management Policy

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

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

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

4. *Financial Assets and Liabilities*

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at March 31, 2021 and December 31, 2020. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

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

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

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

Fair Value Hierarchy

As at March 31, 2021 and December 31, 2020, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at March 31, 2021 and December 31, 2020, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2021 and 2020.

5. *Segment Reporting*

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

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

- Clinker and Cement segment, which manufactures and sells clinker and cement for domestic customers; and
- Other Construction Materials and services segment, which includes operations from Specialty Products and Aggregates Trading.

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

Segment revenues, EBITDA, assets and liabilities as at March 31, 2021 and 2020 are presented below:

	2021				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱6,477,475**	**₱308,578**	**₱6,786,053**	**₱19,741**	**₱6,805,794**
Inter-segment	**3,153**	**–**	**3,153**	**(3,153)**	**–**
	₱6,480,628	**₱308,578**	**₱6,789,206**	**₱16,588**	**₱6,805,794**
Operating EBITDA	**₱ 1,736,318**	**₱ 245,807**	**₱1,982,125**	**(₱265,623)**	**₱ 1,716,502**
Segment assets	**29,803,362**	**343,764**	**30,147,126**	**11,649,902**	**41,797,028**
Segment liabilities	**8,978,299**	**91,408**	**9,069,707**	**2,185,441**	**11,255,148**

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱6,971,648	₱269,453	₱7,241,101	₱29,380	₱7,270,481
Inter-segment	13,072	–	13,072	(13,072)	–
	₱6,984,720	₱269,453	₱7,254,173	₱16,308	₱7,270,481
Operating EBITDA	₱1,266,970	₱201,647	₱1,468,617	(₱273,033)	₱1,195,584
Segment assets	32,519,479	348,377	32,867,856	16,508,309	49,376,165
Segment liabilities	9,251,894	75,675	9,327,569	11,778,602	21,106,171

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

6. *Retained Earnings*

The BOD did not declare any cash dividends as of March 31, 2021.

Interim Disclosures

As of the update, the Group filed a petition to vacate at the Regional Trial Court at Taguig City ("Taguig Court"), which Seasia asked to be dismissed on jurisdictional grounds. Seasia filed a petition for confirmation at the Regional Trial Court at Bataan ("Bataan Court"), which the Group is currently opposing due to several infirmities in the arbitral award and issues against the Bataan Court's jurisdiction resulting from the premature filing of the petition. Both petitions are currently pending resolution and Group's funds at a third party bank are still garnished.

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.

7. Events that will trigger direct or contingent material financial obligations to the Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.

9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.

10. Significant elements of income or loss that did not arise from the Group's continuing operations.

11. Material events subsequent to end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

30% increase in Cash and cash equivalents
Mainly due to higher cash generated from operations and lower capital expenditures.

5% decrease in Inventories
Decrease was due to consumption of own clinker and cement coupled with rationalization of purchase plan.

64% increase in Other current assets
Largely attributable to real property taxes prepaid for the whole year.

5% decrease in Right-of-Use Assets
Mainly due to the depreciation expense recognized for the period.

9% decrease in Intangible Assets -net
Due to amortization expenses recognized for the period.

9% decrease in Trade and other payables
Lower payables from the payment of amounts owed to related parties, local vendors and importation.

162% increase in Income tax payable
Mainly due to higher income generated as compared to same period last year.

6% increase in Provisions
Increase was due to the impact of adjustment relating to 2019 accrual.

81% increase in deferred tax liabilities - net
Due to the impact of CREATE Bill.

8% increase in Retained earnings
Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

6% decrease in Net sales
Mainly due to lower volumes sold from the interruption in the sales operations due to slowed construction and building projects as a result of the lockdown implemented by the government partnered with the decline in price.

16% decrease in Cost of goods sold
The movement was lower driven by lower prices on raw materials and fuels, lower other variable costs, as well as lower distribution costs from fixed cost savings and lower freight costs.

20% decrease in Operating expenses
Mainly attributable to the decline in personnel expenses and support process costs from sustained cost management efforts of the Company.

75% decrease in Net financial expenses
Mainly due to favorable movement in financial expenses from related parties and third parties as a result of settlement of loans in the latter part of 2020.

107% increase in Income (Expenses) on non-operating assets
Mainly due to share in the accumulated undistributed income incurred by associate during the year

111% increase in Provision for income tax
Due to higher taxable income as of the current period.

80% increase in Noncontrolling interest in net income
Mainly due to higher profit of subsidiary compared to same period last year.

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

Financial KPI	Definition	For the three (3) Months Ended March 31	
		2021	**2020**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	90.7%	82.4%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(7.9%)	4.6%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	136.9%	174.8%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	109.1 times	5.8 times
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	2.2%	1.1%
Return on Equity	Net Income / Average Total Equity	3.0%	1.8%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Jesusa Natividad L. Rojas
Chief Financial Officer
Date: April 22, 2021

COVER SHEET

2 6 1 2 6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

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

Dennis G. Segovia Jr.
(Contact Person)

(2nd Quarter 2021)

8581-1511
(Company Telephone Number)

0 6 3 0
Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended June 30, 2021
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

5,251
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Form 17Q
February 2001

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended June 30, 2021
2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020
Exhibit II – Consolidated Statements of Income for the quarters ended June 30, 2021 and 2020
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2021 and 2020
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended June 30, 2021 and 2020
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended June 30, 2021 and 2020
Exhibit VI – Aging of Trade and Other Receivables as of June 30, 2021

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30, 2021 and December 31, 2020
(In Thousands)

	30 June 2021	31 Dec 2020
ASSETS		
Current Assets		
Cash and cash equivalents	₱2,541,254	₱2,080,791
Trade and other receivables - net	2,823,983	2,601,420
Inventories	3,281,344	2,851,169
Short-term financial receivables	382,682	465,657
Other current assets	600,076	417,775
Total Current Assets	**9,629,339**	**8,416,812**
Noncurrent Assets		
Investments	4,356,802	4,299,259
Property, plant and equipment – net	19,407,765	19,525,534
Right-of-use assets	1,702,328	1,866,896
Goodwill	2,635,738	2,635,738
Intangibles – net	16,090	19,445
Retirement assets – net	2,117,528	2,161,204
Other noncurrent assets	2,364,534	2,440,534
Total Noncurrent Assets	**32,600,785**	**32,948,610**
	₱42,230,124	**₱41,365,422**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	11,083,279	9,301,296
Current portion of lease liabilities	1,076,418	1,218,146
Income tax payable	408,334	161,427
Total Current Liabilities	**12,568,031**	**10,680,869**
Noncurrent Liabilities		
Long-term lease liabilities	857,569	841,920
Provisions	79,211	74,479
Deferred tax liabilities – net	236,446	136,099
Total Noncurrent Liabilities	**1,173,226**	**1,052,498**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	1,423,446	1,423,446
Other reserves	4,050	4,050
Retained earnings	12,117,120	13,261,328
	28,472,717	**29,616,925**
Noncontrolling Interest	**16,150**	**15,130**
Total Stockholders' Equity	**28,488,867**	**29,632,055**
	₱42,230,124	**₱41,365,422**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended June 30, 2021 and 2020
(In Thousands, Except Per Share Data)

	Quarter Ended		Six (6) Months Ended	
	Apr-Jun 2021	**Apr-Jun 2020**	**Jan-Jun 2021**	**Jan-Jun 2020**
Net Sales	**₱6,855,623**	**₱4,148,083**	**₱13,661,417**	**₱11,418,564**
Cost of sales	5,082,393	3,443,613	9,886,663	9,160,186
Gross Profit	**1,773,230**	**704,470**	**3,774,754**	**2,258,378**
Operating expenses	338,807	194,592	623,829	552,916
Operating EBITDA	**1,434,423**	**509,878**	**3,150,925**	**1,705,462**
Depreciation and amortization	480,859	451,821	923,228	891,429
Profit from Operations	**953,564**	**58,057**	**2,227,697**	**814,033**
Other income (expenses)				
Net financial expense	(3,654)	(145,544)	(26,642)	(238,281)
Other income (expense) - net	10,571	(24,693)	73,856	5,851
Total	6,917	(170,237)	47,214	(232,430)
Profit (loss) before Income Tax	**960,481**	**(112,180)**	**2,274,911**	**581,603**
Provision for income tax				
Current	248,683	(22,727)	577,288	195,321
Deferred	(9,591)	(1,743)	66,887	(27,552)
	239,092	(24,470)	644,175	167,769
Profit (loss) for the Period	**721,389**	**(87,710)**	**1,630,736**	**413,834**
Noncontrolling interest	(115)	(429)	(542)	(666)
Profit (loss) for the period attributable to Equity holders of the Parent Company	**₱721,274**	**(₱88,139)**	**₱1,630,194**	**₱413,168**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit (loss) for the period attributable to Equity holders of the parent company	**₱721,274**	**(₱88,139)**	**₱1,630,194**	**₱413,168**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.112**	**(₱0.014)**	**₱0.253**	**₱0.064**

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2021 and 2020
(In Thousands)

	Quarter Ended		**Six (6) Months Ended**	
	Apr-Jun 2021	**Apr-Jun 2020**	**Jan-Jun 2021**	**Jan-Jun 2020**
Total Comprehensive Income (Loss)	**₱721,389**	**(₱87,710)**	**₱1,630,736**	**₱413,834**
Attributable to:				
Equity holders of Parent Company	721,274	(87,281)	1,629,716	414,500
Noncontrolling interest	115	(429)	1,020	(666)
Total Comprehensive Income (Loss)	**₱721,389**	**(₱87,710)**	**₱1,630,736**	**₱413,834**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended June 30, 2021 and 2020
(In Thousands)

	Jan-Jun 2021	Jan-Jun 2020
Capital Stock		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
Issuances (Retirement)	-	-
Balance at end of period	**6,452,099**	**6,452,099**
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	**8,476,002**	**8,476,002**
Other comprehensive income	**1,423,446**	**1,624,206**
Other reserves	**4,050**	**4,475**
Retained Earnings		
Balance at beginning of period	13,261,328	11,199,025
Profit for the Period	1,630,194	413,168
Cash dividends - 0.43 per share	(2,774,402)	-
Balance at end of period	**12,117,120**	**11,612,193**
Noncontrolling Interest	**16,150**	**13,310**
	₱28,488,867	**₱28,182,285**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended June 30, 2021 and 2020
(In Thousands)

	Jan-Jun 2021	Jan-Jun 2020
Operating Activities		
Profit before Income Tax	**₱2,274,911**	**₱581,603**
Adjustments to reconcile profit to cash		
Depreciation and amortization	923,228	891,429
Other items - net	(389,590)	(434,954)
Changes in current assets and liabilities	(1,036,832)	1,366,357
Cash provided by operating activities	**1,771,717**	**2,374,932**
Investing Activities		
Additions to plant, property and equipment	(387,485)	(470,524)
Increase in other investing activities	75,998	3,725
Cash used in investing activities	**(311,487)**	**(466,799)**
Financing Activities		
Repayment of long-term leases	(183,867)	(133,591)
Loan repayments made by related party	83,826	32,849
Cash dividends paid	(898,264)	–
Payment of short-term loans	–	(7,140,699)
Proceeds from short-term loans	–	5,300,000
Increase in short-term financial receivables	–	(14,125)
Cash used in financing activities	**(998,305)**	**(1,955,566)**
Net increase (decrease) in cash and cash equivalents	**461,925**	**(47,433)**
Cash and cash equivalents, beginning	**2,080,791**	**2,961,897**
Effect of exchange rate changes on cash and cash equivalents	**(1,462)**	**(3,094)**
Cash and cash equivalents, end	**₱2,541,254**	**₱2,911,370**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of June 30, 2021
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱953,011**	**₱768,945**	**₱56,628**	**₱ 35,756**	**₱ 91,682**
Other Receivables	**1,933,050**	**38,908**	**22,449**	**167,444**	**1,704,249**
Total		**₱807,853**	**₱79,077**	**₱203,200**	**₱1,795,931**
Allowance for Doubtful Accounts	**(62,078)**				
Net Receivables	**₱2,823,983**				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

The Group posted net sales of ₱13.7 billion, higher by 20% compared to ₱11.4 billion reported in the same period last year. This is due to sustained demand in the retail segment with the easing of quarantine measures as the country continues to recover economically from the strict lockdown measures undertaken to contain the pandemic.

The Group reported total EBITDA of ₱3.2 billion, higher by 85% as compared to ₱1.7 billion reported during the same period last year. Efficiency gains and strong cost discipline helped the Company manage the impact of rising costs of fuel, power and freight, as well as other business challenges such as logistical bottlenecks caused by renewed restrictions in response to the surge in COVID-19 cases from March to May this year. The Group managed to incur lower financial expenses related to its short-term payables and lease liabilities. Net income after tax stood at ₱1.6 billion resulting in earnings per share of ₱0.25.

Financial Position

The Group's financial position has remained healthy with a stable liquid cash position. The return on assets rose to 3.9% as of June 30, 2021 which is 3.0% higher from the end of 2020 as a result of higher net income. Total assets stood at ₱42.2 billion as of June 30, 2021, 2% higher than December 2020.

Cash Flow Generation

The Group's cash requirements were mainly sourced through cash from operating activities. As of June 30, 2021, there are no outstanding third party loan payables. Please refer to the attached statement of cash flow for details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended June 30, 2021 and 2020 were as follows:

Financial KPI	Definition	For the period ended June 30	
		2021	**2020**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	5.6%	1.5%
Return on Asset (ROA)	Net Income / Average Total Assets	3.9%	0.9%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	23.1%	14.9%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(7.8%)	(1.9%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	92 times	8.1 times

Profitability and Efficiency

Profitability and efficiency indicators have increased as compared to the same period last year due to higher income generated from operations.

Liquidity

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

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2020.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2020:

PFRS 17, *Insurance Contracts*

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

The key principles in PFRS 17 are that an entity:

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

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

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

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

Amendments to PFRS 3, *References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

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

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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

Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PFRS 9 – *Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PFRS 16 – *Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to PAS 41 – *Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

New Accounting Standards Effective in 2020 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy.

The Company will adopt the following standards once these become effective.

PIC Q&A No. 2019-04, *Conforming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases - Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The management of the Group is still evaluation the impact of the interpretation.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

  Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The amendments will not have an impact on the Group's financial statements as the Group has no plans for a step acquisition of a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.
b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, *Financial Instruments:* Presentation.

The interpretation is effective for periods beginning on December 11, 2019 and should be applied retrospectively.

The amendments will not have an impact on the Group's financial statements as the Company is not a non-stock savings and loan association.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation is still being assessed by the Group's Management.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects*

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the lease term*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee has known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive)

The effective date of the amendments is included in the affected interpretations.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-04(Addendum to PIC Q&A 2018-12-D), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-05, PFRS 15 - *Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three(3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as its applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-06, PFRS 16 - *Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
1.	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs under PAS 16 or PAS 40.	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor)and using a revised discount rate. iii. Revisit the amortization period of right-of-use asset and any related leasehold improvement following the shortening of the term.		• PFRS 16; par. 87 • PAS 16; pars. 6, 16-17 • PAS 40; par. 21 • PFRS 16; par. 45 • Illustrative example 18 issued by IASB • PAS 16; pars. 56-57
2.	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3.	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24

		basis of another systematic basis.			
4.	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor.	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold improvement in accordance with PAS 16 or PAS 40.	• Same as in fact pattern 1C. • PAS 40; par. 21 • PAS 16; pars. 16-17
5.	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par. 18
6.	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; Appendix A
7.	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight-line basis or another systematic basis.		Recognize as part of the cost of the right-of-use asset.	PFRS 16; par. 24 • PAS 16; par. 71 • PFRS 16; par 81
8.	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right-of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of-use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par. 24

The future adoption of the interpretations is still being assessed by the Group's Management.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of June 30, 2021, there are no revenues denominated in currencies other than the Philippine Peso.

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

As of June 30, 2021, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at June 30, 2021 and 2020, the Group has minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

Liquidity Risk

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

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at June 30, 2021, the Group has unutilized credit facilities of ₱13.0 billion.

Capital Management Policy

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

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

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

4. *Financial Assets and Liabilities*

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at June 30, 2021 and December 31, 2020. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

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

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

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

Fair Value Hierarchy

As at June 30, 2021 and December 31, 2020, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at June 30, 2021 and December 31, 2020, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2021 and 2020.

5. *Segment Reporting*

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

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

- Clinker and Cement segment, which manufactures and sells clinker and cement for domestic customers; and
- Other Construction Materials and services segment, which includes operations from Specialty Products and Aggregates Trading.

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

Segment revenues, EBITDA, assets and liabilities as at June 30, 2021 and 2020 are presented below:

	2021				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱13,073,665**	**₱538,208**	**₱13,611,873**	**₱ 49,544**	**₱13,661,417**
Inter-segment	**6,676**	**–**	**6,676**	**(6,676)**	**–**
	₱13,080,341	**₱538,208**	**₱13,618,549**	**₱ 42,868**	**₱13,661,417**
Operating EBITDA	**₱ 3,635,562**	**₱411,155**	**₱ 4,046,717**	**(₱ 895,792)**	**₱ 3,150,925**
Segment assets	**30,475,833**	**422,329**	**30,898,163**	**11,331,962**	**42,230,124**
Segment liabilities	**9,279,492**	**507,871**	**9,787,364**	**3,953,894**	**13,741,257**

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱11,063,331	₱309,296	₱11,372,627	₱45,937	₱11,418,564
Inter-segment	14,089	–	14,089	(14,089)	–
	₱11,077,420	₱309,296	₱11,386,716	₱31,848	₱11,418,564
Operating EBITDA	₱2,211,800	₱203,706	₱2,415,506	(₱710,044)	₱1,705,462
Segment assets	30,887,013	233,391	31,120,403	12,565,098	43,685,501
Segment liabilities	9,559,142	398,851	9,957,993	5,545,223	15,503,216

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

6. *Retained Earnings*

On May 27, 2021, the BOD declared a total of ₱2.77 billion of cash dividends at ₱0.43 per share to its stockholders of record as of June 16, 2021.

Interim Disclosures

As of this update, the Group filed a petition to vacate the Arbitral Award at the Regional Trial Court at Taguig City ("Taguig Court"), which Seasia asked to be dismissed on jurisdictional grounds. Seasia filed a petition for confirmation at the Regional Trial Court at Bataan ("Bataan Court"), which the Group is currently opposing due to several infirmities in the arbitral award and issues against the Bataan Court's jurisdiction resulting from the premature filing of the petition. Both petitions are currently pending resolution and Group's funds at a third party bank are still garnished.

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.

7. Events that will trigger direct or contingent material financial obligations to the Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.

9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.

10. Significant elements of income or loss that did not arise from the Group's continuing operations.

11. Material events subsequent to end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

22% increase in Cash and cash equivalents
Mainly due to higher cash generated from operations and lower capital expenditures.

18% decrease in Short-term financial receivables
The decrease was due to collection of loans extended to a related party.

9% increase in Trade and other receivables
Movement was due to higher credit sales mix over cash sales.

15% increase in Inventories
Increase was due to purchase of imported materials to support increase in production operations and the deferral of scheduled plant shutdown of one plant.

44% increase in Other current assets
Largely attributable to real property taxes prepaid for the whole year.

9% decrease in Right-of-Use Assets
Mainly due to the depreciation expense recognized for the period.

17% decrease in Intangible Assets -net
Due to amortization expenses recognized for the period.

19% increase in Trade and other payables
The movement was due to outstanding dividends payable to related parties partially offset by the payments to local vendors and importation and the depletion of customer cash advances.

153% increase in Income tax payable
Mainly due to higher income generated as compared to same period last year.

12% decrease in Lease liability – current portion
Due to payments made for leases in the first half of the year.

6% increase in Provisions
Increase was due to the impact of adjustment relating to 2019 accrual.

74% increase in deferred tax liabilities - net
Mainly due to the accruals and pension liability coupled with the impact of CREATE bill.

10% decrease in Retained earnings
Movement pertains to income generated during the first half of the year net of cash dividends declared.

7% increase on Minority interest
Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

20% increase in Net sales
Mainly due to higher volumes sold as compared to prior year which was affected by strict implementation of community quarantine.

8% increase in Cost of goods sold
The movement was driven by higher production costs from higher volumes produced as the Company returned to its full scale of operations this year.

13% increase in Operating expenses
Mainly attributable to higher third party spending and personnel cost as compared to prior year which has benefited from rationalized workforce deployment.

89% decrease in Net financial expenses
Mainly due to favorable movement in financial expenses from related parties and third parties as a result of settlement of loans in the latter part of 2020.

1162% increase in Income (Expenses) on non-operating assets
Mainly due to share in the accumulated undistributed income incurred by associate during the year

284% increase in Provision for income tax
Due to higher taxable income as of the current period.

19% decrease in Noncontrolling interest in net income
Mainly due to lower profit of subsidiary compared to same period last year.

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

Financial KPI	Definition	For the three (3) Months Ended June 30	
		2021	**2020**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	76.6%	77.7%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(7.8%)	(1.9%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	148.2%	155.0%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	66.4 times	2.7 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	3.9%	0.9%
Return on Equity	Net Income / Average Total Equity	5.6%	1.5%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Jesusa Natividad L. Rojas
Chief Financial Officer
Date: July 29, 2021

COVER SHEET

						2	6	1	2	6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSI
DIARIES

(Company's Full Name)

7th Floor, Two World Square, Mcki
nley Hill, Fort Bonifacio, Taguig
City

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

Dennis G. Segovia Jr.
(Contact Person)

(3rd Quarter 2021)

8581-1511
(Company Telephone Number)

0 9 **3 0**
Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended September 30, 2021
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

5,247
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended September 30, 2021

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

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

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020
Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2021 and 2020
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2021 and 2020
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended September 30, 2021 and 2020
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended September 30, 2021 and 2020
Exhibit VI – Aging of Trade and Other Receivables as of September 30, 2021

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2021 and December 31, 2020
(In Thousands)

	30 Sept 2021	31 Dec 2020
ASSETS		
Current Assets		
Cash and cash equivalents	₱1,161,488	₱2,080,791
Trade and other receivables - net	2,547,104	2,601,420
Inventories	3,673,159	2,851,169
Short-term financial receivables	245,581	465,657
Other current assets	502,802	417,775
Total Current Assets	**8,130,134**	**8,416,812**
Noncurrent Assets		
Investments	4,384,817	4,299,259
Property, plant and equipment – net	19,485,453	19,525,534
Right-of-use assets	1,604,317	1,866,896
Goodwill	2,635,738	2,635,738
Intangibles – net	14,384	19,445
Retirement assets – net	2,095,690	2,161,204
Other noncurrent assets	2,364,745	2,440,534
Total Noncurrent Assets	**32,585,144**	**32,948,610**
	₱40,715,278	**₱41,365,422**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	9,303,853	9,301,296
Current portion of lease liabilities	1,052,475	1,218,146
Income tax payable	173,638	161,427
Total Current Liabilities	**10,529,966**	**10,680,869**
Noncurrent Liabilities		
Long-term lease liabilities	691,803	841,920
Provisions	74,479	74,479
Deferred tax liabilities – net	260,601	136,099
Total Noncurrent Liabilities	**1,026,883**	**1,052,498**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	1,423,446	1,423,446
Other reserves	4,050	4,050
Retained earnings	12,786,381	13,261,328
	29,141,978	**29,616,925**
Noncontrolling Interest	**16,451**	**15,130**
Total Stockholders' Equity	**29,158,429**	**29,632,055**
	₱40,715,278	**₱41,365,422**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended September 30, 2021 and 2020
(In Thousands, Except Per Share Data)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sept 2021	**Jul-Sept 2020**	**Jan-Sept 2021**	**Jan-Sept 2020**
Net Sales	**₱ 6,486,778**	**₱ 7,361,373**	**₱ 20,148,195**	**₱18,779,937**
Cost of sales	4,764,565	5,591,455	14,651,228	14,751,641
Gross Profit	**1,722,213**	**1,769,918**	**5,496,967**	**4,028,296**
Operating expenses	416,698	274,233	1,040,527	827,149
Operating EBITDA	**1,305,515**	**1,495,685**	**4,456,440**	**3,201,147**
Depreciation and amortization	440,287	489,552	1,363,515	1,380,980
Profit from Operations	**865,228**	**1,006,133**	**3,092,925**	**1,820,167**
Other income (expenses)				
Net financial expense	(38,607)	(40,388)	(65,249)	(278,669)
Other income (expense) - net	17,825	25,464	91,681	31,315
Total	(20,782)	(14,924)	26,432	(247,354)
Profit before Income Tax	**844,446**	**991,209**	**3,119,357**	**1,572,813**
Provision for income tax				
Current	150,804	310,795	728,092	506,116
Deferred	24,081	66,717	90,968	39,166
	174,885	377,512	819,060	545,282
Profit for the Period	**669,561**	**613,697**	**2,300,297**	**1,027,531**
Noncontrolling interest	(300)	(253)	(842)	(919)
Profit for the period attributable to Equity holders of the Parent Company	**₱ 669,261**	**₱ 613,444**	**₱ 2,299,455**	**₱ 1,026,612**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	**₱ 669,261**	**₱ 613,444**	**₱ 2,299,455**	**₱ 1,026,612**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱ 0.104**	**₱ 0.951**	**₱ 0.356**	**₱ 0.159**

