

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments:

	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
(In thousands)					
2020					
Other financial liabilities:					
Trade and other payables:					
Trade	¥ 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	-	-	1,218,146	841,920	2,060,066
Advances from customers	1,948,302	-	-	-	1,948,302
Other payables	9,091	-	-	-	9,091
	¥ 9,265,902	¥ -	¥ 1,218,146	¥ 841,920	¥ 11,325,968
2019					
Other financial liabilities:					
Trade and other payables:					
Trade payables	¥ 2,669,132	¥ -	¥ -	¥ -	¥ 2,669,132
Accrued expenses and non-trade payables	2,193,489	-	-	-	2,193,489
Due to related parties	2,265,537	-	-	-	2,265,537
Lease payable	3,925,849	-	-	-	3,925,849
Lease liabilities	-	-	396,704	1,767,799	2,164,503
Advances from customers	2,952,518	-	-	-	2,952,518
Other payables	85,212	-	-	-	85,212
	¥ 14,091,717	¥ -	¥ 396,704	¥ 1,767,799	¥ 16,256,220

*Included under "Trade and other payables" account in the consolidated statements of financial position.

The Group manages negative liquidity ratio by forecasting cash flow regularly, monitoring and optimizing net working capital and managing existing credit facilities. As of December 31, 2020, total available credit line from various bank partners is ¥15.1 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. 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:

	2020	2019
Loans payable – related parties	¥ -	¥ 3,925,849
Customers' deposits (Cash bond)*	296,600	345,915
Financial debt (Excess)	296,600	4,271,764
Less: cash in banks	2,080,791	2,961,897
Net financial debt	(1,784,191)	1,309,867
Total equity	29,632,055	27,769,609
Gearing ratio	(0.06)	0.05

*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 7% in 2020 as a result of increase in retained earnings coming from income from operations.



20. 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, 2020 and 2019. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Employees, Restricted Cash, 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	2020	2019
Financial Assets at FVTPL			
Quoted shares	12	₱ 176	₱ 176
Unquoted shares	12	3,764	3,764
		3,940	3,940
Financial Assets at Amortized Cost			
Cash in banks	8	2,080,791	2,961,897
Trade receivables	9	633,068	1,548,164
Due from related parties	9	1,519,089	1,441,423
Other receivables	9	449,263	454,530
Advances to employees	11	8,970	9,010
Other financial assets	15	2,149,987	2,188,080
Guarantee deposits	15	101,729	111,498
Loan receivable from related parties	31	465,657	511,463
		7,408,554	9,226,065
Financial Liabilities at Amortized Cost			
Trade payables	17	2,974,999	2,669,132
Accrued expenses	17	3,551,780	2,193,469
Due to related parties	17	781,730	2,265,537
Loan payable	16	-	3,925,849
Lease liabilities	18	2,060,066	2,164,503
Advances from customers	17	1,948,302	2,952,518
Other payables	17	9,091	85,212
		₱11,325,968	₱16,256,220

Fair Value Hierarchy

As at December 31, 2020 and 2019, 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 10. The Group's unquoted equity securities are not significant.

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



21. PROVISIONS

	2020	2019
	<i>(In Thousands)</i>	
Provisions for stranded cost	₱64,479	₱67,029
Provision for