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended September 30, 2021 and 2020
(In Thousands)

	Quarter Ended		Nine (9) Months Ended	
	July-Sept 2021	July-Sept 2020	Jan-Sept 2021	Jan-Sept 2020
Total Comprehensive Income	**₱ 669,561**	**₱613,697**	**₱2,300,297**	**₱1,027,531**
Attributable to:				
Equity holders of Parent Company	669,261	613,950	2,298,976	1,027,770
Noncontrolling interest	(300)	(253)	(1,321)	(239)
Total Comprehensive Income	**₱669,561**	**₱613,697**	**₱2,300,297**	**₱1,027,531**

Exhibit IV

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Nine (9) months ended September 30, 2021 and 2020
(In Thousands)

	Jan-Sept 2021	Jan-Sept 2020
Capital Stock		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
Issuances (Retirement)	–	–
Balance at end of period	**6,452,099**	**6,452,099**
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	–	–
Balance at end of period	**8,476,002**	**8,476,002**
Other comprehensive income	**1,423,446**	**1,624,205**
Other reserves	**4,050**	**4,475**
Retained Earnings		
Balance at beginning of period	13,261,328	11,199,025
Profit for the Period	2,299,455	1,026,612
Cash dividends - 0.43per share	(2,774,402)	–
Balance at end of period	**12,786,381**	**12,225,637**
Noncontrolling Interest	**16,451**	**13,563**
	₱29,158,429	**₱28,795,981**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine (9) months ended September 30, 2021 and 2020
(In Thousands)

	Jan-Sept 2021	Jan-Sept 2020
Operating Activities		
Profit before Income Tax	**₱3,119,357**	**₱1,572,813**
Adjustments to reconcile profit to cash		
Depreciation and amortization	1,363,515	1,380,980
Other items - net	(741,302)	(872,317)
Changes in current assets and liabilities	(1,580,784)	1,326,179
Cash provided by operating activities	**2,160,786**	**3,407,655**
Investing Activities		
Additions to plant, property and equipment	(796,916)	(679,299)
Increase in other investing activities	75,788	5,946
Cash used in investing activities	**(721,128)**	**(673,353)**
Financing Activities		
Repayment of long-term leases	(341,672)	(215,064)
Loan repayments made by related party	227,090	32,849
Cash dividends paid	(2,244,640)	–
Payment of short-term loans	–	(8,316,071)
Proceeds from short-term loans	–	5,300,000
Increase in short-term financial receivables	–	(14,125)
Cash used in financing activities	**(2,359,222)**	**(3,212,411)**
Net decrease in cash and cash equivalents	**(919,564)**	**(478,109)**
Cash and cash equivalents, beginning	**2,080,791**	**2,961,897**
Effect of exchange rate changes on cash and cash equivalents	**261**	**(3,338)**
Cash and cash equivalents, end	**₱1,161,488**	**₱2,480,450**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2021
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱821,657**	**₱644,018**	**₱54,695**	**₱ 25,318**	**₱97,626**
Other Receivables	**1,786,311**	**10,761**	**12,516**	**2,738**	**1,760,296**
Total		**₱654,779**	**₱67,211**	**₱28,056**	**₱1,857,922**
Allowance for Doubtful Accounts	**(60,864)**				
Net Receivables	**₱2,547,104**				

Certified correct:

Eliana. Nieto
Chief Financial Officer

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

Results of Operations

The Group posted year to date net sales of ₱20.1 billion, higher by 7% compared to ₱18.8 billion reported in the same period last year. This is due to the increase in demand as construction activities are allowed to continue and at increased capacity despite some lockdowns. Aggregates and Dry Mix business performance also improved compared to same period of last year due to higher volumes.

The Group reported total EBITDA of ₱4.5 billion, higher by 39% as compared to ₱1.8 billion reported during the same period last year. Efficiency gains and strong cost discipline helped the Group manage and lower its production and distribution costs coupled with the higher volumes produced. This helped the Group manage the impact of rising costs of fuel and power, business challenges such as logistical bottlenecks and tempered demand caused by renewed restrictions in response to the surge in COVID-19 cases this third quarter coupled with inclement weather conditions. The Group managed to incur lower financial expenses related to its short-term payables and lease liabilities. Net income after tax stood at ₱2.3 billion resulting in earnings per share of ₱0.36.

Financial Position

The Group's financial position has remained healthy with a stable liquid cash position. The return on assets rose to 5.6% as of September 30, 2021 which is higher by 3.3 percentage point from the prior year which is at 2.3% as a result of higher net income. Total assets stood at ₱40.7 billion as of September 30, 2021, 2% lower than December 2020.

Cash Flow Generation

The Group's cash requirements were mainly sourced through cash from operating activities. As of September 30, 2021, there are no outstanding third party loan payables. Please refer to the attached statement of cash flow for details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended September 30, 2021 and 2020 were as follows:

Financial KPI	Definition	For the period ended September 30	
		2021	2020
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	7.8%	3.6%
Return on Asset (ROA)	Net Income / Average Total Assets	5.6%	2.3%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	22.1%	17.0%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(2.9%)	(4.2%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	53.6 times	11.9 times

Profitability and Efficiency

Profitability and efficiency indicators have increased as compared to the same period last year due to higher income generated from operations.

Liquidity

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

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2020.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2020:

PFRS 17, *Insurance Contracts*

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

The key principles in PFRS 17 are that an entity:

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

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

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

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

Amendments to PFRS 3, *References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

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

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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

Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PFRS 9 – *Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PFRS 16 – *Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to PAS 41 – *Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

New Accounting Standards Effective in 2020 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy.

The Company will adopt the following standards once these become effective.

PIC Q&A No. 2019-04, *Conforming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

<u>PIC Q&As Amended</u>

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1-Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases – Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The management of the Group is still evaluation the impact of the interpretation.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

  Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The amendments will not have an impact on the Group's financial statements as the Group has no plans for a step acquisition of a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.
b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, *Financial Instruments:* Presentation.

The interpretation is effective for periods beginning on December 11, 2019 and should be applied retrospectively.

The amendments will not have an impact on the Group's financial statements as the Company is not a non-stock savings and loan association.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) <u>Accounting for ARO at lease commencement date</u>

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) <u>Change in ARO after initial recognition</u>

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation is still being assessed by the Group's Management.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects*

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the lease term*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee has known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As – Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive)

The effective date of the amendments is included in the affected interpretations.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-04(Addendum to PIC Q&A 2018-12-D), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-05, PFRS 15 - *Accounting for Cancellation of Real Estate Sales*

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three(3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as its applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The future adoption of the interpretations is still being assessed by the Group's Management.

PIC Q&A No. 2020-06, PFRS 16 - *Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
1.	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs under PAS 16 or PAS 40.	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor)and using a revised discount rate. iii. Revisit the amortization period of right-of-use asset and any related leasehold improvement following the shortening of the term.		• PFRS 16; par. 87 • PAS 16; pars. 6, 16-17 • PAS 40; par. 21 • PFRS 16; par. 45 • Illustrative example 18 issued by IASB • PAS 16; pars. 56-57
2.	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3.	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24

		basis of another systematic basis.			
4.	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold improvement in accordance with PAS 16 or PAS 40.	• Same as in fact pattern 1C. • PAS 40; par. 21 • PAS 16; pars. 16-17
5.	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par. 18
6.	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; Appendix A
7.	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight-line basis or another systematic basis.		Recognize as part of the cost of the right-of-use asset.	PFRS 16; par. 24 • PAS 16; par. 71 • PFRS 16; par 81
8.	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right-of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of-use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par. 24

The future adoption of the interpretations is still being assessed by the Group's Management.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of September 30, 2021, there are no revenues denominated in currencies other than the Philippine Peso.

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

As of September 30, 2021, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at September 30, 2021 and 2020, the Group has minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

Liquidity Risk

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

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at September 30, 2021, the Group has unutilized credit facilities of ₱14.2 billion.

Capital Management Policy

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

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

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

4. *Financial Assets and Liabilities*

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at September 30, 2021 and December 31, 2020. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

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

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

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

Fair Value Hierarchy

As at September 30, 2021 and December 31, 2020, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at September 30, 2021 and December 31, 2020, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2021 and 2020.

5. *Segment Reporting*

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

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

- Clinker and Cement segment, which manufactures and sells clinker and cement for domestic customers; and

- Other Construction Materials and services segment, which includes operations from Specialty Products and Aggregates Trading.

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

Segment revenues, EBITDA, assets and liabilities as at September 30,2021 and 2020 are presented below:

	2021				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱19,337,405**	**₱739,388**	**₱20,076,793**	**₱71,402**	**₱20,148,195**
Inter-segment	**10,007**	**15**	**10,022**	**(10,022)**	**–**
	₱19,347,412	**₱739,403**	**₱20,086,815**	**₱61,380**	**₱20,148,195**
Operating EBITDA	**₱5,312,102**	**₱549,748**	**₱ 5,861,850**	**(₱1,405,410)**	**₱4,456,440**
Segment assets	**30,469,207**	**313,907**	**30,783,114**	**9,932,164**	**40,715,278**
Segment liabilities	**8,689,969**	**551,172**	**9,241,141**	**2,315,708**	**11,556,849**

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱18,282,438	₱428,990	₱18,711,428	₱68,509	₱18,779,937
Inter-segment	16,607	–	16,607	(16,607)	–
	₱ 18,299,045	₱428,990	₱ 18,728,035	₱ 51,902	₱ 18,779,937
Operating EBITDA	₱ 3,930,449	₱ 232,635	₱ 4,163,084	(₱961,937)	₱ 3,201,147
Segment assets	30,599,257	296,943	30,896,200	11,808,879	42,705,079
Segment liabilities	9,798,076	16,671	9,814,747	4,094,350	13,909,097

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

6. *Retained Earnings*

On May 27, 2021, the BOD declared a total of ₱2.77 billion of cash dividends at ₱0.43 per share to its stockholders of record as of June 16, 2021.

Interim Disclosures

As of this update, the Group filed a petition to vacate the Arbitral Award at the Regional Trial Court at Taguig City ("Taguig Court"), which Seasia asked to be dismissed on jurisdictional grounds. Seasia filed a petition for confirmation at the Regional Trial Court at Bataan ("Bataan Court"), which the Group is currently opposing due to several infirmities in the arbitral award and issues against the Bataan Court's jurisdiction resulting from the premature filing of the petition. Both petitions are currently pending resolution and Group's funds at a third party bank are still garnished.

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.

7. Events that will trigger direct or contingent material financial obligations to the Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group with unconsolidated entities or other persons created during the year.

9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.

10. Significant elements of income or loss that did not arise from the Group's continuing operations.

11. Material events subsequent to end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

44% decrease in Cash and cash equivalents
Mainly due to lower cash generated from operations and higher capital expenditures.

47% decrease in Short-term financial receivables
Decrease was due to partial collection of loans extended to related party (CEMCO).

29% increase in Inventories
Increase was due discontinuation of inventory consignment for imported materials

20% increase in Other current assets
Mostly pertains to the deferral of SPS costs for three quarters.

14% decrease in Right-of-Use Assets
Mainly due to the depreciation expense recognized for the period.

26% decrease in Intangible Assets -net
Due to amortization expenses recognized for the period.

6% decrease in Trade and other payables
Payment of accounts payable on local vendors and importation coupled with full depletion of customer cash advances.

8% increase in Income tax payable
Movement pertains mostly to higher taxable income generated.

14% decrease in Lease liability – current portion
Lower due to the decreasing balance of the leases due to payments made to lessors.

91% increase in deferred tax liabilities - net
Pertains to movement of monthly income and effect of CREATE Bill.

9% increase on Minority interest
Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

7% increase in Net sales
Mainly due to higher volumes sold as the demand is sustained in construction industry as compared to prior year which was affected by strict implementation of community quarantine.

26% increase in Operating expenses
From the absence of the benefit of lower workforce deployment in 2020 (due to pandemic and cost management) and higher third party spending on marketing campaigns and legal costs.

77% decrease in Net financial expenses
Mainly due to favorable movement in financial expenses from related parties and third parties as a result of settlement of loans in the latter part of 2020.

193% increase in Income (Expenses) on non-operating assets
Mainly due to share in the accumulated undistributed income incurred by associate during the year.

50% increase in Provision for income tax
Due to higher taxable income as of the current period.

8% decrease in Noncontrolling interest in net income
Mainly due to lower profit of subsidiary compared to same period last year.

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

Financial KPI	Definition	For the nine (9) Months Ended September 30	
		2021	**2020**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	77.2%	81.7%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(2.9%)	(4.2%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	139.6%	148.3%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	37.5 times	5.8 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	5.6%	2.3%
Return on Equity	Net Income / Average Total Equity	7.8%	3.6%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Eliana Nieto
Chief Financial Officer
Date: November 11, 2021

Exhibit 4

Schedule of Pending Material Legal Proceedings

MATERIAL LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

   On 28 December 2021, RTC-Mariveles issued an Order (i) denying HOLCIM's Motion to Deny Due Course Or In The Alternative, To Consolidate Ad Cautelam dated 22 November 2021; (ii) affirming the jurisdiction of RTC-Mariveles over the case; (iii) allowing the consolidation of the confirmation case before it with the vacation case docketed as S.P. No. 128 pending before the RTC-Taguig; (iv) resolving to write a letter to the Office of the Court Administrator of the Supreme Court for the consolidation of the case with S.P. No. 128 before RTC-Mariveles or in the alternative, to have both cases consolidated in RTC-Taguig; and (v) resolving to refer to the Office of the Court Administrator of the Supreme Court the matter concerning the transfer of the case to RTC-Balanga.

In response, the Company filed Petition For Certiorari with Extremely Urgent Application For The Issuance Of A Temporary Restraining Order And/Or Writ Of Preliminary Injunction of even date, questioning the Order dated 28 December 2021. (See 3.2)

3.1 **Holcim Philippines, Inc. v. Honorable Jose Marie A. Quimboy, in his capacity as Presiding Judge of Branch 94 of the Regional Trial Court of Mariveles, Bataan, Seasia Nectar Port Services, Inc., and the Arbitral Tribunal Composed Of Arbitrators Teodoro Kalaw IV, Eduardo R. Ceniza, and Tranquil S. Salvador III", CA-G.R. SP No. 168483, Court of Appeals – First Division**

The Company timely filed its Petition for Certiorari with an application for the issuance of a temporary restraining order/writ of preliminary injunction, seeking to annul and set aside the Order dated 02 March 2021 rendered by Presiding Judge Quimboy in the confirmation proceedings (see item 3).

The application for a temporary restraining order/writ of preliminary injunction aims to restrain RTC-Mariveles from continuing with its proceedings on the ground that the latter has no jurisdiction over SEASIA's Petition for Confirmation. The case filed by the Company with the Court of Appeals is now pending with the First Division, as a result of the regular raffle of the cases of the appellate court.

With the submission of the Comment and Reply, the Company's prayer for Temporary Restraining Order/Preliminary Injunction is now submitted for resolution before the Court of Appeals.

3.2 **Holcim Philippines, Inc. v. Honorable Philger Noel B. Inovejas, in his capacity as Acting Presiding Judge of Branch 4 of the Regional Trial Court of Mariveles, Bataan, Seasia Nectar Port Services, Inc., the Arbitral Tribunal Composed Of Arbitrators Teodoro Kalaw Iv, Eduardo R. Ceniza, and Tranquil S. Salvador III, and the Office Of The Court Administrator,**
Court of Appeals (awaiting Division and docket number)

The Company filed via registered mail and licensed courier the Petition For Certiorari with Extremely Urgent Application For The Issuance Of A Temporary Restraining Order And/Or Writ Of Preliminary Injunction of even date ("Petition For Certiorari dated 13 January 2022"), questioning the Order dated 28 December 2021 (see item 3).

The application for a temporary restraining order/writ of preliminary injunction aims to restrain the RTC-Mariveles from continuing with its proceedings and its intended course of action of referral to the OCA, and the OCA from ruling upon the consolidation of the confirmation case docketed as S.P. No. 399 pending before the RTC-Mariveles with the vacation case docketed as S.P. No. 128 pending before the RTC-Taguig.

The Company intends to file a Motion for Consolidation of the Petition for Certiorari dated 17 March 2021 docketed as CA-G.R. SP No. 168483 pending before the Court of Appeals – First Division and the Petition For Certiorari dated 13 January 2022 to obviate any accusation, although erroneous, of forum shopping.

4. In Re: Petition to Vacate Domestic Arbitral Award

Holcim Philippines, Inc. vs. Seasia Nectar Port Services, Inc.
S.P. No. 128
Branch 271, Regional Trial Court in Taguig City

The Company filed a petition at the Taguig Court for the vacation of the final award in PDRCI Case No. 95-2018.The Company received SEASIA's Motion Ad Cautelam and Manifestation and Motion Ad Cautelam, praying that: 1) HOLCIM's Petition to Vacate dated 13 October 2020 be dismissed; and 2) HOLCIM's Mr. Ike C. Tan and Atty. Julius Anthony R. Omila be declared liable for direct contempt for willful and deliberate forum shopping.

In response, the Company filed its Counter-Manifestation with Opposition [Re: Manifestation and Motion Ad Cautelam dated 05 January 2022 of even date.

On 28 February 2022, the Court Ordered the parties to submit its respective Memorandum within fifteen days from today. After the lapse of the period, with or without the respective Memorandum, the Court shall resolve the pending incidents.

5. **SEASIA Nectar Port Services, Inc. v. Holcim Philippines, Inc. (Ike S. Tan) and Atty. Julius Anthony R. Omila,**
S.C.A. No. 172-ML,
Regional Trial Court, Branch 94, Mariveles, Bataan [Indirect Contempt Proceedings]

In the Petition for Indirect Contempt, SEASIA prayed: (a) that respondent and. Atty. Omila be adjudged guilty of indirect contempt for alleged misbehavior as an officer of a court in the performance of his official duties or in his official transactions; (b) that respondents HOLCIM (Ike S. Tan -as authorized representative of the Company) and Atty. Omila be adjudged guilty of indirect contempt of court for their supposed: (i) abuse of and unlawful interference with the processes and proceedings of RTC-Mariveles; and (ii) improper conduct tending, directly or indirectly to impede, obstruct or degrade its administration of justice; and (c) for the imposition upon them the penalty of imprisonment or fine, or both.

The Company has filed its Comment last 23 December 2021. SEASIA also recently filed its Request for Admission and Written Interrogatories on Respondent Atty. Julius Anthony R. Omila dated 6 January 2022. Holcim filed on 02 February 2022 its written Objections to the said request.

<u>TAX CASES (Parent)</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On July 13, 2020, the LBAA received the Appeal filed by Holcim. LBAA denied petition for refund ordering Holcim to pay 315.6M but applying the P454.7M already paid from 2012 to 2020.The application reduced the refund amount to P139.1M

All refund claims appeal are pending with Central Board of Assessment Appeals (CBAA).

3. HPI had an on-going tax audit for 2016 national taxes. Last December 21, 2020 the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P2.9B, inclusive of penalties and interest. The Company has filed its protest to PAN last January 5, 2021 and was closed via settled in December 10, 2021 for P50.2M.

4. HPI has an on-going tax audit for 2017 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

5. HPI has an on-going tax audit for 2018 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

6. HPI has an on-going tax audit for 2019 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

7. HPI has an on-going tax audit for 2020 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

TAX CASES (Subsidiaries)

1. CACI received a final assessment notice from the BIR in December 2014 for alleged deficiency income tax and value-added tax covering the taxable year 2011 amounting to P2.5M, inclusive of penalties and interest. CACI has availed of BIR's amnesty program and paid P484K last December 17, 2020. The Company has received the Notice of Issuance Authority to Cancel Assessment (NIATCA) as proof of cancellation of the assessment last January 25, 2021.

2. ECLI has an on-going tax audit for 2017 national taxes. The Company received the Preliminary Assessment Notice (PAN) last February 5, 2021. The BIR issued a Warrant of Garnishment (WOG) last November 3, 2021 to Security Bank for P16.2M. ECLI applied for abatement and compromise for P5.4M last December 19, 2021.

3. MGMC has an on-going tax audit for 2018 national taxes. The Company has closed and settled the case for P86K.

a. HPMC has an on-going tax audit for 2000 capital gains tax. Last November 5, 2020, HPMC received a Final Decision on Disputed Claim for the alleged deficiency capital gains taxes for the amount of P 355.5M. On December 3, 2020, the Company filed its Petition for Review with the Court of Tax Appeals. The Pre-trial hearing was held last June 14, 2021 with succeeding hearings to file the Motions. HPMC is currently awaiting for the resolution of the CTA 2nd Division on the Motions.

4. On August 31, 2010, Holcim filed a Complaint for Interpleader against Iligan, Lugait, and Misor to compel them to litigate among themselves and determine who has taxing jurisdiction over Holcim's Lugait plant. On April 30, 2018, Holcim received the RTC's Decision dated January 22, 2018 dismissing said case. On May 15, 2018, Holcim filed its Motion for Reconsideration of the RTC's Decision. On July 24, 2019, Holcim received the court's Order dated January 9, 2019 denying its Motion for Reconsideration. On August 6, 2019, Holcim filed its Notice of Appeal dated July 30, 2019.

   On December 21, 2020, Holcim received a notice from the Court of Appeals directing it to file its Appellant's Brief within forty-five (45) days from receipt of the notice. Consequently, Holcim's Appellant's Brief was filed on February 3, 2021.

5. HPMC has an on-going tax audit for 2017 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

6. HPMC has an on-going tax audit for 2018 national taxes. The BIR has provided a Notice of Discrepancy (NOD) for reconciliation last November 18, 2021.

7. HPMC has an on-going tax audit for 2019 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

8. HPMC has an on-going tax audit for 2020 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

9. HSSI has an on-going tax audit for 2016 national taxes. As of December 31, 2021, the BIR has not provided a Preliminary Assessment Notice (PAN).

10. HSSI has an on-going tax audit for 2017 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

11. HSSI has an on-going tax audit for 2018 national taxes. As of December 31, 2021, the BIR has not made any determination of deficiency taxes.

Exhibit 5

SEC Form 17-C

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

Holcim Philippines, Inc._SEC Form 17C_January 22, 2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Jan 22, 2021 at 1:04 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **15 January 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
   Province, country or other jurisdiction of Incorporation Industry Classification Code:

7. **7th Floor Two World Square, McKinley Hill**
   Fort Bonifacio, Taguig City **1634**
   Address of principal office Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein:

The following are the results of the Special Shareholders meeting held today, January 15, 2021:

1. Election of Mr. Medel Nera as Independent Director
2. Approval of the proposed merger of Holcim Philippines, Inc., Holcim Philippines Manufacturing Corporation, Mabini Grinding Mill Corporation and Bulkcem Philippines, Inc., with Holcim Philippines, Inc. as the surviving entity.
3. Approval of the dissolution of the following subsidiaries of the Corporation: (i) HuBB Stores and Services, Inc.; (ii) Holcim Philippines Business Services Center, Inc; and (iii) Wellbourne International Group Limited

The following are the results of the Special meeting of the Board of Directors of Holcim Philippines, Inc. held today, immediately after the special stockholders' meeting:

1. Approval of the resignation of Dr. Thomas Aquino as Chairman of the Audit Committee;
2. Appointment of Mr. Medel Nera as the Chairman of the Audit Committee
3. Appointment of Mr. Medel Nera as member of the Corporate Governance Committee

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

January 15, 2021
Date

BEATRIX R. GUEVARRA
Assistant Corporate Secretary

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

Holcim Philippines, Inc._SEC Form 17-C__18February2020

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Thu, Feb 18, 2021 at 4:07 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **16 February 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of Incorporation (SEC Use Only) Industry Classification Code:

7. **7th Floor Two World Square, McKinley Hill**
   Fort Bonifacio, Taguig City **1634**
   Address of principal office Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

At the regular meeting of the Board of Directors (the "Board) held today, 16 February 2021, the Board:

1. Approved the postponement of the company's Annual Stockholders Meeting (ASM) for 2021, which pursuant to its By-laws should be held on the second Thursday of May of each year to May 27, 2021.

2. Approved the holding of the ASM via Remote Communication.

3. Set the record date of the annual stockholders' meeting on April 27, 2021 and delegated to the Corporate Secretary the responsibility of confirming the agenda, venue, time and other details of the annual stockholders' meeting.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

BELINDA E. DUGAN
Corporate Secretary

February 16, 2021
Date

SUBSCRIBED AND SWORN to before me this FEB 17 2021 at Taguig City Philippines, affiant exhibiting to me her Passport No. P7916925A.

Doc No: 457
Page No: 32
Book No: IV
Series of 2021.

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 30 June 2021
(Pursuant to Bar Matter no. 3795, dated 1 December 2020)
Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/6/2021; Taguig City

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN**, of legal age, Filipino, CORPORATE SECRETARY of **HOLCIM PHILIPPINES, INC.**, a corporation duly organized and existing under Philippine Law, with principal office address at 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, do hereby certify that at the regular meeting of the Board of Directors held on 16 February 2021, the following resolution was unanimously approved, to wit:

> "**RESOLVED, AS IT IS HEREBY RESOLVED**, to authorize the postponement of the 2021 Annual Stockholders' Meeting (ASM) from second Thursday of May each year pursuant to the By-laws of the Corporation to 27 May 2021 with a record date of 27 April 2021;
>
> **RESOLVED FURTHER**, that Corporation is hereby authorized to conduct the ASM via remote communication in accordance with the relevant regulations of the Securities and Exchange Commission;
>
> **RESOLVED FINALLY**, that the responsibility and authority to finalize the agenda, venue, time and other details of the ASM is hereby delegated to the Corporate Secretary."

IN WITNESS WHEREOF, I hereby affix my signature this FEB 17 2021 in Taguig City, Philippines.

BELINDA E. DUGAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this FEB 17 2021 at Taguig City Philippines, affiant exhibiting to me her Passport No. P7916925A.

Doc No: 52
Page No: 92
Book No: IV
Series of 2021.

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 30 June 2021
(pursuant to Bar Matter no. 3795, dated 1 December 2020)
... Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/6/2021; Taguig City

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

Holcim Philippines, Inc._SEC Form 17C_26February2021

MSRD COVID19 <msrd_covid19@sec.gov.ph> Fri, Feb 26, 2021 at 11:11 PM
To: "Beatrix R. Guevarra" <beatrix.guevarra@lafargeholcim.com>
Cc: "VARELLIE C. VARGAS" <vcvargas@sec.gov.ph>

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION
[Quoted text hidden]

SEC Form 17C2.22.2021.pdf
1550K

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **22 February 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
   Province, country or other jurisdiction of Incorporation Industry Classification Code:

7. **7th Floor Two World Square, McKinley Hill**
   Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	6,452,099,144

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

At the special meeting of the Board of Directors (the "Board) held today, 22 February 2021, the Board:

1. Accepted the resignation of Mr. John William Stull as member of the Board, President and Chief Executive Officer of Holcim Philippines, Inc. (the "Corporation") effective March 1, 2021 to pursue another role within the LafargeHolcim Group.

2. Elected Mr. Horia-Ciprian Adrian, Romanian, as a member of the Board and appointed him as President and Chief Executive Officer of the Corporation effective March 1, 2021, to serve the unexpired portion of the term of Mr. John William Stull, and to serve as such until his successor shall have been duly elected and qualified.

   Mr. Adrian is formerly the CEO of Romania and Market Head Emerging Europe. He joined LafargeHolcim in 2000 and has successfully held various management roles, including CEO roles for Russia, Eastern Europe & CIS and Middle East. He also managed the LafargeHolcim Group's Business Transformation.

3. Appointed Mr. Albert Leoveras to the position of Vice President, Head of Geocycle, effective June 30, 2021, to replace Mr. Frederic Vallat whose international assignment to the Philippines will end on June 30, 2021.

   Mr. Leoveras has over 20 years of successful leadership experience from various local and global brands in consumer, commodity and non-food specialty products. He joined Holcim Philippines, Inc. in 2016 as Cluster Sales Head and contributed significantly in the business development of the Corporation's North Luzon Sales performance. He is currently the Vice President, Regional Head for Northern and Central Luzon.

4. Approved the Audited Financial Statements of the Corporation for the year ending 31 December 2020;

5. Approved the appointment of Navarro Amper & Co., as the Corporation's external auditor for year 2021, subject to the stockholders' approval at the 2021 Annual Stockholders' Meeting.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

BELINDA E. DUGAN
Corporate Secretary

February 22, 2021
Date

CERTIFICATION

I, **BELINDA E. DUGAN**, Corporate Secretary of Holcim Philippines, Inc., with SEC registration number 026126 with principal office at 7th Floor, Two World Square, McKinley Hill, Taguig City, on oath state:

1) That on behalf of Holcim Philippines, Inc. (the "Company"), I have caused this 17C SEC FORM to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the Company will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

TAGUIG CITY

IN WITNESS WHEREOF, I have hereunto set my hand this FEB 26 2021 day of ____________, 2020.

BELINDA E. DUGAN
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of FEB 26 2021, 20____ affiant exhibiting to me her passport no. P7916925A issued at DFA Manila on 7/12/18 and expiring at 7/11/2028.

Doc No: 188
Page No: 39
Book No: IV
Series of 2021

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

NOTARY PUBLIC

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 30 June 2021
Pursuant to Bar Matter no. 3795, dated 1 December 2020;
Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/8/2021; Taguig City

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

Holcim Philippines, Inc._SEC Form 17C_March 3, 2021

MSRD COVID19 <msrd_covid19@sec.gov.ph> Thu, Mar 4, 2021 at 3:40 PM
To: "Beatrix R. Guevarra" <beatrix.guevarra@lafargeholcim.com>
Cc: "VARELLIE C. VARGAS" <vcvargas@sec.gov.ph>

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION
[Quoted text hidden]

17C_March 2, 2021_Fine.pdf
45K

SECURITIES AND EXCHANGE

COMMISSION SEC FORM 17-C

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

1. **02 March 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
   Province, country or other jurisdiction of Incorporation Industry Classification Code:

7. **7th Floor Two World Square, McKinley Hill**
   Fort Bonifacio, Taguig City **1634**
   Address of principal office Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

Please be advised that in connection with the oil spill incident at the Holcim La Union Plant which occurred on July 4, 2020, the Pollution Adjudication Board of the Environmental Management Bureau ordered Holcim Philippines, Inc. to pay a fine of Four Hundred Thousand Pesos (Php 400,000.00) for violation of Republic Act no. 9275 and its Implementing Rules and Regulations.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.	**March 2, 2021**
Issuer	Date

BELINDA E. DUGAN
Corporate Secretary

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

CGFD_Holcim Philippines, Inc._SEC Form 17-C_22 April 2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Wed, Apr 28, 2021 at 1:37 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **22 April 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of Incorporation
   (SEC Use Only)
   Industry Classification Code:

7. **7th Floor Two World Square, McKinley Hill**
   Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

We wish to inform the public that at the special meeting of the Board of Directors (the "Board) held today, 22 April 2021, the Board approved the temporary suspension of operations of the HPI grinding facility located in Mabini, Batangas effective May 1, 2021 to mitigate the negative impact of Covid-19 pandemic and to address escalating production costs. The temporary suspension of operations of the said facility will result in substantial cost savings ensuring that the Company will only spend where necessary to better protect the interest of our investors and other stakeholders.

The Company has already put in place a plan so that the areas and customers being served by the Mabini Grinding Facility will continue to be served. To the extent possible, employees affected by the temporary suspension will be deployed to other facilities of Holcim Philippines, Inc.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

April 22, 2021
Date

BELINDA E. DUGAN
Corporate Secretary

Before me, a notary public in and for Taguig City, personally appeared BELINDA E. DUGAN, exhibiting to me her Philippine Passport No. P7916925A issued on 12 July 2018 at DFA Legazpi and expiring on 11 July 2028, who was identified by me through such competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this 28 day of April 2021.

Doc. No. 294;
Page No. 60;
Book No. IV;
Series of 2021.

PATRICK HENRY D SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 30 June 2021
Pursuant to Bar Matter no. 3795, dated 1 December 2020)
4th Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/6/2021; Taguig City

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

CGFD_Holcim Philippines, Inc._SEC Form 17C_31 May 2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Mon, May 31, 2021 at 4:29 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. May 27, 2021
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City — 1634
   Address of principal office — Postal Code

8. (632) 85811511
   Issuer's telephone number, including area code

9. Not Applicable
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	6,452,099,144

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

Item 9. Other Events

I. Annual Stockholders Meeting

At the Annual Stockholders Meeting of the Company held on May 27, 2021, via Remote Communication in accordance with the Guidelines, Rules and Regulations of the Securities and Exchange Commission, the stockholders of the Company:

1. Approved the Minutes of the Annual Meeting held on July 22, 2020 and Special Meeting held on January 15, 2021;

2. Approved the Operations Report comprised of the Annual Report and the Audited Financial Statements of the Company as of December 31, 2020;

3. Approved and ratified all acts, contracts, investments and resolutions of the Board of Directors, Board Committees, Corporate Officers and Management since the last annual meeting;

4. Elected the following as members of the Board of Directors for the year 2021-2022 and until their successors shall have been duly elected and qualified;

    a. Tomas I. Alcantara
    b. Martin Kriegner
    c. Horia Ciprian-Adrian
    d. Tan Then Hwee
    e. Leandro Javier (Independent Director)
    f. Thomas Aquino (Independent Director)
    g. Medel Nera (Independent Director)

5. Approved the appointment of Navarro Amper & Co. as External Auditor of the Company for the year 2021.

II. Organizational Meeting of the Board of Directors

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

Chairman	- Tomas I. Alcantara
Vice Chairman	- Martin Kriegner
President & Chief Executive Officer	- Horia-Ciprian Adrian
Senior Vice-president, Chief Finance Officer/ Treasurer/ Investor Relations Officer	- Jesusa Natividad L. Rojas
Senior Vice-president, Head of Cement Industrial Performance	- Eung Rae Kim
Senior Vice-president, Head of Sales	- William C. Sumalinog
Senior Vice-president, Head of Marketing and Innovation	- Ramakrishna Maganti
Senior Vice-president, Head of Organization and Human Resources	- Bernadette Tansingco
Senior Vice-president, Head of Logistics	- Edwin Villas
Vice President, Head of Procurement	- Ike Tan
Vice-president, General Counsel, Corporate Secretary and Compliance Officer	- Belinda Dugan
Vice-president, Head of Health, Safety & Security	- Richard Cruz
Vice-president, Head of Communications	- Ann Claire Ramirez
Vice-president, Head of Strategy	- Zoe Verna Sibala

Vice-president, Plant Manager (Bulacan)	-	Bobby Garza
Vice-president, Plant Manager (Davao)	-	Samuel Manlosa, Jr.
Vice-president, Plant Manager (La Union)	-	Eraño Santos
Vice-president, Plant Manager (Lugait)	-	Arnold Pepino
Vice-president, Head of Luzon Sales	-	Ernesto Paulo Tan
Assistant Corporate Secretary	-	Beatrix R. Guevarra
Data Protection Officer	-	Guia Marie Tomaneng

The Board of Directors confirmed and ratified the appointment of Mr. Albert Leoveras as Vice-president, Head of Geocycle effective July 1, 2021 and appointed Ms. Kathrina A. Mamba as OIC, Vice-president, Chief Audit Executive effective July 1, 2021

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

Executive Committee

1) Martin Kriegner - Chairman
2) Tomas I. Alcantara - Member
3) Tan Then Hwee - Member
4) Horia-Ciprian Adrian - Member

Audit Committee

1) Medel Nera (Independent) - Chairman
2) Leandro Javier (Independent) - Member
3) Tan Then Hwee - Member

Corporate Governance Committee

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

Lead Independent Director – Medel Nera

SIGNATURES

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

Holcim Philippines, Inc.
Issuer

Beatrix R. Guevarra
Assistant Corporate Secretary

May 27, 2021
Date

CERTIFICATION

I, **BELINDA E. DUGAN**, Corporate Secretary of Holcim Philippines, Inc., with SEC registration number 026126 with principal office at 7th Floor, Two World Square, McKinley Hill, Taguig City, on oath state:

1) That on behalf of Holcim Philippines, Inc. (the "Company"), I have caused this 17C SEC FORM to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the Company will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 31 2021 day of __________, 2020 CITY OF MANILA

BELINDA E. DUGAN
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of MAY 31 2021, 20___ affiant exhibiting to me her passport no. P7916925A issued at DFA Legazpi on July 12, 2018.

NOTARY PUBLIC

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-097 MLA
IBP NO. 141253 - 01/04/2021, PASIG
PTR NO. 9825148 - 01/05/2021 MLA
ROLL NO. 23679, TIN: 172-528-620
(40) MCLE COMPL. NO. VII-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 355

Doc. No. 219
Page No. 45
Book No. V
Series of 2021

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

Holcim Philippines, Inc._Amended SEC Form 17C_August 13,2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Aug 13, 2021 at 10:00 AM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over- the-counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM. All submissions through OST are no longer required to submit the hard copy thru mail or over- the- counter.

FOR MC28, please email to:

(MC28_S2020@sec.gov.ph)

For your information and guidance.

Thank you and keep safe.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **09 August 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **026126** 3. BIR Tax Identification No. **~~000-121-507~~**

4. **Holcim Philippines, Inc.**

   Exact name of registrant as specified in its charter

5. **Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of Incorporation Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill
   Fort Bonifacio, Taguig City **1634**
   Address of principal office Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

At the special meeting of the Board of Directors (the “Board) held on 09 August 2021, the Board approved the following:

1. Acceptance of resignation of Ms. Jesusa Natividad L. Rojas due to personal reasons as the Corporation’s SVP - Chief Finance Officer, Treasurer and Investor Relations Officer effective 10 August 2021;
2. Appointment of Ms. Eliana Nieto Sanchez as the Corporation’s SVP, Chief Finance Officer and Investor Relations Officer effective 10 August 2021;
3. Appointment of Mr. Alexander V. Taar as the Corporation’s Treasurer effective 10 August 2021;
4. Promotion of Ms, Zoe Verna Sibala from *“VP, Head of Strategy”* to *“SVP, Head of Sustainability”* effective 15 August 2021; and
5. Change of Designation of Mr. Richard Cruz from *“VP, Head of Health, Safety and Security”* to *“VP, Head of Health, Safety, Environment, and Security”* effective 15 August 2021.

MS. ELIANA NIETO SANCHEZ

Prior to her appointment as SVP, CFO and Investor Relations Officer of Holcim Philippines, Inc., Ms. Eliana Nieto Sanchez was the Chief Financial Officer of Holcim Ecuador since May 2016 where she implemented various mechanisms to improve the FCF within the organization. She held several other key positions in Finance within the Holcim Group including Controller Director and Member of the LH Global Diversity Council from March 2012 to April 2016 and Controlling Management from January 2007 to February 2012 of Holcim Mexico S.A de C.V. She first joined the Holcim Group in August 2002 as Binational Coordinator in Reporting of Holcim (Colombia) and Holcim Venezuela.

ALEXANDER V. TAAR

Mr. Alexander V. Taar currently holds the position of Head of Financial Planning, Performance and Analysis of Holcim Philippines, Inc. since October 2019. He will concurrently hold the position of Treasurer for the unexpired term of his predecessor or until his successor shall have been duly elected or qualified. Prior to his appointment in his current position, he was the Head of Process and Control of the Finance Department from February 2013 to June 2017.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

August 12, 2021
Date

BELINDA E. DUGAN
Corporate Secretary

Certification

I, **BELINDA E. DUGAN** (name), the Corporate Secretary (position) of HOLCIM PHILIPPINES, INC., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number 026126 and with registered principal office address at 7TH Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City on oath state:

1) That I have caused this SEC Form 17C to be prepared on behalf of Holcim Philippines, Inc. (the "Company");

2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;

3) That the Company will comply with the requirements set forth in SEC Notice dated 12 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and

5) That the e-mail account(s) designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this AUG 12 2021 day of August 2021

BELINDA E. DUGAN
AFFIANT

SUBSCRIBED AND SWORN to before me this ________ day of AUG 12 2021, 20____ affiant exhibiting to me her Philippine passport no _7916925A issued at DFA-Legazpi on , in ___________ City, Philippines.

NOTARY PUBLIC

ATTY. JEAMIE Y. SALVATIERRA
Notary Public until December 31, 2021
Appointment No. LP-19-025
IBP Lifetime No. 010781 Roll No. 61151
PTR No. 6111587 01/04/2021 Las Piñas City
MCLE Compliance No. VI-0008399 05/03/2018

Doc. No. 334;
Page No. 69;
Book No. XXV;
Series of 2021.

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

SEC Form 17C_Holcim Philippines, Inc._24 September 2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Sep 24, 2021 at 3:49 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, PHFS, IHFS, BDFS, SWORN STATEMENTS, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO

FOR MC28, please email to:

MC28_S2020@sec.gov.ph

For your information and guidance.

Thank you and keep safe.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **24 September 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **026126**   3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**

   Exact name of registrant as specified in its charter

5. **<u>Philippines</u>**   6. (SEC Use Only)

   Province, country or other jurisdiction of Incorporation   Industry Classification Code:

7. **<u>7th Floor Two World Square, McKinley Hill</u>**
   Fort Bonifacio, Taguig City   **1634**
   Address of principal office   Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

Please be advised that on September 24, 2021, the Board accepted the resignation of Ms. Bernadette Tansingco as Senior Vice President, Head of Organization and Human Resources and approved the appointment of Ms. Elynor Roque as OIC, SVP, Head of Organization and Human Resources, effective on October 1, 2021.

Ms. Roque is the current Head, Talent Management of Holcim Philippines, Inc. She has solid background as a human resources professional, with 27 years of combined corporate and consulting work in different HR disciplines including organization development, change management, learning and development, executive coaching, and employee and labor relations.

Prior to joining the Company in 2014, she worked as an independent HR/OD consultant for different companies such as RFM Corporation, Nuvoland Philippines, Inc. and Unistar Credit and Finance Corp., among others. She completed the Management Development Program of Asian Institute of Management in 2015 and holds a degree in Bachelor of Science in Business Administration from the University of the Philippines.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.	**September 24, 2021**
Issuer	Date

BEATRIX R. GUEVARRA
Assistant Corporate Secretary

Certification

I, **BEATRIX R. GUEVARRA** (name), the Assistant Corporate Secretary (position) of HOLCIM PHILIPPINES, INC., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number 026126 and with registered principal office address at 7TH Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City on oath state:

1) That I have caused this SEC Form 17C to be prepared on behalf of Holcim Philippines, Inc. (the "Company");

2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;

3) That the Company will comply with the requirements set forth in SEC Notice dated 12 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and

5) That the e-mail account(s) designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 24 2021 day of September 2021

BEATRIX R. GUEVARRA
AFFIANT

SUBSCRIBED AND SWORN to before me this SEP 24 2021 day of CITY OF MANILA, 2021 affiant exhibiting to me her DRIVER'S LICENSE no ____________ issued by the Land Transportation Office – Pasay City on ________________.

DOC NO. : 274
PAGE NO. : 56
BOOK NO : X
SERIES OF : 2021

NOTARY PUBLIC

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-057 MLA
IBP NO. [illegible] - 01/04/2021, PASIG
PTR NO. [illegible] - 01/05/2021 MLA
ROLL NO. [illegible], TIN: [illegible]
MCLE COMPL. NO. VII-0000165
URBAN DECA HOMES MANILA, B-2, UNIT 358

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

SEC Form 17C_Holcim Philippines, Inc._ October 13, 2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Wed, Oct 13, 2021 at 4:19 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.
(Subject to Verification and Review of the Quality of the Attached Document)
Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days of receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL** (OST) such as:
AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM. All submissions through OST are no longer required to submit the hard copy thru mail or over- the- counter.

FOR MC28, please email to:
(MC28_S2020@sec.gov.ph)

For your information and guidance.

Thank you and keep safe.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **08 October 2021**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
   Province, country or other jurisdiction of Incorporation Industry Classification Code:

7. **7th Floor Two World Square, McKinley Hill**
   Fort Bonifacio, Taguig City **1634**
   Address of principal office Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

We wish to inform the public that in connection with our Company's application for renewal of license to purchase controlled chemicals with the Philippine National Police (PNP), the Company received today, 08 October 2021, a letter from the PNP - Civil Security Group Firearms and Explosives Office ordering the Company to pay a fine of Php 74,000.00 for late renewal of license and late submission of Monthly Consumption Reports.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.	**October 08, 2021**
Issuer	Date

BELINDA E. DUGAN
Corporate Secretary

CERTIFICATION

I, **BELINDA E. DUGAN**, the Corporate Secretary of **HOLCIM PHILIPPINES, INC.**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number 026126 and with registered principal office address at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City on oath state:

1. That I have caused this SEC Form 17C to be prepared on behalf of Holcim Philippines, Inc. (the "Company");

2. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;

3. That the Company will comply with the requirements set forth in SEC Notice dated 12 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

4. That I am fully aware that the submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and

5. That the e-mail account(s) designated by the Company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the Company in its online submissions to CGFD.

IN WITNESS HEREOF, I have hereunto set my hand this 12th day of October 2021 at Taguig City.

BELINDA E. DUGAN
Affiant

SUBSRIBED AND SWORN to before me this OCT 12 2021 of October 2021, affiant exhibiting to me her Philippine Passport No. P7916925A issued on 12 July 2018 at DFA Legazpi and expiring on 11 July 2028, who was identified by me through such competent evidence of identity to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this OCT 12 2021 day of October 2021.

Doc. No. 84;
Page No. 18;
Book No. V;
Series of 2021.

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 31 December 2021
(pursuant to Supreme Court En Banc Resolution dated 1 July 2021)
12th Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/6/2021; Taguig City
IBP Lifetime No. 012285; 1/03/2014, Makati
MCLE Compliance No. [illegible]

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

Holcim Philippines, Inc.._Sec Form17C_08 November 2021

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Mon, Nov 8, 2021 at 11:10 AM
To: beatrix.guevarra@holcim.com

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.
(Subject to Verification and Review of the Quality of the Attached Document)
Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, IHFS, BDFS,PHFS etc... through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:
AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF, ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

MC28_S2020@sec.gov.ph

For your information and guidance.

Thank you and keep safe.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. November 4, 2021
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City — 1634
   Address of principal office — Postal Code

8. (632) 85811511
   Issuer's telephone number, including area code

9. Not Applicable
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	6,452,099,144

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

Item 9. Other Events

Please be informed that Mr. William C. Sumalinog tendered his resignation as the Company's Senior Vice President, Head of Sales effective 31 December 2021 due to personal reasons.

Holcim Philippines, Inc.
Issuer

Belinda E. Dugan
Corporate Secretary

November 4, 2021
Date

CERTIFICATION

I, **BELINDA E. DUGAN**, Filipino, of legal age, with office address at 8th Floor, Three World Square, McKinley Hill, Taguig City, hereby depose and state under oath that:

1. I am the duly elected and incumbent Corporate Secretary of Holcim Philippines, Inc., with SEC registration number 026126 with principal office at 7th Floor, Two World Square, McKinley Hill, Taguig City;

2. I have caused this SEC FORM 17C to be prepared;

3. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

4. I will comply with the requirements set forth in SEC Notice dated 12 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

5. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

6. That the e-mail accounts designated by the company pursuant to SEC Memorandum Circular No., 28, s. 2020 shall be used by the Company in it online submission to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this NOV 04 2021 day of TAGUIG CITY, 2021.

BELINDA E. DUGAN
Affiant

SUBSCRIBED AND SWORN to before me this ____day of NOV 04 2021, 2021 affiant exhibiting to me her government issued ID no. PPA P7916925A issued at DFA LEGAZPI on 7/12/18 and expiring at 7/11/28.

TAGUIG CITY

NOTARY PUBLIC
PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 31 December 2021
(pursuant to Supreme Court En Banc Resolution dated 1 July 2021)
12th Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/6/2021; Taguig City
IBP Lifetime No. 012285; 1/03/2014; Makati
MCLE Compliance No. VI-0023104; 04/12/2019

PATRICK HENRY D. SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

Doc No: 148;
Page No: 31;
Book No: V;
Series of 2021.

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

Holcim Philippines, Inc_Sec Form 17-C_December 15, 2021

Beatrix R. Guevarra <beatrix.guevarra@holcim.com> Wed, Dec 15, 2021 at 11:49 AM
To: ictdsubmission@sec.gov.ph, MSRD COVID19 <msrd_covid19@sec.gov.ph>

Dear ICTD and MSRD,

Submitting herewith SEC Form 17C for Holcim Philippines, Inc. Kindly acknowledge receipt of this e-mail. Thank you!

Best regards,

Beatrix Guevarra
Holcim Philippines, Inc.

SEC 17 C.pdf
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1 December 10, 2021
Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
Exact name of issuer as specified in its charter

5. Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
Address of principal office Postal Code

8. (632) 85811511
Issuer's telephone number, including area code

9. Not Applicable
Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	6,452,099,144

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

Item 9. Other Events

Please be advised that Holcim Philippines Workers Union-Federation of Democratic Labor Organization, the associate union of our plant in Lugait, Misamis Oriental with 90 members, voted yes on Dec. 10, 2021 to go on strike on the grounds of bargaining deadlock.

The Company is exerting efforts to resolve this issue in coordination with the Labor authorities. Should the strike happen, we assure the public our sustained plant operations and continued service to our customers in North Mindanao.

Holcim Philippines, Inc.
Issuer

Belinda E. Dugan
Corporate Secretary

10 December 2021
Date

CERTIFICATION

I, **BELINDA E. DUGAN**, Corporate Secretary of Holcim Philippines, Inc. a Corporation duly organized and existing under Philippine law, with principal office address at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, on oath state that:

1) On behalf of Holcim Philippines, Inc. (the "Company"), I have caused the attached SEC Form 17C to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge;

3) That Holcim Philippines, Inc. will comply with the requirements set forth in SEC Notice dated 12 May 2021for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this DEC 1 5 2021 day of ____________, 20____. TAGUIG CITY

BELINDA E. DUGAN
Affiant
PASSPORT # P7916927A
ISSUED ON 12 JULY 2018

SUBSCRIBED AND SWORN to before me this _____day of DEC 1 5 2021 ,20____.

TAGUIG CITY

NOTARY PUBLIC

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 31 December 2021
(Pursuant to Supreme Court En Banc Resolution dated 1 July 2021)
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PTR No. A-4945190; 01/8/2021; Taguig City
IBP Lifetime No. 012285; 1/03/2014; Makati
MCLE Compliance No. VI-0023104; 04/1...

Doc No: 229;
Page No: 47;
Book No: V;
Series of 2021.

PATRICK HENRY D SALAZAR
NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

Exhibit 6

Sustainability Report

Annex A: Reporting Template

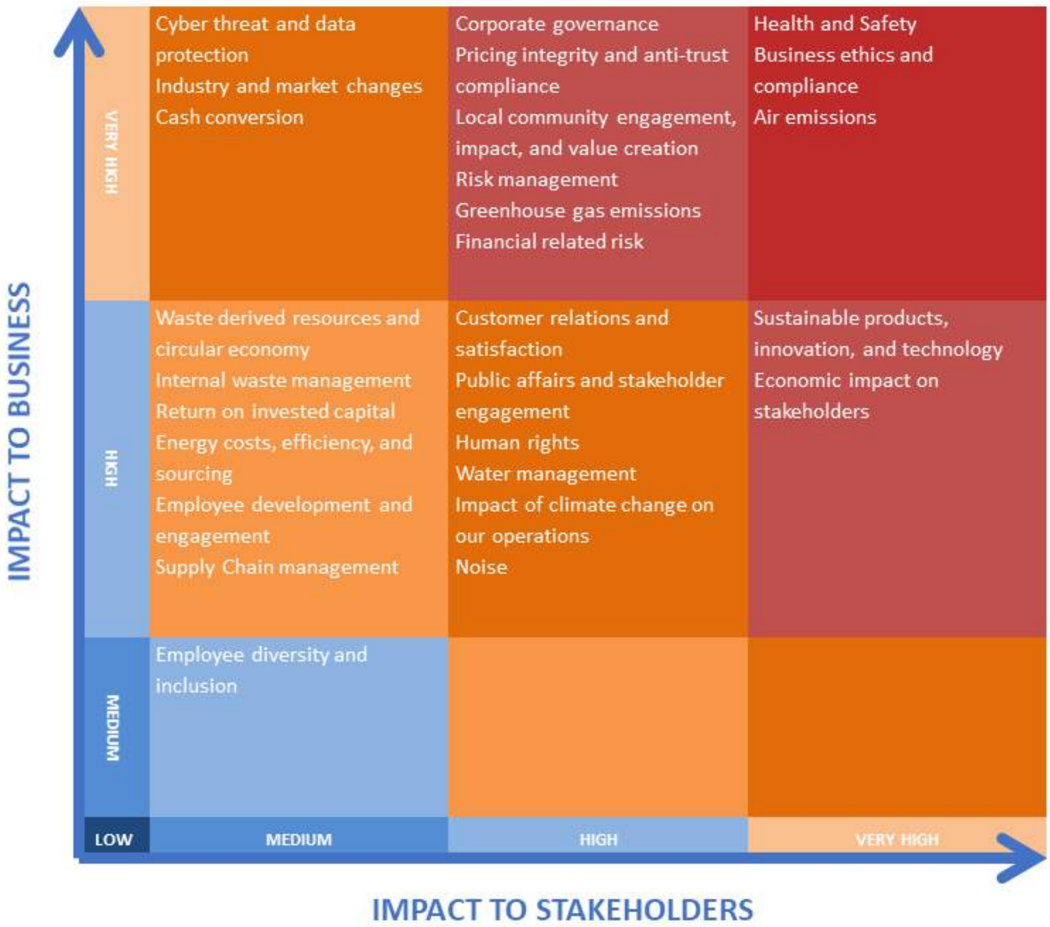
Contextual Information

Company Details	
Name of Organization	Holcim Philippines, Inc. (HPI) and its subsidiaries
Location of Headquarters	7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634, Metro Manila
Location of Operations	Head Office: Taguig City Cement Plant: 1. Bacnotan, La Union 2. Norzagaray, Bulacan 3. Lugait, Misamis Oriental 4. Bunawan District, Davao City Terminal: 1. Manila Harbour Centre, City of Manila 2. Calaca, Batangas 3. Lapuz District, Iloilo City Grinding Plant: Mabini, Batangas Paper Bag Plant: Calumpit, Bulacan Dry Mix Plant: Bicutan, Parañaque
Report Boundary: Legal entities included in this report	1. Holcim Philippines, Inc. 2. Excel Concrete Logistics, Inc.* 3. Holcim Philippines Manufacturing Corporation 4. Mabini Grinding Mill Corporation 5. Bulkcem Philippines, Inc. 6. Calamba Aggregates, Inc. **Corporate term already expired and company is in the process of winding up its affairs*
Business Model, including primary activities, brands, products, and services	The Company is primarily engaged in the manufacture, sale, and distribution of cement and cementitious materials.
Reporting Period	January 1 to December 31, 2021
Highest-ranking person responsible for this report	Zoe Verna M. Sibala Chief Sustainability Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
A materiality assessment was conducted in 2020 to aid Holcim Philippines, Inc. in identifying specific economic, environmental, social, and governance (EESG) issues that matter to its business and stakeholders. The results of the assessment are valuable for strategic planning and operational management and may serve as a guide to sustainability reporting and communication strategies in the near future. The survey was used to generate a materiality matrix that reflects the importance of each sustainability topic to Holcim Philippines's business and stakeholders. This would guide the Company's prioritization process and the disclosures in the 2021 Holcim Philippines Annual Report. The resulting materiality matrix is shown in the next page. The materiality assessment consisted of the following steps: 1. **Topic selection (industry-wide)** Material topics specific to the cement industry were consolidated. This includes topics identified by the standards from Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) for the construction materials sector. Material topics published in the annual integrated or sustainability reports of the Holcim Group and industry peers were also included. 2. **Topic selection (Holcim Philippines-specific)** From the consolidated material topics, each department in Holcim Philippines assigned persons of contact and representatives to the consultations on the topics' relevance to the Company. The resulting list of topics was included in the materiality survey. 3. **Materiality survey** An online survey was conducted with the participation of 13 members of Holcim Philippines's management team to better reflect the Company's strategy and priorities. The respondents compose the core team handling the prioritization and decision-making matters for the Company, and hence, are aware of all aspects of operations at Holcim Philippines. Each sustainability topic was assessed based on its impact on business and stakeholders. 4. **Analysis and presentation of results** The ratings received from the 13 members of the Company's management team were averaged for each sustainability topic and were placed in the materiality matrix based on the scores for impact on business and stakeholders. For consistency, the materiality matrix follows the Holcim Group's format.

[1] See *GRI 102-46*(2016) for more guidance.



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

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Unit
Direct economic value generated (revenue)	26,946 million	PHP
Direct economic value distributed:		
a. Operating costs	3,857 million	PHP
b. Employee wages and benefits	2,010 million	PHP
c. Payments to suppliers	14,757 million	PHP
d. Interest payments to loan providers	135 million	PHP
e. Taxes paid to government	2,716 million	PHP
f. Investments in community (i.e., social initiatives)	20 million	PHP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines' building products and solutions bring high performance and efficiency to a diverse range of projects, from small home repairs to massive infrastructure. Its products are essential to the success of the government's Build, Build, Build program and other major private projects. Some of our key projects in 2021 include the Metro Manila Subway Project Phase 1, the Malolos-Clark Railway Project Package 4, and the Davao bypass roads. Holcim is also involved in the Panguil Bay Bridge connecting Tangub, Misamis Occidental and Tubod, Lanao del Norte as well as the Balaoi and Caunayan Wind Power Project in Ilocos Norte. Aside from supplying products for government projects, the Company also faithfully pays taxes to provide vital revenues for the local and national government.	Government, customers, and end users (builders, property developers, and users of buildings, roads, and other infrastructure)	Holcim Philippines aims to drive innovation for the building industry through research and development initiatives leveraging on the global technological expertise provided by the Holcim Group. A key driver in promoting innovation and sustainability is the Company's line of blended cement products. By using waste-derived resources from other industries as alternative mineral components, these products can achieve a lower carbon footprint for projects where they are used, compared with Ordinary Portland Cement (OPC). Holcim Solido, the alternative to OPC for road and building constructions, is estimated to have a 10-20% lower CO_2 footprint than OPC. Holcim Excel, the flagship general purpose cement, has a 20-25% lower CO_2 footprint. The Holcim Wallright masonry cement offers the biggest CO_2 footprint reduction at 35%. In 2021, Holcim Philippines launched ECOPlanet, its most environment-friendly product with more than 30% lower carbon footprint than OPC. All the Company's integrated plants can conduct in-house tests through their cement and concrete testing laboratories. Holcim Philippines also has mobile laboratories capable of providing sampling and testing support to key customers on site. The Company has a technical sales team that provides customer support on how concrete and other building solutions can enhance efficiency and productivity. Holcim Philippines continues to maintain and invest in facilities to improve customer service and comply with the latest safety and local regulations. Alongside these, the Company is fast-tracking digitalization initiatives across the business.

Holcim Philippines provides employment opportunities particularly to the communities where the Company operates. The Company directly contributes to the economic development of the locality through its business taxes. In addition, the Company's corporate citizenship programs – ***Helps*** – include projects for infrastructure, education, health, and skills training that help in the development of the communities where its plants are located.	Employees, host community, and local government	The Company greatly values its employees and provides competitive compensation and benefits. Beyond basic financial incentives, Holcim Philippines has put in place a Total Rewards System (TRS) with core and non-core benefits. The core benefits provide additional earning opportunities which include overtime pay, holiday pay, and rest day pay among the rank-and-file employees. These are given in addition to the statutory 13th month pay, and the Company's 14th month pay to regular employees with a variable performance bonus scheme applied across the organization. Annual paid vacation and sick leaves are provided to allow employees to go on personal leave or recuperate from illness before reporting for work. Employees occupying managerial positions also have a car allowance. The non-core benefits augment the individual and family unit provisions of employees. These include medical health benefits; medical, optical and dental subsidies; insurance coverage; and rice allowance. There are also employee assistance programs such as educational loans, calamity assistance, and bereavement assistance. Holcim Group's sustainability strategy, which was originally "The 2030 Plan," has now progressed along with the new corporate identity to become the leader in innovative and sustainable solutions. This new strategic direction emphasizes how the Company puts more effort into aligning business processes with the Holcim Group's four sustainability pillars, one of which is People. Through the Company's Corporate Social Responsibility (CSR) managers and officers, plants and terminals conduct formal and informal consultations or engagements with their local communities. This is where Holcim Philippines can craft the right programs to address identified needs.

The Company contributes to the growth of suppliers and contracted service providers engaged in its day-to-day operations.	Suppliers and service providers	The Company seeks to engage in long-term and sustainable relationships with suppliers who adhere to the *Holcim Code of Business Conduct for Suppliers* and the Holcim Group's directive on sustainable procurement. Holcim Philippines' goal is to partner with suppliers to deliver value-for-cost procurement for the Group and the customers, and to demonstrate responsible supply chain management. The Company sets guidelines in selecting local or foreign suppliers to ensure a fair, competitive, and transparent negotiation process.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
Financial risks	Investors and shareholders; direct and indirect employees; customers; and end users	The Company has foreign currency risk exposure arising primarily from purchases of goods and services in currencies other than the Philippine peso and certain foreign currency-denominated loans or instruments. These exposures are usually hedged to reduce the exposure to foreign currency risk. At the time of reporting, no foreign loans or other instruments have been availed. Due to the local nature of the cement business, foreign currency risk is limited. The Company is also exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rate. At the time of reporting, the Company has no exposure to interest rate risk since no loan availments were drawn. Should there be a need in the future, the Company's interest rate exposure may be addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions. To minimize credit risks, the Company trades only with recognized, credit-worthy third parties. Its policy states that all third parties who wish to trade in credit terms are subject to credit verification and/or must post a collateral coming from a reputable financial institution. In addition, accounts receivable balances are constantly monitored to minimize the Company's exposure to bad debts.

		Finally, the Company maintains sufficient reserves of cash and cash equivalents, which are short term; available/unused credit lines; and readily available marketable securities to always meet its liquidity requirements.
Economic and political risks The Company can be exposed to changes in the political and economic landscapes which impact the continuity of public and private construction activities. Planned spending on infrastructure projects and homebuilding may be diverted to other pressing priorities.	Investors and shareholders; direct and indirect employees; customers; and end users	The Company management has a regular strategic planning exercise to anticipate significant market developments and capture opportunities to expand the business. Management processes are in place to ensure the Company is able to respond to market changes and make the necessary adjustments to sustain the business.
Industrial and supply chain risks The Company is affected by movements in the prices of fuel, coal, and electricity. Global trade dynamics could impact the flow of key commodities like fuel and coal. There is also a risk of physical damage to assets or supply chain failures resulting in business interruption that could affect the cost of production.	Investors and shareholders, direct and indirect employees, customers, and end-users	Management processes are in place to ensure the Company is able to quickly respond to changes in supply chain that could potentially disrupt operations or increase the cost of production. Holcim Philippines works closely with the Holcim Group Trading for the supply of key imported production inputs. Holcim Philippines is implementing across its industrial operations the Holcim Group's Cement Industrial Framework (CIF) to strengthen and standardize its operations and be at par with global standards. Key elements are the development of a robust preventive maintenance program and a learning and development plan to strengthen the technical competence of plant personnel.
Regulatory risks The Company is exposed to the changes in applicable regulations regarding its operations as a building materials manufacturer. It may also face increased scrutiny by governments and tax authorities in response to perceived aggressive tax strategies that might impact the Company's effective tax rate and trigger tax liabilities.	Investors and shareholders; direct and indirect employees; customers; and end users	The Company has in place governance on permits and licenses to ensure compliance across all its operating sites. Appropriate training of key employees and regular engagement with key regulatory agencies are conducted to ensure the Company is updated and informed on regulatory developments. Regular reviews are also done with local management and the Holcim Group to ensure tax compliance. Local policies are also being developed to improve document retention and safekeeping in line with Holcim Group policies.

COVID-19 risks At the onset of the COVID-19 pandemic, significant business activities, including construction, were heavily impacted by mobility restrictions. The extended impact of the COVID-19 pandemic and continued restrictions, though largely localized, may still affect the recovery momentum of the construction sector. While new large, mixed-use building projects slowed down, public infrastructure and individual homebuilding construction continued, helping boost cement demand.	Investors and shareholders; direct and indirect employees; customers; and end users	The Company has organized business resilience teams both at the corporate and site levels to ensure the strict observance of health and safety protocols at all times according to government guidelines. The Company also rolled out a COVID-19 vaccination program in July 2021 for its employees and their dependents to increase employees' defense against the virus. Since the start of the pandemic, and since the government allowed the complete reopening of manufacturing companies, the Company has resumed normal operations and continues to institute strict health protocols in all its sites.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
Holcim Philippines expresses its support to the government as a partner for progress. It continually reviews its operations and assesses the need for further investments to meet growing demand for new building products and solutions.	Investors and shareholders; direct and indirect employees; customers; end users; and government	The Company works and communicates with government stakeholders by actively participating in public consultations and trade policy planning. Holcim Philippines recognizes that tax payments support the programs of the government. Compliance with tax regulations is treated with utmost priority and transparency. Hence, the Company conducts quarterly reporting on taxes paid and reports potential tax risks to the Holcim Group for strict monitoring and transparency.
The Company aims to be the leader in innovative and sustainable building solutions in the country. It is working on this goal by developing innovative products and solutions that respect the environment; enhance efficiency and productivity; and promote a sustainable built environment.	Customers, end users, contractors, government agencies involved in construction and infrastructure development (e.g., Department of Trade and Industry, Department of Public Works and Highways)	Holcim Philippines continues to strengthen its Marketing and Innovation Department. A Product Development Committee oversees the development of sustainable and environment-friendly products. The Company continuously reviews and expands product and service offerings to include related concrete and construction solutions. Holcim Philippines is also taking the lead in educating the market on new construction practices based on international trends.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate-related risks and opportunities.	
a) Describe the Board's oversight of climate-related risks and opportunities	Holcim Philippines, being a member of the Holcim Group, aligns its climate policies and strategies with the Group. The local Chief Executive Officer (CEO), who is a member of the Board, oversees the Company's sustainability initiatives. He leads the Executive Committee in ensuring that the Company achieves its sustainability commitments aligned with the Group strategy. The local CEO reports to the Board the progress of the Company's sustainability initiatives. Sustainability strategies and targets are cascaded by the Holcim Group to the country Executive Committee. The sustainability initiatives are embedded in the Company's short-, mid-, and long-term development plans and budgets which are translated to performance objectives and local targets. These are monitored at the Group level and are also discussed in the monthly local performance meetings, including regional meetings. In 2021, Holcim Philippines appointed a Chief Sustainability Officer who reports to the CEO and leads the Sustainability team to strengthen and accelerate the sustainability initiatives towards net zero transition.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Holcim Group has the overall governance and management of Holcim Philippines, whose Board of Directors and Executive Committee ensure that the Company achieves its sustainability commitments aligned with the overall strategy. The assessment and management of climate-related issues are led by the Holcim Group. The Group, being a global leader in providing building solutions and located across several countries, has a critical role to lead the building industry in the net-zero pathway with climate targets validated by Science Based Targets initiative (SBTi). Holcim Philippines implements the Group-aligned sustainability strategies and initiatives within the local setting. The members of Holcim Philippines' management team ensure the implementation of the sustainability strategy and its integration to the Company's overall planning and operations. The sustainability strategy and commitments are translated into functional objectives, action plans, milestones, and responsibilities across the operations.
Strategy Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term and its impact on the businesses, strategy, and financial planning	The Philippines cement industry is associated with high CO_2 intensity, and Holcim Philippines is subject to various government regulations. These regulations affect the business activities of the Company. In addition, a perception of the sector as a high emitter could impact its reputation and reduce its attractiveness to investors. Being a signatory of the Paris Agreement, the Philippine government has revised and submitted its Nationally Determined Contribution (NDC) for the reduction of carbon emissions, which includes mitigation options for the cement industry such as transition to low-carbon products. This shift entails an increase in the production of blended cement and

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

[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

	introduction of innovative cement solutions. Although there are already some regulations to use more blended cement in the market, a push from the government is necessary to increase market adoption and lower the overall cost of innovation. Without any incentive to encourage the consumption of low-carbon products, there will be a longer return on investments in sustainable products and solutions and the cement sector's low carbon roadmap might be compromised. Despite the lack of government incentives around the use of low-carbon cement products, Holcim Philippines has taken the lead in expanding its cement product range with the introduction of more blended cement like Solido, AquaX and ECOPlanet that have a lower carbon footprint but demonstrate the same performance as the traditional products. Parallel to this, the Company is exerting efforts to educate the market about using the right product with the right application to help reduce the carbon footprint of the overall built environment. Holcim Philippines also developed its own CO_2 reduction roadmap to reduce its carbon emissions, in alignment with the Holcim Group's net zero commitments. To support the achievement of its roadmap, the Company worked closely with the Climate Change Commission (CCC) in the development of the Philippine Nationally Determined Contribution (NDC) of the industry sector in line with the Paris Agreement to reduce CO_2 emissions. Collaborating with key stakeholders like the CCC helps accelerate the adoption of more sustainable building materials.
b) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2ºC or lower scenario.	The Company aligns its sustainability strategy and targets with the Holcim Group. True to its net zero pathway, the Group is the first global building materials company to sign the Business Ambition for 1.5°C pledge with intermediate targets for 2030 externally validated by the SBTi. As of reporting date, Holcim Philippines is on track to meet its sustainability targets particularly on climate and energy.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks.	The Company undergoes an annual Enterprise Risk Management (ERM) process to support strategic decision-making. The ERM is an integrated risk management approach that considers all business objectives, as well as financial and non-financial targets. It takes a forward-looking approach to fit the strategic horizon. All kinds of risks are taken into consideration, regardless of whether these are under the Company's control or not: strategic, climate, sustainability, market, operational, financial, compliance and reputational risks. The assessment of climate-related risks looks at the Company's ability to transition to a low-carbon economy considering a more stringent regulatory framework; changing customer behavior; required investments in low carbon technologies; and stigmatization of the sector, which reduces the Company's attractiveness to investors and potential employees. Action plans are reviewed by Company management quarterly and reported to the Audit Committee. The Company follows the risk management approach of the Holcim Group composed of several stages: **1.** Risk identification and analysis: The management assesses and evaluates the potential impact and likelihood of the key risks which could have a material adverse effect on the current or future

	operation of business. The risk horizon includes long-term strategic risks and short- to medium-term business risks. **2.** Risk mitigation: The management defines the actions and/or controls to mitigate the identified risks. **3.** Monitor and reporting: Regular progress on the action and/or controls are followed up by risk leaders at the country level and reported to the Group. **4.** Verification and remediation: Internal Control Audit reviews the effectiveness of the risk assessment process. The Group Internal Audit also performs an independent assessment of the effectiveness of Internal Control.
b) Describe the organization's processes for managing climate-related risks.	Since cement manufacturing is a resource- and energy-intensive business, which contributes to carbon emissions, the Holcim Group prioritized carbon emissions reduction and use of renewable energy to minimize its environmental impact. The Holcim Group sustainability strategy addresses CO_2 and climate challenges in the construction value chain. It is divided into two sets of actions: short-term and long-term. These actions are cascaded to the country management by the Group. Short-term actions: **i.** improved clinker production technology; **ii.** higher usage of alternative fuels and alternative raw materials; **iii.** optimization of the cement portfolio with lower CO_2 footprint; **iv.** optimization of the concrete product portfolio; and **v.** increased share of solutions and products with favorable CO_2 impact Long-term actions that are focused on innovation and research and development of the following: **i.** carbon capture solutions and alternative clinker; **ii.** decarbonized fuel and energy; **iii.** low-carbon cement; **iv.** low-carbon concrete; **v.** ultimate construction methods to reach low-carbon construction. Holcim Philippines engages proactively and transparently with external stakeholders based on positions that are aligned and consistent with the goals of the Paris Agreement.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Responsibilities and key actions to address specific climate-related risks and opportunities are clearly defined in the Enterprise Risk Management process. It follows the underlying principle that risk management is a line management responsibility.

<table>
<tr><th colspan="2">Metrics and Targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</th></tr>
<tr><td>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</td><td>The Company’s sustainability strategy has four pillars:
1. Net zero climate pledge
2. Building a circular economy
3. Nature
4. People

Net zero climate pledge: Holcim Philippines measures its climate goals in terms of reduced net CO_2 emissions (measured in kilograms of CO_2 per tonne of cementitious material, or kg CO_2/tonne). The Company's emission targets are aligned with and contribute to the Group's target of 475 kg/tonne by 2030. The CO_2 calculation follows the international CO_2 protocol established by the Cement Sustainability Initiative (now Global Cement and Concrete Association).

Building a circular economy: The Company promotes a circular economy and follows the circular economy's three principles of reduce, reuse and recycle to build more with less and preserve ecosystems. Initiatives on circular economy are measured based on the total volume of waste-derived resources (in tonnes) co-processed in cement kilns as alternative fuel or raw material and used as mineral components (MIC) or additives in cement products. Examples of waste-derived resources are fly ash and slag used as MIC and industrial wastes used as alternative fuel or raw material.

Nature: The Company is committed to becoming a nature-positive company. Holcim Philippines aims to replenish freshwater in water-risk areas while lowering water intensity across all product lines to preserve water resources across its business. Reduction targets are set on freshwater withdrawal and measured by liters of freshwater per tonne of cementitious product. Progress towards the targets is measured through the Company’s water footprint and continuous improvements at production sites such as maximized rainwater harvesting and optimized site processes. Additional target is zero water pollution where water discharged meets Holcim Group water quality standards and Philippine regulations. Freshwater replenishment is also a commitment with a target to be water-positive in water risk areas by implementing water programs beyond Holcim Philippines’ fence.

People: The Company respects human rights and empowers people and communities to build a better future. It creates shared value with the communities where it operates. For this pillar, the total number of people benefitting from community programs and investments (number of beneficiaries) are measured. Additionally, a comprehensive human rights assessment process is in place and conducted regularly.</td></tr>
</table>

b)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	The Holcim Group was the first global building materials company to sign the Business Ambition for 1.5°C pledge with intermediate targets in 2030 approved by the Science-Based Targets initiative (SBTi) in alignment with the net zero pathway. Holcim Philippines aligns its sustainability strategy and targets with the Group. The company has set targets under each pillar: 1. **Net zero climate pledge**: Reduce specific CO_2 emission to 475 kg CO_2/tonne cement by 2030 using the 1990 baseline. 2. **Building a circular economy:** Double the use of waste-derived resources in operations by 2030 using the 2020 baseline. 3. **Nature:** Reduce specific freshwater withdrawal to 131 liters per tonne of cementitious material by 2025 and be water positive by 2030. 4. **People:** Have 1.6 million beneficiaries from 2020 to 2030.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		
- Holcim Philippines, Inc.[a]	79	%
- Geocycle Philippines[b]	100	%

a *Holcim Philippines Procurement handles the purchase of raw materials and spare parts for equipment and other logistical equipment for Geocycle.*

b *Geocycle Procurement handles the purchase for alternative fuel requirements (AFR).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines mostly procured from local suppliers in 2021. This provided the Company the following advantages: • shorter lead time; • lower shipping costs; • allowance for lower inventory; and • easier management and communication with suppliers.	Employees, suppliers, and contractors	Holcim Philippines procures general hardware, equipment, consumables, and raw materials from local suppliers subject to quality and compliance parameters. However, there are certain equipment and parts which need to be procured from Original Equipment Manufacturer (OEM) and Original Parts Manufacturer (OPM) for operational safety and efficiency.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
Procuring from local suppliers also entails risks. Some local suppliers (repair and maintenance services) lack the technical capabilities to perform the job which limits the number of resources available locally. There is also the risk of being	Employees, suppliers and contractors	Holcim Philippines mitigates the risks by dealing only with local authorized distributors as validated by the OEM and OPM. It also reviews suppliers' performance and track record in and out of the Company. Holcim Philippines performs regular

supplied with non-genuine, substandard parts. Some suppliers may not be fully compliant with government laws and regulations as well as the Company's directives and sustainability initiatives.		evaluation of new and current suppliers based on Code of Business Conduct for Suppliers; occupational health and safety; human rights and labor; environmental systems; and legal requirements which are the focus areas of its Sustainable Procurement Initiative (SPI). The Company provides a self-assessment questionnaire to the suppliers and they are assessed by Dun and Bradsheet (D&B), Holcim Philippines' partner in assessing the eligibility of vendors.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
Holcim Philippines recognizes the opportunity to push its sustainability agenda in the Supply Chain. It involves suppliers in sustainability objectives and encourages their management to adopt the same or similar sustainable development standards	Suppliers and contractors	The Company involves suppliers by educating and informing workers of their rights, including contractors in our health and safety related programs, conducting technology transfer, and implementing the Sustainable Procurement Initiative.

Anti-corruption

Training on anti-corruption policies and procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated	100	%
Percentage of business partners (Holcim Philippines, including Geocycle) to whom the organization's anti-corruption policies and procedures have been communicated	52	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100[b]	%

a *Figure includes the suppliers that are part of Holcim Philippines's 80% top spend in 2021.*

b *All new employees of Holcim Philippines are provided with anti-corruption training upon onboarding. For 2021 Medium and High Exposed employees were enrolled in a mix of online learning modules and Face-to-Face training based on a multiyear training plan.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines conducts its business with utmost integrity. The Company practices zero tolerance on corruption in private and public relations. Its policies are aligned with global policies on ethical business conduct. Training	Employees, communities, government, suppliers, and service providers	Communication of the policies under the Holcim Code of Business Conduct (CoBC) are done annually and quarterly through messages from the Chief Executive Officer (CEO), infographics, email reminders, posters, and other modes of communication.

and communications have been effective in building a culture of doing business with Integrity.		The Company also has an intranet called Holcim Connect, which is used to communicate and remind employees about Company policies and directives. All new employees receive introductory training on the CoBC which emphasizes the Company's anti-bribery and corruption (ABC) directives. The Company's compliance program determines employees' level of exposure, which guides the development of a training method and training cycle. In 2021, medium- and high-exposure employees were enrolled in both online anti-bribery and corruption learning modules, a timely form of training during this COVID-19 pandemic, along with webinars and face-to-face learning. For the senior management, the annual workshop-format training facilitated by the Regional Compliance Officer was held, fostering greater participation and sharing of experiences in daily operations, as well as best practices which helped the Company navigate related issues. For suppliers, the Company's zero-tolerance on bribery and corruption is clearly stated in its Supplier Code of Business Conduct which is not only communicated to suppliers but is also referred to and included in Supplier and Service Contracts. The Company's contracts with suppliers have a provision on the ABC directive.

What are the risks identified?	Which stakeholders are affected?	Management Approach
Holcim Philippines' zero tolerance for corruption faces challenges in terms of maintaining a culture of compliance, ensuring the consistency of the "Tone from Top," and guaranteeing that good practices are applied by exposed employees in their functions. The lack of training and communications on anti-corruption policies and directives may result in inadequate emphasis on building a culture of business integrity. This problem poses risks of exposure to private and public bribery and corruption incidents which may put the Company at risk of violation of anti-bribery and corruption laws and policies.	Employees, shareholders, communities, government, suppliers, and service providers	Holcim Philippines subscribes to the CoBC in pursuit of building business with integrity. The ABC directive is among the pillars of the CoBC, providing guidance and examples to help the Company and its employees handle challenging situations in daily operations. Aside from the ABC directive, the CoBC includes guidance on anti-retaliation, gifts, hospitalities, entertainment and travel policies, fair competition, and conflict of interest. The Local Compliance Officer (LCO) is primarily responsible for the management, implementation, and oversight of these ethics- and compliance-related policies. In support of the LCO and in line with Holcim Group directives, the General Counsel and the CEO remain the principal officers and drivers responsible for ensuring the "Tone from Top" on business integrity persists.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
The efforts of the Company's legal and compliance team to develop and strengthen the culture of doing right have gained support and collaboration from all functions and partners. This has led to the recognition of Holcim Philippines as a company that upholds business integrity.	Employees, shareholders, communities, government, suppliers, and service providers	The Company explores various means of communicating and teaching to effectively reach all stakeholders. In 2021, ***Holcim EXperts (HEX) Talks*** continued to be a venue for external and internal speakers to raise awareness on sustainability, environment, gender issues, corruption, and business integrity.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	no.
Number of incidents in which employees were dismissed or disciplined for corruption	0	no.
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	no.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines has recorded zero incidents of corruption for 2021.	Employees, communities, suppliers, and service providers	All incidents of corruption are treated seriously, and investigations are instituted and completed leading to resolution or administrative action. The Company's Code of Discipline called the *HPHI Way* is the basic guide to conducting administrative investigations whenever corruption allegations involve officers or employees of the Company.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
A challenge identified in upholding the Company's integrity and compliance is the presence of corruption risks in employee interactions with external parties (e.g., customers, communities, local government, permits and licensing offices, etc.). Checks and balances should be constantly reviewed and reinforced to incorporate any necessary adjustments based on previous incidents.	Employees, shareholders, communities, suppliers, and service providers	The Company has a five-element compliance program for anti-corruption: risk assessment; controls; training and communications; monitoring and follow-up; and organization and governance. The Company initially identifies and assesses its exposure to risks of bribery and which functions are exposed to the identified risks. After this step, existing controls are reviewed, assessed, modified and implemented to address the risks. Holcim Philippines believes that training and communications are vital in ensuring that the policies and directives are understood and provide sufficient guidance on all levels of the organization. Monitoring and persistent follow-up using tools and scheduled reviews are also implemented to check risks and controls and the effectiveness of communications and training. Lastly, governance and a consistent tone from top are among the most important tools used by the Company. Matters and issues on ethics and compliance are discussed during audit and management meetings.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
The Company has a whistleblower platform called the Integrity Line under the Holcim Compliance Reporting directive. Employees	Employees, communities, suppliers, and service providers	The Company does not tolerate retaliation against any employees who reports a concern in good faith. Individuals who take action against a

and third parties may report through the toll-free number: 080038393839 or the online platform https://integrity.holcim.com/ The Integrity Line enables anyone to report concerns in good faith or to ask for further advice on any integrity or compliance issue. This way, stakeholders are encouraged to speak up and report any possible, imminent, or actual violation of policies on the CoBC.		person for raising a concern or participating in an investigation will be subject to disciplinary action, up to and including termination of employment. The identities of anyone who reports through the Integrity Line remain anonymous and protected under the Holcim Compliance Policies. Internal audits at the local and Holcim Group levels are periodically performed to check controls and directives that address the risks and cases of possible corruption practices. In addition, the Holcim Group and the Company also employ external auditors for an annual review to ensure that there are sufficient oversight and control mechanisms in all functional areas of the Company. The Company reviews yearly the internal audit findings and shares best practices to develop more controls and effective training and communications to create a culture of business integrity and doing right.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	MWh
Energy consumption (gasoline)	0	L
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	3.30 Mio	L
Energy consumption (electricity)	0.62 Mio	MWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	MWh
Energy consumption (gasoline)	0	L
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	2.49 Mio	L
Energy consumption (electricity)	0	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines' operations include the production of cement, an energy-intensive process. The Company aims to continuously improve its energy efficiency as it reduces the carbon intensity of its products and lowers production costs. It is critical for the Company to lessen its environmental impact, operate sustainably, and lessen energy costs.	Employees, community, suppliers, and service providers	The Company has energy management processes to ensure high performance in energy consumption and cost, sustainable operations, and continuous improvement. For each integrated cement plant, thermal and electrical energy reference values (RVs) are determined and embedded in the business process. The Energy Management Process is built around the energy RVs and includes the adaptation of RVs for benchmarking, budgeting, and target setting. A gap analysis by process audits and the development of a corresponding action plan, follow-up, and roadmap are done to minimize and ultimately close the gap. Beyond closing the gap versus the RVs, the Company also looks at potential reduction through: • efficient production planning by improving production rates; • alternative raw material use; • equipment modification • process optimization (i.e., grinding aid optimization); and • digitalization. The electrical energy consumption is

		monitored by total and specific electrical energy consumption (SEEC) in kWh/tonne cement while thermal energy consumption is specific thermal energy consumption (STEC) in MJ/tonne clinker. These data are linked to the Company's centralized Technical Information System (TIS) for real-time monitoring.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
High energy costs and unstable supply of raw materials are risks that may impact operations. Current legislation proposals banning the importation of certain alternative fuels may affect the sustainable supply of alternative fuels.	Employees, community, suppliers, and service providers	To ensure uninterrupted supply of power to sites, the Company secured long-term contracts with power service providers. For coal and fuel, supply is secured annually. Increase in usage of alternative fuels is also implemented through Geocycle to reduce reliance on traditional fuels, reduce cost, and contribute to the Company's CO_2 footprint reduction.

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
Holcim Philippines is committed to explore alternative energy supplies to lessen its environmental impact.	Employees, community, suppliers, and service providers	The use of alternative fuels through Geocycle is strongly being pursued to reduce fossil fuel consumption. The Company has partnered with different companies and municipalities to use their qualified wastes as alternative fuel in operations through co-processing technology. In 2021, the company also signed a 20-year power purchase agreement with Blueleaf Energy, a leading renewable energy company, to deliver solar power to its plants in Bulacan and La Union. Under the agreement, Blueleaf Energy will finance, build, operate, and maintain solar energy facilities in Norzagaray, Bulacan and Bacnotan, La Union with a combined capacity of 29 megawatt peak and an annual generation of more than 50 gigawatt hours that will supply up to 15% of the energy requirements of Holcim Philippines's plants. The solar energy facilities are scheduled to be completed in 2024.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	1.26 million	cubic meters
Water consumption	1.14 million	cubic meters
Water recycled and reused	0.95 million	cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
While the construction material industry is not water intensive, Holcim Philippines considers water as an essential resource that needs to be sustainably managed.	Employees, community, suppliers, and service providers	To ensure the sustainable management of water resources and reduce the impact of its operations, Holcim Philippines implements the following: **1.** Measurement of operational water footprint **2.** Management of usage through improved plant efficiency by water recycling, rainwater harvesting, and stormwater management. This also includes automation of water systems to optimize water use especially for cooling systems and regular maintenance of water infrastructures to prevent leakages. **3.** Evaluation and mitigation of water-related risks **4.** Identification of opportunities to make positive contributions to water resources and ecosystems. These could be engagement with stakeholders to communicate the use of water resources more effectively and efficiently; provision of water supply infrastructure to communities especially in water-scarce areas; and development of other programs for water replenishment to achieve water-positive targets.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
The increasing demand for water brought about by population growth, urbanization, and industrialization would lower the supply of water and cause its price to rise.	Employees, community, suppliers, and service providers	Holcim Philippines implements efficiency measures to lessen the withdrawal of fresh water. The cooling of equipment requires the most water in operations. Hence, the plants are equipped with a water recycling system, a close-loop system to reuse cooling water.

		The water withdrawn by the plants are considered as make-up water for spraying and domestic usage in the daily operations. Rainwater harvesting is already practiced in La Union, Bulacan, and Misamis Oriental, and will be implemented across all production sites to lessen freshwater withdrawal. Watershed characterization studies have also been done and georesistivity studies were conducted for groundwater assessment to ensure the sustainable sourcing of water. Replenishment programs in water risk areas shall be implemented to achieve water-positive targets.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
Holcim Philippines shares water resources with nearby communities, pushing it to be more efficient in utilizing water resources for its operations.	Employees, community, suppliers, and service providers	The Company's goal, aligned with Holcim Group's target, is to reduce freshwater withdrawal and consumption by maximizing the use of harvested rainwater. Water systems in the plants are also being improved by increasing the recycling efficiency rate. Water discharged is also compliant with Holcim Philippines' water quality standards and local regulations.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
a. Renewable	0.63 million	tonnes
b. Non-renewable	9.63 million	tonnes
Percentage of recycled input materials used to manufacture the organization's primary products and services	6.5	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Cement production is a resource-intensive process as it utilizes raw materials such as limestone, silica, and shale to produce clinker, the main ingredient of cement. Mineral components such as pozzolan, limestone, fly ash, and slag are added to the limestone to produce cement. Gypsum is also added as a cement retarder. Holcim Philippines sources most of its raw materials from associate company Holcim Mining and Development Corp. (HMDC) and its subsidiaries. Meanwhile, the mineral components are sourced from various suppliers.	Employees, community, suppliers, and service providers	One of the main drivers in reducing the Company's raw material consumption is reduction of the clinker component of cement by producing more blended cement. This reduces the consumption of natural raw materials like limestone. As an alternative, Holcim Philippines utilizes waste-derived resources or cement additives such as fly ash and granulated blast furnace slag (GBFS) and synthetic phosphogypsum. These materials are by-products of other industrial processing plants. Other alternative raw materials such as contaminated soil or bottom ash are also utilized in producing clinker to lessen the consumption of natural resources.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
The sustainable supply of raw materials, especially mineral components, remains to be at risk since these are non-renewable resources.	Employees, suppliers, and service providers	Holcim Philippines promotes the production of more blended cement with lower clinker content. Quality control is essential to clinker optimization, so more cement additives are added while improving strength. Alternative raw materials are also utilized for clinker production to reduce usage of natural resources such as limestone. Partnerships are developed with coal power plants, steel manufacturers, and other industries or suppliers to collect their by-products that can be utilized in cement production and support a circular economy.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
Holcim Philippines is shifting towards the use of more waste-derived resources to reduce the extraction of virgin raw materials from quarries.	Employees, suppliers, and service providers	One of the Company's sustainability targets is to increase the use of waste-derived resources in support of a circular economy. The Holcim Group targets to increase the reuse of waste-derived resources by 100 million tonnes in 2030.

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	no.
Habitats protected or restored	N/A	ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	N/A	no.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
This is not considered as a material topic for Holcim Philippines.		
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
This is not considered as a material topic for Holcim Philippines.		
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
This is not considered as a material topic for Holcim Philippines.		

Environmental Impact Management

Air Emissions

Greenhouse gas (GHG)

Disclosure	Quantity	Units
Direct (Scope 1) GHG emissions	3.86 million	tonnes CO_2e
Energy indirect (Scope 2) GHG emissions	0.46 million	tonnes CO_2e
Emission of ozone-depleting substances (ODS)	N/A	tonnes CO_2e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The main GHG emission from cement operation is CO_2 due to the calcination process of limestone—the major component of clinker— and the combustion of traditional fossil fuels such as coal in clinker production. Limestone ($CaCO_3$), when heated at extremely high temperatures, is broken down into CaO and CO_2 as emissions.	Employees, community, suppliers, and service providers	Holcim Philippines monitors its GHG emission and has set targets to reduce its CO_2 output as aligned with the Holcim Group's goals. The Company follows the CO_2 reporting protocol of the CO_2 and Energy Accounting and Reporting Standard for the Cement Industry established by the Cement Sustainability Initiative (now called the Global Cement and Concrete Association). The protocol is based on

[4] International Union for Conservation of Nature

		the Intergovernmental Panel on Climate Change Reporting Protocol and the Greenhouse Gas Protocol designed by the World Business Council for Sustainable Development and the World Resource Institute. CO_2 reporting is done monthly, discussed in management meetings, and monitored by the Holcim Group. The Company checks the following parameters for CO_2 emission reporting: **1.** Clinker production volume **2.** Cement production volume **3.** Fuel consumption (traditional fuel) and chemical analysis **4.** Alternative fuel and raw material (AFR) consumption **5.** Clinker factor (clinker content of cement) **6.** Specific thermal energy consumption (STEEC) **7.** Electrical energy consumption (SEEC)
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
The supply of alternative fuels and waste-derived resources like fly ash and slag is still limited.	Employees, community, suppliers, and service providers	The Company continues to explore new sources and industry partners to increase the supply of acceptable alternative fuel materials. The Company also supports regulations allowing the importation of alternative fuels to address local supply limitations.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
<u>Scope 1 Emissions: Low-carbon cement</u> The Department of Trade and Industry's amendment of the Philippine National Standard (PNS) on Portland Cement promotes the use of different types of mineral components such as slag and fly ash from waste-derived resources to produce blended cement for different construction applications. <u>Scope 2 Emissions:</u> Shift to renewable energy and cleaner fuels <u>Scope 3 Emissions:</u> Monitoring system for Scope 3 emission with reduction targets identified and aligned with Holcim Group strategy	Employees, community, suppliers and service providers	Holcim Philippines is working to reduce its CO_2 emission to 475 kg CO_2 per tonne of cementitious product by 2030. This is aligned with the Holcim Group's target as validated by the Science Based Targets initiative (SBTi). To this end, the Company seeks to: **1. Increase clinker substitution.** Clinker is replaced with alternative mineral components such as fly ash or slag, which are waste-derived resources from other industries, to produce blended cement. Blended cement has a lower carbon footprint compared with Ordinary Portland Cement (OPC). Holcim Solido, a blended cement product launched in 2018 is an alternative to OPC for road and building constructions. It is estimated to have a 10-20% lower

		CO_2 footprint than OPC. Holcim Excel, a general-purpose cement, has a 20-25% lower CO_2 footprint than OPC. The Holcim Wallright masonry cement has the lowest CO_2 footprint at 35% lower than OPC. In 2021, Holcim Philippines launched ECOPlanet, its most environment-friendly product with more than 30% lower carbon footprint than OPC. ECOPlanet is a global range of green cement developed by the Holcim Group. The Company offers ECOPlanet as a general purpose blended cement ideal for structural applications that delivers equal to superior construction performance while lowering the carbon footprint of buildings. This product is made available in tonner bags and 40 kg bags in paper and plastic bags. The Philippines is among the first markets where ECOPlanet is available. The company also launched Aqua X in 2021, another blended cement and the first water-repellent cement in the Philippines. It is made with active water-repellent boosters for mortar and concrete, preventing water seepage that may cause water damage. **2. Increase the use of alternative fuel.** Using pre-treated waste and low-carbon fuels is another way to reduce the carbon intensity of cement because they emit less CO_2 than traditional fuels. Other sources, such as biomass are considered carbon neutral. Using these alternative energy sources also diverts waste from landfills, providing a solution to waste management issues and keeping fossil fuels in the ground. **3. Improve energy efficiency and shift to renewable energy sources (Scope 2):**

		Improving energy efficiency through process optimization, digitalization, and replacement of least-energy efficient equipment or technology is being done in the plants. By 2024, 15% of the Company's total electricity will be sourced from renewable energy (solar). **For Scope 3 emissions, the main levers for reduction are:** 1. Increasing offshore transactions as this accounts for the lowest CO_2 emission under network optimization 2. Potential use of biofuel trucks for material transport 3. Continuous route optimization through transport analytics 4. Increasing payload optimization up to acceptable load safety requirements as regulated by law.

Air pollutants

Disclosure	Quantity	Units
Nitrogen Oxides (NO_x)		
Bulacan plant	457	mg/Nm^3
La Union plant	402	
Lugait plant	60.1	
Davao plant	311	
DENR[a] regulatory limit	**1,000**	
Sulphur Oxides (SO_x)		
Bulacan plant	32	mg/Nm^3
La Union plant	18	
Lugait plant	9	
Davao plant	1	
DENR regulatory limit	**1,500**	
Particulate Matter (PM 10)		
Bulacan plant	35	mg/Nm^3
La Union plant	22	
Lugait plant	19	
Davao plant	28	
DENR regulatory limit	**150**	
Carbon Monoxide (CO)		
Bulacan plant	291	mg/Nm^3
La Union plant	163	
Lugait plant	214	
Davao plant	204	

DENR regulatory limit	**500**	
Persistent Organic Pollutants (POPs) • PCB-contaminated transformers	N/A	kg
Volatile Organic Compounds (VOCs)		
Bulacan plant	28	mg/Nm^3
La Union plant	6	
Lugait plant	17	
Davao plant	0.6	
DENR regulatory limit	N/A	
Hazardous Air Pollutants (HAPs)	N/A	kg
Dioxins/Furans		
Bulacan plant	0.002	ng/M^3
La Union plant	0.00007	
Lugait plant	0.003	
Davao plant	0.0003	
DENR regulatory limit	0.1	

[a] *Department of Environment and Natural Resources*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Air emissions are a key environmental impact of cement production. The Company monitors and manages its emissions from point sources and fugitive sources.	Employees, community, suppliers, and service providers	Holcim Philippines' integrated plants are equipped with a Continuous Emission Monitoring System (CEMS) to measure and monitor major atmospheric emissions such as dust or particulate matter, NOx, SOx, VOC, and CO. The Company ensures 100% compliance with local regulatory requirements and Holcim Group standard. Holcim Philippines aims for 100% availability of its CEMS through regular maintenance and annual calibration by a third party. The Company also conducts external checks through: **1.** Multi-partite monitoring with a team composed of representatives from the local government, community, non-government organizations and Department of Environment and Natural Resources (DENR)-Provincial/City Environment and Natural Resources Office which conducts quarterly monitoring and witnesses ambient monitoring. **2.** Annual testhouse measurements at point sources to validate the results from the CEMS. These are conducted by a third-party service provider through stack sampling and testing in all plants. They

		provide information on heavy metal emissions including levels of dioxins and furans during testing **3.** Quarterly ambient air monitoring (area sources) through the engagement of a DENR-accredited third-party laboratory
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
In the long run, there may be stricter regulatory limits for air emissions in the Philippines.	Employees, community, suppliers, and service providers	The Company continuously improves its air emissions management through process optimization and emission control techniques. Its plants are equipped with electrostatic precipitators (EP) and baghouses to manage dust or particulate matter emission. Thermal processes are optimized to effectively manage NOx, VOCs, and CO. Strict quality controls are in place for raw materials, fuels, and alternative fuels and raw materials (AFR) to manage SOx, heavy metals and other emissions.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
The Company is committed to significantly reduce its air emissions below the regulatory limits.	Employees, community, suppliers, and service providers	In 2021, Holcim Philippines spent around PHP 37 million on dust abatement projects and will continue to invest in technology and processes to ensure proper and efficient operation of its air pollution control facilities.

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity (in thousands)	Units
Total solid waste generated	231	kg
Reusable	-	kg
Recyclable	118	kg
Composted	10.2	kg
Incinerated	-	kg
Co-processed	75.4	kg
Residuals/Landfilled	27.5	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines follows proper management and disposal of wastes in its sites, in compliance with regulatory requirements.	Employees, community, suppliers, and service providers	It is critical to have an effective solid waste management system to comply with environmental regulations such as Ecological Solid Waste Management Act (Republic Act 9003), and to mitigate environmental impacts and reputational risks. Holcim Philippines follows the waste management hierarchy which prioritizes waste avoidance, reduction, re-processing, and recycling. The materials at the plants that can be recycled are sold to accredited scrap buyers while some of the wastes are composted; the rest are sent to Geocycle for co-processing. These practices are included in the Company's waste management protocols which are strictly being implemented in the sites. In areas without nearby co-processing facilities, the wastes are collected by the municipality or barangay. Almost all integrated cement plants practice zero-landfill and manage their residual wastes internally through co-processing technology.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
Having employees and contractors who do not follow proper waste management protocols may result in non-compliance with environmental regulations and reputational risks.	Employees, community, suppliers, and service providers	Holcim Philippines conducts proper waste management campaigns utilizing rewards and consequence management to promote positive behavior change among its employees and contractors.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
Geocycle is the Company's sustainable waste management solutions business. Geocycle can receive non-recyclable wastes from industries, agriculture and local government units, which it converts to alternative fuels and treats through co-processing. This helps provide environmentally sound solutions to customers in treating their wastes and contributes to lowering Holcim Philippines' carbon footprint.	Employees, community, suppliers, and service providers	Geocycle uses co-processing technology, a safe and secure method of waste management. Waste materials are pre-processed to transform these to alternative fuel and then co-processed at temperatures ranging from 1,200°C to 2,000°C, with a long residence time. The high temperatures and long residence time ensure the complete treatment of wastes through thermal oxidation. The extreme temperatures and availability of oxygen likewise prevent the formation of dioxins and furans.

		Geocycle partners with industries and local governments and collects their wastes to be used as alternative fuel or alternative raw material. Wastes are managed by diverting these from traditional disposal facilities like landfills, incinerators, and dumpsites. Geocycle has clients in various sectors, including agriculture, chemicals, consumer goods, construction, transportation, petroleum, pharmaceuticals, and food processing, among others. Waste processed by Geocycle ranges from hazardous chemicals like paint and oil, rubber waste, agricultural by-products and other materials that can no longer be reused or recycled. Geocycle adheres to strict standards in qualifying wastes for pre-processing and using alternative fuels and alternative raw materials for co-processing. It complies with health, environmental, safety and product quality regulations and Company standards.

Hazardous waste

Disclosure	**Quantity (in thousands)**	**Units**
Total weight of hazardous waste generated		
Used oil	81.3	L
Busted bulbs	2.23	pcs
Batteries	33.0	pcs
Empty ink cartridges	3.05	kg
Electrical and electronic equipment	0.33	kg
Empty containers (i.e. paint, chemicals)	4.51	kg
Paint/oil-contaminated materials	3.96	kg
Total weight of hazardous waste transported	80.5	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines practices proper management and disposal of hazardous wastes in its sites, in compliance with regulatory requirements.	Employees, community, suppliers, and service providers	The plants are equipped with proper hazardous storages according to the requirements of Hazardous Wastes Act (Republic Act 6969). Plants mostly generate used oil, and grease- and oil-contaminated materials. These materials are co-processed through Geocycle. The used oil generated is reduced through the proper maintenance of equipment. Other wastes generated such as batteries, busted bulbs, empty ink cartridges, and electronic equipment that cannot be co-processed are treated and disposed through DENR-accredited third-party treatment, storage, and disposal (TSD) facilities.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
Improper management of hazardous wastes could lead to notice of violations, fines, and reputational risks.	Employees, community, suppliers, and service providers	Handling and storage of waste are continuously being improved. Internally generated hazardous wastes such as used oil are co-processed in the Company's own cement kilns.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
Holcim Philippines aims to keep improving its management of hazardous waste.	Employees, community, suppliers, and service providers	Annual internal and external audits are done to monitor compliance.
Holcim Philippines contributes to providing solutions in properly managing and disposing hazardous waste from external sources.	Employees, community, suppliers, and service providers	The integrated cement plants located in La Union, Bulacan, Misamis Oriental and Davao have valid permits such as TSD permit for its co-processing facilities.

Effluents

Disclosure	Quantity	Units
Total volume of water discharged	0.24 million	cubic meters
Percent of wastewater recycled	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company produces minimal effluent, and facilities are already in place to manage the effluent in compliance with the Clean Water	Employees, community, suppliers, and service providers	The plants generally have no wastewater discharge from operations. However, water run-off such as rainwater may be contaminated with

Act (Republic Act 9275).		material such as cement spillages contributing to high total suspended solids (TSS) and/or pH levels. Plants are equipped with pollution control facilities such as siltation ponds to manage effluent and surface run-off. The root causes of spillages are also addressed, and regular housekeeping is also being done. Treatment facilities for sewage, grease traps for removal of grease/oil, and oil-water separators for oil storage run-off, and septic tanks are installed at the sites. The main industrial wastewater parameters being monitored in cement plants are temperature, pH and TSS, according to DAO 2016-08.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
There is a risk of spill or leakage in the sites.	Employees, community, suppliers, and service providers	The sites have a site spill pollution program where all sources of spill or leakages are identified, and containment systems are put in place. There is proper storage for material and oil, with secondary containment. Regular audits are conducted to guide improvements. Pollution control facilities are in place, including a siltation pond and oil-water separator as a containment system in case of spills. Proper work instructions to prevent spills are also established, including an emergency spill plan.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
The Company utilizes rainwater to minimize effluents and water withdrawals from freshwater and groundwater sources.	Employees, community, suppliers and service providers	Holcim Philippines targets to increase consumption of harvested rainwater and raise the water recycling efficiency rate in its operations.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PHP
Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	no.
Number of cases resolved through dispute resolution mechanism	0	no.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Holcim Philippines' environmental policy, aligned with the Holcim Group Global Framework, aims to go beyond compliance with relevant laws and regulations. The Company is committed to improving the affected environments in which it operates to create sustainable sites for our stakeholders.	Employees, community, suppliers, and service providers	Environmental compliance is mandatory for the company to manage and reduce its environmental impact and associated reputational risks. Environmental key performance indicators are set in each plant to monitor and improve environmental performance, and ensure full compliance. The plant manager in each site, as the managing head, is responsible for ensuring that the site is compliant with environmental regulations. A designated pollution control officer in each plant reports to the managing head and works closely with the sustainability manager to monitor environmental performance and implement improvement actions. The sustainability manager cascades and ensures implementation of the strategies and directives from the Group in all the sites. Active stakeholder engagements with environmental regulatory bodies are also maintained to anticipate changes in policies that may affect operations.
What are the risks identified?	**Which stakeholders are affected?**	**Management Approach**
Non-compliance with environmental laws and regulations can lead to environmental fines and negatively impact reputation.	Employees, community, suppliers, and service providers	Regular site inspections and audits are conducted to ensure compliance. Mandatory environmental training up to the supervisory level is conducted to cascade regulatory requirements and train supervisors in environmental impact assessment. Environmental incidents are reported in a centralized online system to monitor implementation of corrective actions. Management monitoring of permits and licenses is in place and led by the Legal and Compliance Department. Status is reported regularly in management meetings.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's integrated plants and cement grinding plants are ISO 14001:2015 (Environmental Management System) certified, ensuring	Employees, community, suppliers, and service	Holcim Philippines' commitments to environmental management are to: ● ensure compliance with

proper management of its environmental risks and impacts. Holcim Philippines conducts business consistent with sustainable development principles and aims to continuously improve environmental performance to protect and make positive contributions to nature and society.	providers	environmental laws, local regulations, and standards applicable to our products and operations; ● assess and measure its environmental impact and continuously improve to promote best practices in the cement industry; ● ensure that all environmental impacts and risks are effectively managed and mitigated; ● optimize the use of resources through reusing, recovering and/or recycling waste materials in own its production process; ● engage proactively with stakeholders and cooperate proactively with legislators and regulators. Going beyond regulatory compliance, the Company voluntarily reports its CO_2 emissions and has set ambitious targets to reduce emissions. In terms of other air emissions, Holcim Philippines has set internal targets even below the regulatory limit. For example, for dust or particulate matter, the Company has set 50 mg/Nm^3 as a benchmark versus the 150 mg/Nm^3 local standard.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]	1,161	no.
a. Number of female employees	230	no.
b. Number of male employees	931	no.
Attrition rate[6]	3.08	%
Ratio of lowest paid employee against minimum wage	1.48 : 1	Ratio
Total number of workers through contractors	2,578	no.
a. Number of female workers	159	no.
b. Number of male workers	2,419	no.

Employee benefits

List of Benefits	Y/N	% of Female employees who availed for the year	% of Male employees who availed for the year
SSS	Y	18.26%	11.60%
PhilHealth	Y	6.09%	6.55%
Pag-IBIG	Y	13.91%	17.19%
Parental leaves	N		
- Paternal leave	Y	0.00%	3.54%
- Maternity leave	Y	5.65%	0.00%
- Solo parent leave	Y	3.48%	0.11%
Vacation leaves	Y	100.43%	98.93%
Sick leaves	Y	47.83%	43.72%
Medical benefits (aside from PhilHealth)	Y	89.57%	87.54%
Housing assistance (aside from Pag-IBIG)	Y	3.91%	4.19%
Retirement fund (aside from SSS)	Y	14.78%	8.81%
Further education support	Y	6.09%	11.39%

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

[6] Attrition rate = (number of new hires – number of turnover)/(average of total number of employees of previous year and total number of employees of current year)

Company stock options	N		
Telecommuting	Y	64.78%	12.03%
Flexible working hours	N		

[a] *Figure includes employees who have resigned in 2021.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines' compensation and benefits policies, along with its employee engagement and communication programs affect employees' productivity, performance, retention, and attrition.	The Company's policy enables it to provide a competitive compensation package to attract and retain high-performing employees, which reflects its performance-focused culture. Aside from this, the Company has an Employee Relations policy that aims to maintain a healthy relationship towards high productivity, safe environment, industrial peace, high level of retention, and positive Company reputation. Holcim Philippines implements and sustains employee retention programs such as employee engagement and communication programs; rewards and recognition; learning and development; and succession planning. Holcim Philippines' Total Rewards System is performance-based, competitive, and sustainable, driving employees to deliver superior performance.
What are the risks identified?	**Management Approach**
As with other companies, Holcim Philippines has identified the risk of employee separations which could lead to the disruption of business operations. The common causes of employee separation are retirement, resignation, death, and end of contract. The main reasons for resignations in 2021 were better opportunities outside the organization; the option to start their own business; and migration to other countries. Others decided to take a break because of the pandemic's impact on their mental and physical condition. The protocols being implemented by different local governments have resulted in movement limitations for a number of employees. Issues with superiors and colleagues were also a factor for a few. Because of stricter government regulations to curb the pandemic, onsite operations were aligned with government directions on health and safety protocols.	Talent review, succession planning, and a monthly people review are done to discuss replacement or transition plans for retiring or resigning employees. The implementation of development assignments ensures ready replacements. In case of employee separations, the Company observes the 30-day policy where resigning employees must file their resignation at least 30 days prior to their intended separation from the Company to facilitate sourcing of replacement and ensure proper turnover. In response to COVID-19 restrictions, the Company implemented a flexible work arrangement – a combination of work on site, work from home, forced leave in some sites, and temporary deployment of employees to essential roles. Work arrangements are adjusted depending on the quarantine protocols of the local sites and the requirements of the business. The cement plants are 100% on site. Work arrangements are discussed by the members of Holcim Philippines's management team during the regular Business Resilience Team meetings. These actions allowed the Company to cope with the business situation and support recovery.

What are the opportunities identified?	Management Approach
Holcim Philippines constantly validates that its benefits and policies are appropriate for its target market group.	The Company goes beyond compliance with labor laws and standards. Its policies and programs for base salary and benefits plan are beyond the mandatory requirements. Aside from these, the Company participates in an external salary survey every two years. The latest survey was conducted in 2019 by an independent consultant, where Holcim Philippines's compensation and benefits were compared to its target market group.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	5,093.9	hours
b. Male employees	11,938.75	hours
Average training hours provided to employees		
a. Female employees	20.62	hours/employee
b. Male employees	12.44	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines invests in the learning and development of employees to ensure that its people are: 1. equipped with technical and leadership skills needed in their roles; 2. in the right roles with the right competencies; 3. provided career growth and professional development; 4. retained in the Company; and 5. constantly improving in their individual performance.	The objective of the Company is for all employees to have their own Learning and Development (L&D) Plan. To achieve this, each employee should follow the L&D process: 1. Competency assessment; 2. Identification of gaps; 3. Creation of development actions to address gaps; and 4. Execution of development actions.
What are the risks identified?	**Management Approach**
With the COVID-19 pandemic, there is a greater challenge in ensuring the learning and development of employees. Not overcoming this challenge may lead to: 1. incompetent employees handling critical tasks which may result in low productivity or even accidents; 2. increased attrition rate; 3. disengaged employees; and 4. low individual performance resulting in adverse impact on overall company performance	To prevent these risks, Holcim Philippines implemented these approaches on learning and development: 1. Physical or face-to-face trainings were converted to online or virtual classroom trainings 2. Optimized the use of Percipio, the Holcim e-learning platform for leadership, behavioral and management related trainings 3. Use of 70:20:10 learning and development model

	The effectiveness of the adjustments to the learning and development approach are assessed by monitoring compliance and completion, i.e., (1) do the employees attend and complete the training programs planned for them amid the changes in learning methodology; and (2) after taking the training programs, are employees fully meeting expectations, performance-wise. These changes also led to reduction of training costs while ensuring the continued personal and professional development of employees.
What are the opportunities identified?	**Management Approach**
Holcim Philippines recognizes that classroom training is not the only means of developing our employees.	The Company advocates the 70:20:10 L&D model, which is: ● 10% education – face-to-face classroom trainings, workshops, e-learnings and virtual classroom trainings ● 20% exposure – learning from others through coaching, mentoring, networking, and benchmarking ● 70% experience – learning on the job by leading or being a member of a project, leading special assignments, taking officer-in-charge roles, and other developmental assignments.
The Company has rewards and recognition programs in place, as well as performance bonuses and merit-based increases as part of programs for recognizing employee performance.	Holcim Philippines evaluates employees' performance through the Performance Management/Goal Management System, which comprises: ● Objective-setting – setting objectives to transform Company and team priorities into individual accountabilities ● Mid-year review – checking the direction and the progress of the what and how, and the Individual Development Plans ● Annual review – assessing past performance and recognizing the employee's accomplishments of objectives and demonstrated behaviors. With this program, all employees must work on their individual objectives that are aligned with the Company objectives/goals for the year. This ensures that individual goals support Company-wide goals. Because of COVID-19, one-on-one discussions and team performance reviews were done virtually for employees who were working offsite from their homes. For face-to-face performance discussions, safety protocols such as physical distancing were maintained. Meanwhile, the required orientation of managers was carried out as usual to support the performance management process.

Labor-Management Relations

Disclosure	Quantity	Units
Percentage of employees covered by Collective Bargaining Agreements	58	%
Number of consultations conducted with employees concerning employee-related policies	0	no.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines respects employees' freedom of association, in compliance with the Labor Code. The existence of nine labor unions in the Company is a manifestation of its openness to conduct collective bargaining with labor unions.	The Company maintains good labor-management relations through regular joint Labor Management Council (LMC) meetings and labor union involvement in Company initiatives and programs. The Company had already established over the years an open environment with the unions where any labor-related issues and concerns can be discussed and addressed without waiting for the scheduled LMC.
What are the risks identified?	**Management Approach**
The possible risk of not maintaining a good relationship with worker unions is the non-resolution of labor cases which may result in protest actions, disruption of business operations, or escalation to third party institutions. Such may also affect plant performance and productivity of employees.	The Company conducts dialogue with labor unions during LMC meetings to align, clarify, and address concerns to prevent misunderstandings. Exchange of ideas and opinions are encouraged in the same venue to find solutions and better ways of doing things. Union officers are involved in various projects and programs of the Company. Participation in the health and safety programs is one of the key involvements of the union. The union officers are part of the core group that assesses and discusses the Company's health and safety policies and programs in the sites. Holcim Philippines' employee engagement programs encourage workers to present their ideas as part of work-related decision-making. Policies are communicated to the union through the LMC. Whenever needed, the management organizes a meeting with the union for important business updates. Selected union officers are invited for annual planning and conferences. Whenever there are labor concerns, the Company endeavors to resolve them through plant-level dialogue first before escalating to third-party mediation.
What are the opportunities identified?	**Management Approach**
With the COVID-19 pandemic, the Company maximized the use of digital platforms to ensure continuous communication with the labor unions.	The Company, through our plant leaders and HR business partners, continued to connect with union officers and members using available digital platforms such as social media to extend information, carry on with the basic services, and provide support as needed. Face-to-face meetings were minimized but communication remained open. The Company will continue to assess the workers' needs and utilize available digital platforms to enhance its services for the workers to further improve labor-management relations.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
Percentage of females in the workforce	20	%
Percentage of males in the workforce	80	%
Number of employees from indigenous communities and/or vulnerable sectors[a]	0.43	%

[a] *Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company strives to have a diverse employee population because it believes diversity provides a broader perspective in the different aspects of business and allows for a more creative employee population. It also increases the Company's chance of attracting and retaining talent and engaging employees.	The Company has a non-discrimination policy called the Diversity and Inclusion (D&I) policy to show its commitment to achieving gender balance targets. Holcim Philippines hires, develops, and deploys talent according to the best available match between current job requirements, future business needs, and applicant profiles. D&I is integrated in all the Company's people processes, to minimize biases and ensure that diverse talent is considered in all recruitment and talent management decisions. Further, the Total Rewards System of the Company was designed to be based on position, role, and performance, and not on gender.
What are the risks identified?	**Management Approach**
There is no significant risk identified.	Holcim Philippines continues to educate the whole organization regarding the importance and the benefits of D&I through talks and training workshops. These mitigate any risks regarding perceived discrimination or inequality. Female employees are also encouraged to assume male-dominated positions.
What are the opportunities identified?	**Management Approach**
Aside from the promotion of the D&I policy, Holcim Philippines also promotes inclusivity in the workplace.	The Company does this by providing breastfeeding rooms; ensuring access for persons with disability access in strategic places; utilizing communication tools; and complying with the requirements of the Bureau of Working Conditions, as well as health and safety standards.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Total man-hours	1,512,382	man-hours
Number of work-related injuries	41	no.
Number of work-related fatalities	0	no.
Number of work-related illnesses	0	no.
Number of safety drills	66	no.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company acknowledges the impact of its operations to the health and safety of people, including its employees, contractors, and transporters of goods and materials. Holcim Philippines may also affect the health and safety of nearby communities.	Holcim Philippines recognizes health and safety as one of the most critical topics affecting both its business operations and stakeholders. With this, it has an annual Health, Safety and Environment Improvement Plan (HSE-IP) sponsored by the Company's management team. The plan focuses on promoting road safety, health, safety intervention program; raising hazard awareness; and controlling hot meal exposure through equipment and procedure improvements. All sites have their own HSE-IP tailored to address their specific concerns. Annual corporate health and safety audits are done to validate the effectiveness of programs and initiatives in the HSE-IP.
What are the risks identified?	**Management Approach**
The COVID-19 pandemic still presents a major health and safety risk. This has resulted in the continuation and addition of several regulations to protect workers, customers, and local communities.	Since the COVID-19 pandemic persisted in 2021, the enforcement of business resumption protocols aligned with the policies of the Holcim Group policy and local government enforcement units (i.e., Department of Labor and Employment, Department of Trade and Industry, Department of Health, and Inter-agency Task Force on Emerging Infectious Diseases) were maintained. Guidelines and protocols are adjusted depending on the alert level and updates/changes from the Holcim Group or local government enforcement units. The Company initiated a vaccination program for employees and their dependents, with employee vaccination rate close to 100%. Unvaccinated employees are required to submit a negative RT-PCR test result every two weeks before they are allowed to work on site.
For regular operations, the health and safety risks identified are on road safety, construction safety, occupational health risks such as dust, noise, and manual handling, and hot meal material.	Occupational health and safety risks are identified through high-level risk assessment, work permit system, job planning tool, life-saving talk, personal risk assessment, and journey management. To mitigate these risks, rules, policies, and standards were formulated and constantly communicated. Training is regularly conducted to ensure employees are knowledgeable on the proper handling of materials and equipment, and on emergency protocols. Equipment are regularly monitored to ensure that these are in the best condition. Finally, audits and performance or behavioral monitoring are conducted to ensure that rules, policies, and standards are being followed and implemented properly.

What are the opportunities identified?	Management Approach
Holcim Philippines strives to be better by improving its performance on road safety; continuing occupational health programs; holding trainings; conducting corporate audits; and considering customers' health and safety.	The HSE-IP 2021 involves initiatives in several focus areas. On road safety: Holcim Philippines continues to improve drivers' competency through classroom and in-cab training. This was done virtually throughout the pandemic with 389 drivers trained from January to December 2021. The Company also implements the wheel nut indicator for trucks road safety. On health risks: The Company implemented dust abatement projects, noise reduction, ear fit validation, and testing. Fugitive dust assessment was also completed across all sites. On the environment: The Company completed all short-term actions on its spill pollution prevention program and air emissions. It also successfully reached the minimum level as defined by the Group and complied with the local standards to transmit data from the plants to their respective regional regulatory bodies. Corporate audits on the Health and Safety Management System were done virtually and all sites audited were compliant with Holcim Group and Philippine health and safety standards. Finally, the Company implemented its Customer Safety Engagement Program (CSEP) virtually where sales officers cascaded the health and safety rules and COVID-19 best practices to customers to help keep them safe and assist their businesses in continuing operations despite the challenging times.

Labor Laws and Human Rights

Disclosure	Quantity	Units
Number of legal actions or employee grievances involving forced or child labor	0	no.

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

Topic	Y/N	If yes, cite reference in the company policy
Forced labor	N	Holcim Philippines complies with the Labor Code of the Philippines in terms of forced labor. There is no local company policy.
Child labor	N	Holcim Philippines complies with the Labor Code of the Philippines in terms of child labor. The company adheres and strictly complies with the Group's policy on human rights, which covers forced labor and child labor.
Human Rights	Y	Code of Behavior (HPHI Way), Sexual Harassment policy, Health and Safety policies, Data Privacy policy, Solo Parent policy, Diversity and Inclusion policy, Holcim Group Human Rights and Social Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures full compliance with labor laws and human rights as these have a direct impact on the safety of its employees, its corporate reputation, and avoidance of potential financial risk.	Holcim Philippines is fully compliant with the labor laws and human rights as complemented by its policies and programs.
What are the risks identified?	**Management Approach**
Non-compliance with labor laws and human rights will greatly affect the reputation of the Company, and the retention and attraction of talents. This may also lead to the closure of business.	The Company has established policies, guidelines, and control standards to prevent the occurrence of forced or compulsory labor and child labor. Whenever there are grievances or legal actions, the Company endeavors to resolve it through plant-level dialogue first before escalating to third-party mediation. The Company utilizes the grievance mechanism available to discuss and resolve issues. The same is also discussed during the regular LMC Meeting. If an employee commits a violation, Holcim Philippines ensures that due process is observed at all times. The Code of Business Conduct sets a fair process in conducting investigations and coming up with decisions. All parties involved are given the opportunity to explain their sides before a decision is finalized and executed.
What are the opportunities identified?	**Management Approach**
Employees are free to discuss their concerns and grievances with their immediate superiors, department heads, functional heads, Organization and Human Resources, and Legal and Compliance. If they are not comfortable to speak up via face-to-face, the Company has established the Integrity Line, a secure web-based and phone-based advice and issue reporting system administered by an independent third party.	The Company, together with the labor union, has established a grievance procedure to discuss and resolve any grievance or disputes raised. The steps are as follows: **1.** The aggrieved employee together with a union representative, if any, shall state in writing the circumstances, witnesses, and reasons for the dispute. The written grievance shall then be submitted to the plant manager concerned for resolution. This presumes that the discussion at the section and department levels has been exhausted and no resolution was reached. **2.** The plant manager concerned shall render a decision on the grievance within seven working days upon receipt of the grievance. The plant manager may opt to conduct further hearing or investigation in resolving the grievance. If the aggrieved employee is satisfied with the decision, then the grievance is rendered resolved. **3.** If the grievance remains unresolved, the case is submitted to the Grievance Council (GC) for deliberation within 12 working days upon submission thereof. If the aggrieved employee is satisfied with the result, the grievance is considered ended.

	4. If the GC fails to resolve the grievance to the aggrieved employee's satisfaction, the grievance is submitted to the National Conciliation Mediation Board, under the DOLE, for voluntary arbitration. The decision here shall be final and executory, subject only to an appeal with the Supreme Court.

Supply Chain Management

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

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the company policy
Environmental performance	Y	Supplier Management Policy / Signed Vendor Master Agreement
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines has a supplier accreditation process which considers different environmental, social, and governance topics as requirements for suppliers, depending on the type of product or service to be provided.	As part of the Company's accreditation process, suppliers are required to answer a self-assessment questionnaire on sustainable development and to sign a Vendor Master Agreement (VMA) which affirms, among others, the suppliers' commitment to the Sustainable Procurement Initiative (SPI). In addition, suppliers also agree to a fact-finding inspection or audit, if necessary, by Holcim Philippines or a designated representative to check compliance with the SPI.
What are the risks identified?	**Management Approach**
Some suppliers such as service providers, suppliers of quarried materials, and transport providers may have a high environment, social and governance (ESG) impact.	The Company determines the potential ESG impacts of suppliers through the self-assessment questionnaire on sustainable procurement. The process includes validation and audit. In case of non-compliance with our Anti-Bribery Corruption Directives and other serious violations, suppliers are blacklisted. This is monitored through reports to the Holcim Group's Integrity Line. There were no instances of supplier blacklisting in 2021.
What are the opportunities identified?	**Management Approach**
The Company only deals with legitimate businesses that comply with relevant laws and regulations, and embrace the ideals and policies of the Holcim Group. We acknowledge the opportunity of pushing our sustainability agenda throughout our supply chain through the SPI.	The Company encourages its suppliers to be more sustainable by educating and informing workers of their rights, implementing health and safety related programs for contractors, and executing the SPI.

Relationship with Community

Significant Impacts on Local Communities

Operations[b] with significant impacts on local communities	Location	Vulnerable groups[a]	Does the particular operation have impacts on indigenous people?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures or enhancement measures
Bulacan Integrated Plant	Norzagaray, Bulacan	Children, elderly	No	Fugitive dust and water contamination negatively affecting the communities near the plant	Information campaign and consultation meetings held with key stakeholders to cascade continuous technical improvements to the plant to mitigate environmental concerns. Open communication is maintained with all stakeholders to immediately address issues and prevent any misunderstanding.
Davao Integrated Plant	Bunawan, Davao City		No		
La Union Integrated Plant	Bacnotan, La Union		No		
Lugait Integrated Plant	Lugait, Misamis Oriental		No		
Mabini Grinding Plant	Mabini, Batangas		No		
Calumpit Bag Plant	Calumpit, Bulacan	N/A	No	N/A	Community impact is minimal with insignificant levels of dust and noise since cement products are not produced here. The risk of seepage of washed ink from bag coloring to nearby irrigation canals is mitigated by pollution control facilities installed in the paper bag plant.
Calaca Terminal	Calaca, Batangas	N/A	No	N/A	Community impact is minimized because the site is situated inside an industrial estate/zone.
Bicutan Dry-Mix Plant	Bicutan, Paranaque	N/A	No	N/A	
Manila Terminal	Tondo, Manila	N/A	No	N/A	Community impact is minimized because the site is situated inside a port-city complex.
Iloilo Terminal	Lapuz, Iloilo City	N/A	No	N/A	

[a] *Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

[b] *These are business operations that exclude social initiative projects.*

For operations that affect indigenous peoples, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: ______N/A________

Certificates	Quantity	Units
FPIC process still ongoing	N/A	no.
CP secured	N/A	no.

What are the risks identified?	Management Approach
The Company's site Corporate Social Responsibility (CSR) personnel gather feedback via their regular interactions with the primary impact community and key stakeholders. They report to the plant management team any concern that requires immediate action.	The stakeholder engagement strategy of the Company is guided by Holcim Group's Human Rights and Social Policy. The Company's operating sites develop its own stakeholder engagement plans based on this policy which includes regular engagement with the primary impact communities. The sites also set up local Community Advisory Panels. This group acts as a venue for interaction between representatives of the local community and the Company. Feedback gathered by the CSR personnel requiring immediate action is reported to the Site Management Team. These can be escalated to corporate management if further support is needed to close certain issues. This is facilitated by Corporate Stakeholder Relations.
What are the opportunities identified?	**Management Approach**
Holcim Philippines subscribes to the Holcim Group's sustainable development strategy, which is aligned with the new corporate identity to become the leader in innovative and sustainable solutions. This framework summarizes the Company's vision and embraces this main challenge for society around the world, which should resonate with all types of stakeholders. While the Company commits to accelerate its impact across the United Nations' 17 Sustainable Development Goals, the Company aims to enhance its contribution on nine of those through its four sustainability pillars: (1) Net Zero Climate Pledge, (2) Building a Circular Economy, (3) Nature, and (4) People. Under People is Holcim Philippines's overall corporate citizenship campaign, "***Helps***," which provides the overall framework for all Social Initiatives across all operating sites.	Given the corporate goal to become the leader in innovative and sustainable solutions, more effort is given to align social initiative programs with the four sustainability pillars. These consider in perspective the critical needs of the communities and a deeper understanding of specific issues where operating sites can support and help. The site CSR personnel conduct regular community consultations to develop right programs to address the identified needs. The Company partners with several civic organizations and local government units to ensure the proper implementation of programs. It also plans to utilize its corporate citizenship networks such as the international chambers of commerce, the League of Corporate Foundations, and the Philippine Business for Social Progress to maximize the reach and scale of social initiative programs. Partnership projects have been discussed with the United Nations Human Settlement Programme and Habitat for Humanity.

Customer Management
Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
Customer Satisfaction*	59%	N

[a] *Based on NPS run, Q4 2021*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's Customer Satisfaction (CSAT) surveys are conducted as part of its feedback resolution process, commonly known as case management. This process aims to address negative feedback or complaints and document the positive feedback or commendation from customers. The CSAT results are logged in the company's Customer Relationship Management (CRM) tool via Salesforce.com. Salesforce.com (SFDC) is also used to conduct another feedback resolution process, the Net Promoter Survey (NPS). This activity aims to measure how likely customers are to recommend Holcim to their contacts. Held last Q4 2021, the NPS result showed that majority of its customers are promoters, with an NPS score* of 59% Similar to CSAT, NPS aims to address the pain points of customers across touchpoints and to document the positive feedback or commendation from customers. **NPS Score = %Promoter - %Detractor*	Aside from the CSAT incorporated in the case management process and operational NPS, the Company also conducts After Action Reviews to determine areas for improvement and get positive experiences from the customers on its initiatives. In the interest of our customers' safety during the COVID-19 pandemic, some of the trade marketing activities have been transformed to digital engagement to adapt to the changing ways of conducting business. The shift to digital engagement for the majority of customer engagements was a result of the Customer Pulse Survey conducted at the start of Q3 2020 to understand the situation of business partners, and to determine the kind of engagement that will be most effective especially during the pandemic. The result, which validated the importance of digital engagements, was presented to colleagues and to the members of Holcim Philippines' management team.
What are the risks identified?	**Management Approach**
Customer satisfaction may be affected by issues and concerns experienced by customers. Based on our NPS, customer experience touchpoints with lowest scores are pickup and delivery as well as product and service offering Improvement areas on other touchpoints are being coordinated with relevant functions to maintain customers' satisfaction and drive loyalty.	Issues and/or concerns raised by the customers were assigned to solution providers for resolution. The solution providers, identified per customer journey, were notified through SFDC, where details of the feedback together with the supporting documents, if any, can be seen. After the solution providers give updates on the case, the Customer Experience Team gets in touch with the customers to validate the Company's action and get their feedback on the overall issue resolution process. Holcim Philippines implemented the following resolutions for the common issues raised:

	- Invoicing in payment: Easybuild enhancement on e-invoice, an electronic version of the printed sales invoices which will be available for download and convenience. An automated email notification will be sent to the registered email address once an invoice becomes available. This initiative was released last December 7, 2020. - Logistics delivery and pickup: Improvement on operations and process review to provide sustainable solutions. - Product and packaging quality: The Technical Services Team is working, on a per complaint basis, to address these complaints. Complaints on cement quality are usually attributed to workability of the concrete. - Product and service offerings: Discussion with customers on the improvements and offerings of new products, including Holcim Aqua X, Holcim ECOPlanet, and Build to Win end user promo.
What are the opportunities identified?	**Management Approach**
The Company is continuously working to improve customer engagement and experience even with the COVID-19 pandemic.	To address the feedback of the customers from the Customer Pulse Survey, the Marketing and Innovation and Sales teams recalibrated customer engagements. As an example, using free digital platforms, the Company's leaders and sales team held meetings called eKamustahan with close to a hundred key customers to provide important Company updates in light of the pandemic. This had an average positive rating of 95% from participants. Through online sessions on COVID-19 controls at its sites, done via the Customer Safety Engagement Program (CSEP), the Company assured customers about the safety of operations. Holcim Philippines also shared with hardware stores the best practices and behaviors to ensure safety during the pandemic and online security through Cyber Security Awareness training. The Company is sustaining the Excellent Squad Facebook Community to engage counter sales personnel (*tindera*) and cement truck drivers of Holcim Philippines partners to take advantage of people's heavy use of social media. This enabled the Company to interact with these key people in a fun and light way while promoting sales.

	The Company continues to improve its Easybuild Customer Portal (Easybuild) and other digital channels. To improve customer experience and provide ease of use on the self-service platform, enhancements on Easybuild included improvement on sales order creation; inclusion of feedback management and information dissemination features, and introduction of e-invoice and e-pod functionalities.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety[a]	0	no.
No. of complaints addressed	0	no.

[a] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged with and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customers are assured and are aware of the proper storage, transport, and handling of products.	Holcim Philippines provides a Material Safety Data Sheet (MSDS) of cement products to the customers who contain information on the product content, safe use of product, and disposal including the possible environmental or social impacts. The Company strictly implements quality control guidelines to ensure products are within the health and safety standards. Holcim Philippines also engages with the customers through the CSEP spearheaded by the Sales Team wherein, proper storage, secured transport, and safe handling of products are communicated and illustrated.
What are the risks identified?	**Management Approach**
The COVID-19 pandemic serves as a customer health and safety risk because of face-to-face interactions.	Holcim Philippines' virtual CSEP is meant to inform customers on the COVID-19 health and safety guidelines implemented by the Company and to share best practices that business partners can implement in their operations. The Trade Marketing Team held this for 150 customers with support from the Company's Health, Safety, Security and Environment department. During these CSEP sessions, the Company shared updates on business protocols in all sites aligned with those being implemented by local governments. The sessions also served as an avenue to discuss areas for improvement especially for possible breaches.

What are the opportunities identified?	Management Approach
There is no significant opportunity identified.	

Marketing and Labelling

Disclosure	Quantity	Units
Number of substantiated complaints on marketing and labeling[a]	0	no.
Number of complaints addressed	0	no.

[a] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged with and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines complies with relevant marketing and labeling laws and regulations. Stakeholders such as customers, government regulators, and advertising agencies are free to contact the Company through its hotline and commercial personnel when they find inconsistencies in the marketing and labeling of products.	Some of the guidelines, laws, and regulations related to marketing and labeling followed by the Company are: • Philippine National Standards mandatory bag markings • Holcim Group Brand Guidelines (packaging) • Holcim Group Branding Guidelines • Holcim Philippines Media Communications Guidelines • Holcim Philippines Social Media Guidelines Holcim Philippines also strictly adheres to the PNS directives of Department of Trade and Industry (DTI) Bureau of Product Standards on matters related to product licensing and labeling. The Company participates in DTI's annual audits in securing certification for our products, approval for new packaging designs prior to commercial run, and Technical Committee discussions for the Cement Manufacturers Association of the Philippines.
What are the risks identified?	**Management Approach**
Non-compliance with marketing and labeling regulations may lead to suspension, recall, and revocation of the Company's Philippine Standards (PS) license; issuance of show cause order; cessation from further supply, distribution, and sale of products in the Philippines; and issuance, publication, and implementation of product recall. Aside from legal repercussions, not having accurate marketing protocols may lead to	The Marketing and Innovations team ensures adherence to proper labelling regulations issued by the DTI, as well as the Holcim Brand Guidelines on product and usage information on its products' packaging and communication materials. The DTI released Memorandum Circular (MC) No. 20-56 on 28 October 2020 providing Supplemental Guidelines for the Implementation of DAO 17-06, Series of 2017 or "The New Rules and Regulations Concerning the Mandatory Certification of Portland Cement and Blended Hydraulic Cement with

customers committing errors in selecting the proper product for their needs. Incomplete or wrong claims may result in misguided product expectations, risking the integrity of structures where the Company's products were used.	Pozzolan." This requires all locally manufactured and imported cement products shipped in bulk and bagged in a PS-licensed bagging facility to be permanently marked with the name and address of the manufacturer, the country of manufacture, and the words "Bagged by," followed by the name and address of the bagging facility. The MC aims to address the concerns on the product label of imported cement products shipped in bulk and bagged in the Philippines but labeled as "Product of the Philippines" which causes confusion among consumers as it is not reflective of the imported products' country of origin or manufacture. Holcim Philippines is complying with the necessary markings as the MC is effective 60 days from release.
What are the opportunities identified?	**Management Approach**
There is no significant opportunity identified.	

Customer privacy

Disclosure	Quantity	Units
Number of substantiated complaints on customer privacy[a]	0	no.
Number of complaints addressed	0	no.
Number of customers, users, and account holders whose information is used for secondary purposes	0	no.

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines values its customers' data privacy because they are partners in the business. Hence the Company requires our sales officers to ensure that customers accomplish external consent forms and measures to ensure the privacy of their data.	The Company's Customer Information Sheet was drawn up to ensure that only necessary information is collected, consistent with the purposes of the collection. The Company engages third parties who commit to uphold customer data privacy and enforce contractual commitments to comply with laws and regulations. The privacy rights of customers and other third parties are always upheld, and assistance in exercising their rights is available in various fora. Holcim Philippines' customer care hotlines and portals allow customers to update, review and/or revise any data provided pursuant with their dealings with the Company. Holcim Philippines' Data Privacy policy is available on the website via this link: https://www.holcim.ph/block-rich-text-data-privacy-policy

What are the risks identified?	**Management Approach**
Improper handling of customer privacy may lead to compliance and reputational risks.	Holcim Philippines has a centralized structure for data privacy management where the Data Protection Officer is responsible for privacy-related matters including customer privacy. The Company continuously trains and communicates to employees handling employee and customer data the current policies and company directives on data protection to make sure customer data privacy is strictly observed. Holcim Philippines has venues available for customers to raise concerns about their individual privacy through customer care hotlines and customer contact partners. The company published its Data Privacy Officer Mailbox on the website and indicates its privacy notices and consent forms in customer information sheets, and even mechanics for promotional campaigns.
What are the opportunities identified?	**Management Approach**
The Company recognizes the opportunity to continuously improve our customer privacy policies and measures.	The Company consistently updates and improves training for employees, commencing from the new employee onboarding and moving on to periodic training on fundamental aspects of data privacy, data subject rights, cybersecurity and other practical and applicable policies and directives on data protection. As part of the Group, the Holcim Philippines engages the services of independent third parties to review and audit the Company's actions within a specified period to determine compliance with current trends on data protection, cybersecurity, and standard policies and guidelines. Likewise, the Company's Internal Controls and Quality Assurance department and the Company's external auditor annually check the Company's compliance with Holcim Group's policies and guidelines, particularly, the administration of the required employee training and other requirements of data protection.

Data Security

Disclosure	Quantity	Units
Number of data breaches, including leaks, thefts and losses of data	0	no.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines highly values IT security for the protection of its information.	The Company adopts and enforces the Holcim Group's directives on IT security. The Group's IT

	policy focuses on three domains: IT security, IT service management, and other IT processes.
What are the risks identified?	**Management Approach**
The Company faces usual cybersecurity risks that may lead to business disruption or competitive disadvantage.	Aside from utilizing measures consistent with industry standards and the Holcim Group directives, the Company ensures that employees who are exposed to risks undergo cybersecurity training and communications periodically to keep updated with threats to data security. They are instructed to immediately alert and notify the IT service desk and/or their immediate supervisor whenever suspicious activity, emails or issues arise for prompt action.
What are the opportunities identified?	**Management Approach**
Holcim Philippines recognizes the opportunity to continuously improve our cybersecurity policies and measures.	The current demands of the business climate encourage the Company to establish and strengthen a culture of awareness on data protection and cybersecurity. Plans for the improvement of the efficiencies and measures are to be discussed and completed alongside major projects and activities. The Business Continuity Plan (BCP) was developed to outline the general procedures to be taken in the event of a serious business disruption (or the threat of one) affecting the operation of key functions. This includes activities and protocols that must be performed during, after or in view of an imminent disaster or business disruption.

UN SUSTAINABLE DEVELOPMENT GOALS

Product of Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

<table>
<tr><th colspan="2">BLENDED CEMENT</th></tr>
<tr><td>Societal Value / Contribution to UN SDGs</td><td>Holcim Philippines has a wide range of blended cements in its portfolio to promote the use of the right product for the right application. Blended cements minimize its use of clinker and substitute this with alternative materials to produce cement. This leads to the efficient use of natural resources and the lowering of the overall carbon footprint of the built environment.

<u>SDG no. 9</u>
Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

<u>SDG no. 12</u>
Ensure sustainable consumption and production patterns
Target 12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment.
Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

<u>SDG no. 13</u>
Take urgent action to combat climate change and its impacts
Target 13.2. Integrate climate change measures into national policies, strategies, and planning</td></tr>
<tr><td>Potential Negative Impact of Contribution</td><td>It is during the production of clinker, the main component of cement, when most carbon dioxide emissions associated with cement occur. The majority of these emissions are unavoidable, as they result from the chemical reaction that occurs when the raw material (limestone) calcinirates into a clinker in the kiln.</td></tr>
<tr><td>Management Approach to Negative Impact</td><td>Replacing the clinker in the final product with alternative mineral components reduces the carbon footprint of cement production. As an alternative, Holcim Philippines utilizes waste-derived resources or cement additives such as fly ash and granulated blast furnace slag (GBFS) and synthetic phosphogypsum. These materials are by-products of other industrial processing plants. The Company uses other alternative raw materials such as contaminated soil or bottom ash in producing clinker to lessen its consumption of natural resources.</td></tr>
</table>

WASTE MANAGEMENT SOLUTION	
Societal Value / Contribution to UN SDGs	Holcim Philippines embraces the circular economy principle to contribute to the country's solid waste management solution and to support the Group's strategy to reduce its global carbon footprint through less use of traditional fuels. Geocycle is the Company's waste management solutions arm that sources for alternative fuel and raw materials from various industry partners and local government units for co-processing in the cement kilns. **SDG no. 12** **Ensure sustainable consumption and production patterns** **Target 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. **SDG no. 13** **Take urgent action to combat climate change and its impacts** **Target 13.2**. Integrate climate change measures into national policies, strategies and planning
Potential Negative Impact of Contribution	Cement kiln co-processing itself cannot address the waste management challenges of the country but can be an integral part of the whole waste management value chain. This technology fits with any circular economy program following the waste management hierarchy which prioritizes waste avoidance, reduction, re-processing, and recycling.
Management Approach to Negative Impact	Holcim Philippines uses cement kiln co-processing technology; wherein qualified waste materials are used as an alternative to coal in producing cement. Co-processing provides a practical, cost-effective, and environmentally preferred alternative to landfills and traditional incineration. This technology is unique because it encompasses both material recycling and energy recovery within an industrial process.

ANNEX E

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS

OF

HOLCIM PHILIPPINES, INC.

Conducted via Remote Communication
May 27, 2021 at 1: 30 p.m.

DIRECTORS PRESENT:

TOMAS I. ALCANTARA	**Chairman**
HORIA-CIPRIAN ADRIAN	President/Chief Executive Officer
MARTIN KRIEGNER	Vice Chairman
TAN THEN HWEE	Director
THOMAS AQUINO	Independent Director
LEANDRO JAVIER	Independent Director
MEDEL NERA	Independent Director

ALSO PRESENT:

JESUSA NATIVIDAD L. ROJAS	Chief Financial Officer/Treasurer
BELINDA E. DUGAN	Corporate Secretary
ANN CLAIRE RAMIREZ	Head of Communications
Stockholders present in person or represented by proxy	6,167,999,163 shares representing 95.60% of the total issued and outstanding shares of the Company (Please see Record of Attendance here attached as **Annex A**)

I. CALL TO ORDER

The Chairman, Mr. Tomas I. Alcantara, called the meeting to order and presided over the same. He acknowledged the presence of the other members of the Board of Directors (Mr. Martin Kriegner, Mr. Horia Ciprian-Adrian, Ms. Tan Then Hwee, Dr. Thomas Aquino, Mr. Leandro Javier, Mr. Medel Nera), the Chief Financial Officer, Ms. Jesusa Natividad L. Rojas, and the other members of the Company's Executive Committee.

II. PROOF OF NOTICE OF MEETING AND PRESENCE OF A QUORUM

Proof of notice was certified by the Corporate Secretary, Ms. Belinda E. Dugan. She further certified the following:

1. The Notice and Agenda of the meeting together with the Definitive Information Statement which also contains the "Requirements and Procedure for Registration, Participation and Voting in Absentia" were posted on the http:// conveneagm.com/ph/HLCM (the "ASM Portal"), Company's official website www.holcim.ph and disclosed in the PSE Edge.
2. The Notice and Agenda were published in Manila Times and Business Mirror on May 4 and May 5, 2021, both in print and online formats.
3. There exists a quorum for the meeting being represented in person or by proxy, stockholders owning 6,167,999,163 shares representing 95.60% of the total issued and outstanding shares of the Company.

The Corporate Secretary explained that the rules of conduct and voting procedures are set forth in the published Definitive Information Statement. She reminded the stockholders of the following:

- Shareholders who registered and are entitled to vote may vote by proxy - by uploading the signed copy of the proxy form not later than May 20, 2021, at the ASM Portal or by sending it via e-mail to HPI-Investor-Relations@lafargeholcim.com or (ii) in absentia by filling in the online voting form available at the ASM Portal or during the live voting.
- The tabulated votes represent stockholders owning 6,167,999,163 voting shares representing 95.60 % of the total issued and outstanding shares represented in the meeting.
- Everyone was encouraged to send their questions to HPI-Investor-relations@ lafargeholcim.com. The questions will be read by the Company's Vice President, Head of Communications, Ms. Ann Claire Ramirez, during the Q&A. Shareholders attending the meeting may still send their questions by sending an e-mail to HPI-Investor-Relations@lafargeholcim.com. However, due to time and technological challenges, not all questions will be read aloud and responded to but the Management will endeavor to reply to all the questions via e-mail.

III. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

The Chairman proceeded to the first item in the Agenda which is the approval of the Annual Stockholders Meeting held via Remote Communication on July 22, 2020 and the Special Stockholders' meeting held also via Remote Communication on January 15, 2021. The Chairman reminded the shareholders that copies of the minutes of meetings for approval were posted in the Company's website and also annexed to the Company's Definitive Information Statement.

VOTING RESULTS

The Corporate Secretary reported that shareholders owning 6,167,999,163 shares or 100% of total number of shares represented in this meeting have voted in favor of the approval of the Minutes of the Annual Stockholders Meeting held on July 22, 2020 and the Special Stockholders Meeting held on January 15, 2021. Therefore, the minutes of previous 2020 Annual Shareholders meeting and Special stockholders meeting held in January 15, 2021 were approved.

IV. APPROVAL OF THE OPERATIONS REPORT COMPRISED OF THE MESSAGE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE CORPORATION AS OF DECEMBER 31, 2020

MESSAGE OF THE CHIEF EXECUTIVE OFFICER

Dear shareholders, ladies and gentlemen,

Magandang araw!

It is an honor to be appointed as the new President and CEO of Holcim Philippines and I am truly excited to build on the great history of HPI and to contribute to further increase the performance of our company.

Before I share with you my goals and ambitions for our Company, let me give a brief overview about our performance in 2020.

The past year was challenging for all of us, we have been confronted by the global pandemic. Net Sales declined by 22% to Php26.0 billion as volume and prices dropped due to the impact of the pandemic. Lockdowns from March to May and severe weather conditions in the fourth quarter further affected the business. These hampered delivery of raw materials and services to production sites and dispatch of products to customers.

Therefore, our operating Earnings before Income Tax (EBIT) was Php2.8 billion which was 44% lower than the 2019 Operating EBIT of Php4.9 billion.

Nonetheless, we displayed tremendous resilience. The Company responded to the impact of the pandemic by rationalizing costs and managing spend. Programs addressing health, cost and cash yielded a cost improvement of 7% over 2019. Distribution expenses decreased by 18% due to the operational and cost efficiencies, including the shift of delivery mode to higher proportion of pick-up sales.

We kept operations free of COVID-19 in 2020 due to immediate actions in line with government guidelines and the best practices of our Group, LafargeHolcim. These enabled our Company to prevent any health-related disruptions and to provide reliable supply to customers after the lockdowns were eased nationwide.

On the commercial side, product innovations continued with the launch of ***Holcim Multifix***, a new easy-to-use and multipurpose mortar product to improve the quality of walls, floors, and tile installations in buildings.

Our Company advanced in commercial digitalization with significant increases in the usage of online customer portal ***Easybuild*** for orders and payments against 2020. Furthermore, strong customer connections were maintained through virtual platforms in a program called ***E-Konekta***.

Among the sustainability highlights were the 160,000 people assisted by the Holcim HELPS CSR campaign. More resources were given to community health and sanitation projects in response to the COVID-19 situation.

I am confident that despite the continuing challenges, we can build on our last year gains and my goals for 2021 are quite simple: to make Holcim Philippines the best company in our sector, in our country and to be among the most admired companies in the LafargeHolcim Group. And we will deliver this result with **Strength. Performance. Passion.**

Let me go through my goals are in 2021.

1. Zero accidents

Our company is committed to maintain an injury free operating environment and to make sure that all our business partners are safe in the process of doing business with us. We will continue improving our health & safety practices to make sure that nobody is hurt in our business.

Another important aspect is to protect our employees, their families as well as all our business partners during these challenging times when we all experience the Covid-19 pandemic implications. We will continue to run our business respecting the specific health & safety protocols with the aim to run continuously Covid-free operation. Our goal with respect to Health & Safety is simply Zero Harm!

2. Customer focus and growing our business

We will be a reliable partner and help our customers to be successful in their own business. Therefore understanding and meeting their needs every day will be on top of all our minds! We shall continue to focus and grow our core businesses of Cement, Aggregates, and Dry Mix.

We are determined to strengthen our leadership in the Philippines, which is one of the high-growth markets in the Asia Pacific region. With our strategically positioned network of production and distribution assets, strong brands, loyal customers and engaged employees, we are confident in playing a leading role in our industry in supporting Philippine's development.

3. Innovation and Digitalization

The Company's past efforts on innovation and digitalization are now paying off. I am glad to see a strong passion for positive change and to be always the pioneer in the industry on providing valued solutions to our customers. In the past few years, we have taken the lead in introducing the right products for the right applications such as *Holcim Solido, Holcim Excel and Holcim Wallright* to help end-users build better. We have also stepped up our commercial digitalization with *Easybuild, E-Konekta*, and Lead Retail, improving our services and ties with customers despite the challenges posed by the pandemic.

I am excited to continue in driving these innovations and confident that we have what it takes to succeed! Being part of the LafargeHolcim Group, the world leader in building solutions provides us an unrivaled advantage in innovations. Our business partners can count on us to leverage on this strength that will help them serve their customers efficiently, and work with us more effectively.

You can expect our company to launch new products and services that clearly demonstrate our edge in innovation! Among our exciting offerings recently is *Holcim Aqua X*, the country's first water-proofing cement that is already being rolled out in Davao. We are also set to introduce our first product bearing the LafargeHolcim Group's Ecolabel in line with our sustainability ambition. These will help us further establish ourselves as the innovation leader in the market—the company customers can rely on for solutions to help them build better and grow their business.

4. Keep a strong focus on our costs. Especially the fixed ones.

A strong cost discipline is the basis for a financially healthy company. Costs are the business aspect that we can control 100%. We will continue to find ways to improve here. My goal is to further embed cost mindfulness in the organization.

Our aim is to be the best cost to market player in our industry and to have the best run cement plants in the Philippines. We have dedicated people with a strong continuous improvement mindset and I am convinced we will deliver on our cost objectives.

5. Sustainability
Sustainability is one of our core values at Holcim Philippines. We will continue to deliver on our promise to help Philippines to build better, safer, affordable and cleaner. I invite everyone to check our 2020 Integrated Annual Report, where we provide the various initiatives across our business and operations that contribute positively on sustainable development. Here you will see how our current initiatives and roadmap are supportive of the noble goals of the LafargeHolcim Group of helping build a world that is greener, smarter and for all.

It is our passion to contribute strongly to the health of our planet! Ensuring the responsible and efficient use of limited natural resources so future generations can enjoy a healthy and beautiful world will be a priority. We will continue to advocate for building sustainably and will be a reliable partner to support the Philippines to deliver its ambitious climate targets.

We will continue improving operations to reduce our carbon footprint, lessen consumption of virgin raw materials, increase use of wastes as alternative fuels and support the development of our communities.

6. Performance orientation of our organization
Together, we will strengthen and nurture a company culture built on respect and appreciation. We will encourage collaboration, entrepreneurial spirit, empowerment, and accountability to engage employees and drive them to deliver excellent performance.

We will have a winner's attitude in everything we do! With the support of our people, we intend to make Holcim Philippines have the safest and most cost-effective business in our industry, and be recognized for its great commercial innovations and responsible operations. These will enable us to profitably grow our business and deliver great value to you.

You can count on my enthusiasm, experience, and support to deliver these!

I look forward to your support as we continue the journey of making Holcim Philippines one of the best in the country and in the LafargeHolcim Group. Thank you

VOTING RESULTS

The Chairman informed the shareholders that copies of the Company's 2020 Audited Financial Statements may be viewed and downloaded from the ASM Portal, the Company's website and PSE Edge.

Upon the request of the Chairman of the Meeting, the Corporate Secretary reported that shareholders owning 6,167,998,963 shares or 99.99 % of total number of shares represented in this meeting have voted for the approval of the Operations report comprise of the message of the Chief Executive Officer, the Annual report and the Audited Financial Statements for the period ended December 31, 2020. Thus, the 2020 Annual Report and Audited Financial Statements have been approved.

The Chairman informed the stockholders that amidst the COVID-19 pandemic, the Board of Directors approved the declaration of cash dividends in the amount of Php 0.43 per share for stockholders of record as of June 16, 2021 to be paid not later than June 30, 2021.

V. ELECTION OF DIRECTORS

The Chairman asked the Corporate Secretary to advise the body of the nominations received. The Corporate Secretary then proceeded to read the names of the following persons who were nominated in accordance with the provisions of the By-Laws:

1. Tomas I. Alcantara
2. Martin Kriegner
3. Horia Ciprian-Adrian
4. Tan Then Hwee
5. Thomas Aquino - Independent Director
6. Leandro David Javier - Independent Director
7. Medel Nera - Independent Director

The Corporate Secretary confirmed that the Corporate Governance Committee has duly ascertained that the seven nominees are qualified to serve as Directors of the Company and that all the nominees have given their consent to their respective nominations.

Upon the request of the Chairman, the Corporate Secretary certified that based on the preliminary tabulation of votes, each of the nominees have received at least 6,167,039,063 votes. Based on such certification, the Chairman of the Meeting declared all the nominees as duly elected members of the Board of Directors for the ensuing year.

VI. RATIFICATION OF ALL ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD, COMMITTEES, AND MANAGEMENT SINCE THE LAST ANNUAL MEETING

The Chairman proceeded to the next item in the agenda which is the approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors, Board Committees and Management.

The Corporate Secretary reported that shareholders owning 6,167,999,163 shares or 100 % of the total number of shares represented in the meeting have voted for the approval and ratification of all the acts, contracts, investments, and resolutions of the Board of Directors, the Board Committees, and Management since the last annual stockholders' meeting.

Based on the votes received, the Chairman of the meeting declared the approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual stockholders' meeting.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The next item on the agenda was the appointment of the Company's external Auditor. It was explained that the Audit Committee recommends the appointment of Navarro Amper & Co. as the External Auditor of the Company for the year 2021.

On the voting results, the Corporate Secretary reported that shareholders owning 6,157,487,994 shares or 99.83% of total number of shares represented in this meeting have voted in favor of the appointment of Navarro Amper & Co. as the Company's external auditor for the year 2020. Having received sufficient number of votes, the auditing firm of Navarro Amper & Co. was appointed as the Company's external auditor of year 2021.

VIII. OTHER MATTERS

The Chairman of the meeting requested the Company's Vice-President, Head of Communications, Ms. Ann Claire Ramirez, to read aloud the questions received.

Below are the questions read and the corresponding response of the Company's President and CEO, Mr. Horia Adrian:

1. Is there continued confidence to invest despite the challenges of the pandemic? How will the pandemic affect the business?

   Holcim Philippines is committed to continue to invest in the Philippines as Philippines is one of the fast growing economies in South East Asia and we have been here for a long time and and we would like to continue our presence and to grow in this market in a sustainable way.

   The pandemic is affecting the economy not only of the Philippines but the entire world. With the support of the government projects and the economy that is growing, we will be able to face this difficult period and we will continue to deliver good results.

2. The importance of digitalization has become more pronounced, especially during this time. What initiatives are you implementing to keep up with this development?

   Our digitalization initiatives are grouped in three main areas: (1) cost efficiency and reduction which allows us to make decisions based on data to make our plants operate more efficiently (2) customer experience – we strive to provide our customers ease of business by investing in our digital interface with customers; (3) planning from customer side to maximize output

3. Can you give us the highlights of your sustainability ambitions? Why are these the things you are focusing on?

   Being part of LH Group, we are going to support the implementation of the Group's sustainability ambitions and by doing so, we also support the sustainability targets of the government of the Philippines. We do this through the following: Reducing CO2 footprint, using recycled materials, using less fresh water for the production of cement and supporting the communities where we operate.

IX. ADJOURNMENT

Upon confirmation by the Corporate Secretary that there were no other items in the agenda for the consideration of the stockholders, the meeting was adjourned.

BELINDA E. DUGAN
Corporate Secretary

ATTEST:

TOMAS I. ALCANTARA
Chairman

Annex A
Record of Attendance

Total number of voting shares outstanding	6,452,099,144
Total number of shares present by proxy	6,167,999,156
Total number of shares present in person	7
Total number of shares represented	6,167,999,163
Attendance percentage	95.60%

Annex B
Voting Results

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of Minutes of Previous Meetings	6,167,999,163	**0**	**0**
2	Approval of Operations Report comprised of the Message of the CEO, Annual report and Audited Financial Statements of the Corporation as December 31, 2020	6,167,999,963	**0**	**0**
3	Approval and Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management	6,167,999,163	0	**0**
4	Election of Directors			
	• Tomas I. Alcantara	6,167,165,663	556,100	277,400
	• Martin Kriegner	6,167,165,663	556,100	277,400
	• Horia Adrian	6,167,788,463	**0**	210,700
	• Tan Then Hwee	6,167,663,263	125,200	210,700
	• Thomas Aquino	6,167,289,663	305,500	404,000
	• Leandro David Javier	6,167,788,463	**0**	0
	• Medel Nera	6,167,039,063	556,100	404,000
5	Appointment of External Auditor	6,157,487,994	10,511,169	**0**

ANNEX F

HOLCIM PHILIPPINES, INC.
FORM OF PROXY

PROXY

The undersigned stockholder of Holcim Philippines, Inc. (the "Corporation") hereby appoints:

[NAME OF AUTHORIZED REPRESENTATIVE]
or in his absence,
the
Chairman of the Meeting

as my proxy to represent and vote on my behalf all of my shares in the Corporation at the Annual Stockholders Meeting of the Corporation to be held on May 12, 2022, 11:00 A.M., and at any adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Approval of minutes of previous annual stockholders' meeting

   ___ Yes ___ No ___ Abstain

2. Approval of the Operations Report

   ___ Yes ___ No ___ Abstain

3. Election of Directors

   ___ a) Vote equally for all nominees or distribute or cumulate my shares to nominee/s listed below:

   i. Tomas I. Alcantara ________ shares
   ii. Martin Kriegner ________ shares
   iii. Horia-Ciprian Adrian ________ shares
   iv. Tan Then Hwee ________ shares

   Independent Directors

   v. Thomas G. Aquino ________ shares
   vi. Leandro D. Javier ________ shares
   vii. Medel T. Nera ________ shares

   __ b) Withhold authority to vote for all nominees listed above

   __ c) Withhold authority to vote for nominees listed below:

   ____
   ____
   ____
   ____
   ____
   ____

4. Approval and Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting

   ___ Yes ___ No ___ Abstain

5. Appointment of External Auditor for 2022

   ___ Yes ___ No ___ Abstain

6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting

   ___ Yes ___ No ___ Abstain

Signed this __ day of ________ 2022 in ___________________.

[SIGNATURE OVER PRINTED NAME OF STOCKHOLDER]

Stockholder

ANNEX G

ANNUAL STOCKHOLDERS' MEETING
May 12, 2022 at 11:00 am

Requirements and Procedure for Registration, Participation and Voting in Absentia

Given the current circumstances and taking into consideration the safety of everyone, Holcim Philippines, Inc. (**HPI** or the **Company**) will be conducting its Annual Stockholders Meeting (**Annual Meeting**) scheduled on May 12, 2022 at 11:00 AM virtually. There will be no physical venue for the Annual Meeting. The Chairman of the Annual Meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located.

Only stockholders of record as of April 12, 2022 are entitled to participate and vote in the Annual Meeting.

I. Registration and Participation/Attendance Procedure:

1. The platform for participation through webcast/ video conferencing (**Remote Communication**) for the Annual Meeting is via our virtual ASM platform, AGM@Convene.

2. Only stockholders of record as of April 12, 2022 and who have complied with the registration and validation process as outlined in this document may participate and vote in absentia in the Annual Meeting.

3. Stockholders who intend to participate in the Annual Meeting may register by filling up the form that can be found at **www.conveneagm.com/ph/HLCM**. Online registration will be open from April 18, 2022 at 8:00 A.M. to May 5, 2022 at 5:00 P.M.

4. Stockholders should complete the online registration and submit/ upload the following for validation:

   a. *For individual stockholders:*

      i. Scanned copy of any valid government-issued ID showing stockholder's personal details and photo;
      ii. Active contact number, either landline or mobile.

   b. *For stockholders with joint accounts:*

      i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the Annual Meeting;
      ii. Documents required under items 4.a (i) and (iii) for the authorized stockholder;

   c. *For individual stockholders under PCD or a Brokers Account or "Scripless Shares":*

      i. Broker's certification on the stockholder's number of shareholdings (in PDF format). To facilitate the verification of your account, please copy HPI (**HPI-Investor-Relations@lafargeholcim.com**) and its stock transfer agent, Stock Transfer Services, Inc. (**STSI**) (**rdregala@stocktransfer.com.ph**) in all your email correspondence with your broker for the request for certification;

ii. Documents required under items 4.a (i) and (ii).

d. For corporate stockholders:

i. Duly accomplished and signed proxy
ii. Secretary's Certificate attesting to the authority of the person signing the proxy representative to participate and / or vote in the Annual Meeting;
iii. Documents required under items 4.a (i) and (ii) for the authorized representative;
iv. Valid and active email address and contact number of the representative
v. Scanned copy of the valid government-issued ID of the person signing the proxy

5. Please note that HPI will request for your consent to process your personal information in accordance with the Data Privacy Act.

6. HPI's Office of the Corporate Secretary and STSI will validate the registration requirements submitted by the stockholders. Incomplete or inconsistent information provided in the registration form will result to a rejection of the registration.

7. Upon successful registration and validation of the registration and documents submitted, the stockholder will receive an email confirmation with unique log in credentials which can be used to log in and participate in the Annual Meeting on May 12, 2022 at 11:00 A.M.

8. Only those stockholders who have successfully registered following the procedure above and stockholders who have voted by providing their executed Proxy Form shall be included for purposes of determining the existence of a quorum.

9. HPI reserves the right to request for additional information, and the submission of the originally signed copies of the documents forming part of the registration requirements at a later time.

10. For the Question and Answer portion during the SSM, stockholders may send their questions related to the agenda by email to **HPI-Investor-Relations@lafargeholcim.com**. While HPI will accept questions during the virtual meeting sent via email, we encourage everyone to send their questions related to the agenda on or before May 11, 2022, 5:00 P.M. Please note that due to time and technological limitations, only relevant questions will be answered during the Annual Meeting. HPI will endeavor to answer all other questions via e-mail at a later time.

11. As required by the Securities and Exchange Commission, the proceedings during the Annual Meeting will be recorded. A link to the recorded virtual website will be made available on HPI's website after the meeting.

II. Voting Procedure:

Stockholders may vote during the Annual Meeting either (1) by Proxy or (2) by voting *in absentia* through our Digital Ballot/ Online Stockholder Voting System.

1. Voting by Proxy:

a. Download and fill up the Proxy Form at **www.conveneagm.com/ph/HLCM**.
b. Send a scanned copy of the executed proxy Form by email to **HPI-Investor-Relations@lafargeholcim.com** not later than May 5, 2022. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five (5) days after the proxy form was sent via email.
c. Alternatively, should you wish to appoint the Chairman of the meeting as proxy, you may use the digital proxy form available at **www.conveneagm.com/ph/HLCM**. The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.

2. Voting in absentia through the Digital Ballot/ Online Stockholder Voting System:

a. Follow the Registration and Participation/Attendance Procedure set forth above.
b. Registered stockholders shall have until 5:00 PM of May 5, 2022 to cast their votes.
c. All agenda items indicated in the Notice of Meeting will be included in the Digital Ballot and the registered stockholder may vote: as follows:

i. For items other than election of the Directors, the stockholder may vote: “For”, “Against”, or “Abstain”. The vote shall be considered as cast for all the stockholder’s shares.

ii. For the election of Directors, the stockholder may vote for vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.

d. HPI’s Office of the Corporate Secretary shall tabulate all votes cast in absentia together with the votes cast by proxy. The votes cast *in absentia* will have equal effect as votes cast by proxy.

For any questions or clarification, you may contact us through HPI-Investor-Relations@lafargeholcim.com or our stock transfer agent, Stock Transfer Service, Inc. through their telephone number 8403-3798.

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY CITY) S.S.

ANNEX H

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN,** of legal age, Filipino, with office address at 8th Flr., Three World Square, McKinley Hill, Fort Bonifacio, Taguig City, under oath, do hereby certify that:

1. I am the Corporate Secretary of HOLCIM PHILIPPINES, INC. a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with registered office address at 7th Flr., Two World Square, McKinley Hill, Fort Bonifacio, Taguig City;

2. Based on the records of the Corporation, there were nine (9) Board meetings held for the period January 2021 to December 2021. The meetings were held on the following dates:

DATE	TYPE OF MEETING
16 February 2021	Regular Board Meeting
22 February 2021	Special Board Meeting
22 April 2021	Special board meeting
27 May 2021	Regular board meeting
27 May 2021	Organizational Board Meeting
09 August 2021	Special Board Meeting
24 August 2021	Regular Board Meeting
18 November 2021	Regular Board Meeting
20 December 2021	Special Board Meeting

3. The following is in the record of attendance of each incumbent member of the Board of Directors of the Corporation:

Name	Position	Date of Election	Total no. of meetings.	Total attended	Percentage
Tomas I. Alcantara	Chairman	May 27, 2021	8	8	100%
Martin Kriegner	Vice Chairman	May 27, 2021	8	8	100%
Horia C. Adrian*	President CEO	May 27, 2021	7	7	100%
Tan Then Hwee	Member	May 27, 2021	8	8	100%
Leandro Javier	Independent Director	May 27, 2021	8	8	100%
Dr. Thomas Aquino	Independent Director	May 27, 2021	8	8	100%
Medel Nera	Independent Director	May 27, 2021	8	8	100%

**First elected as Director on February 22, 2021*

IN WITNESS WHEREOF, I have hereunto affixed my signature this ___ day of January 2022

Belinda E. Dugan
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this JAN 0 4 2022 2022 by affiant, who personally appeared before me and who presented to me Philippine Passport No. P7916925A, valid until July 11, 2028, issued at DFA-Legazpi as competent proof of her identify and which bears her photographs and signature.

Doc. No. 278
Page No. 57
Book No. V
Series of 2022.

PATRICK HENRY D SAL[illegible]
NOTARY PUBL[illegible]
ROLL NO. 62515
TAGUIG CITY, PHILIPPINE[illegible]

Notary Public

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 31 December 2021
(pursuant to Supreme Court En Banc Resolution dated 1 July 2021)
12th Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/6/2021; Taguig City
IBP Lifetime No. 012285; 1/03/2014; Makati
MCLE Compliance No. VI-[illegible]

Holcim Philippines, Inc.
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Fort Bonifacio, Taguig 634
Philippines

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2021 BOARD SELF-ASSESSMENT REPORT

OVERVIEW OF THE BOARD SELF-ASSESSMENT PROCESS

All members of the Board of Directors were afforded the opportunity to complete the Self-Assessment questionnaire. This report provides an overall assessment of the Board and reinforces the role and responsibilities of the Board as one unit and individually. It is intended to inform constructive dialogue on the Board's strengths, weaknesses and areas requiring greater attention. By conducting self-assessment, the Board helps set standards, clarifies expectations, and serves as an example of the ongoing commitment to responsibility and accountability.

We encourage the Board to use this report as a tool to facilitate group discussion, determine the effectiveness of the Board, address concerns, if any, clarify roles and responsibilities, and seek help from Management if necessary. We encourage all members of the Board and the CEO to set aside time to discuss the report as a group and reach a consensus on a plan of action and next steps.

We hope that the results of this 2021 Board Self-Assessment will facilitate open discussion to enhance board relationships.

HPI Board Profile:

The Board has seven Board Members. All members of the Board participated in the assessment.

The average number of years of service for all Board of Directors is 3.8 years

Highlights of Board Self-Assessment

The Board Self-assessment questionnaire is composed of varying questions based on the roles, responsibilities and functions of the Board Members found under the Corporate Governance Manual of Holcim Philippines, Inc. It evaluates the Board's knowledge and readiness, individually and collectively, to promote and implement good corporate governance. The 26 questions focuses on Board responsibilities and overall board health. Respondents evaluated these questions on a 5-point rating scale, with 5 representing "Excellent", 2 representing "Above Average", 3 representing "Average", 2 representing "Below Average", and 1 representing "needs improvement".

Overall rating: 4.61 (Above Average)

Highest Rated Questions:

	Good Governance	Average Rating
4	I am aware of my fiduciary responsibility as a Director and I conduct myself in a manner characterized by transparency,	4.71

	accountability, integrity and fairness in the performance of my duties as a Director of HPI.	
6	I conduct fair business transactions with HPI and ensure that my personal interest does not conflict with interests of the Company.	4.67
	B. Attendance, performance and participation	
13.	I am aware of HPI's disclosure requirements for directors and I timely make disclosures when necessary (Conflict of Interest, Policy in Dealing with securities, Related Party Transactions)	4.71
15	I maintain confidentiality on all matters and details of Board discussions, including the individual views of the Board members	5.00

Lowest rated questions

	Good Governance	Average Rating
7	I keep myself informed of best corporate governance practices, industry developments and business trends and I take it into consideration when I participate in the discussions and give my recommendations	4.29
	B. Attendance, performance and participation	
10.	I willingly offer alternative viewpoints and solutions during discussions to reflect my personal opinion based on my knowledge and experience	4.43
11	I act judiciously and independently on any matter brought before the Board.	4.43
22	I am familiar with specific areas of concern covered by the Committee	4.4

	that I am a member of, and do not seek to divert into other areas not specifically envisioned by the Committee mandate	
23	I believe that, relative to the size the business of HPI, the Board's Committee structure effectively complements the full board in performing its functions.	4.4

Findings:

An over-all rating of 4.61 (Above Average) reflect a generally healthy and well-performing Board.

All members of the Board adheres to and understands their responsibilities as directors and their role in maintaining good governance in the Company. Opinions differ when it comes to reflecting knowledge and personal opinion, acting judiciously and keeping oneself informed of best practices and taking it into consideration when participating in discussions.

Recommendations:

We recommend that the Board should spend time planning to provide clear priorities and to establish mutual trust as to allow each member of the Board to voice out personal opinions during discussions. As recommended also by some directors, feedback on directors' performance will be helpful to improve the Board's collective performance.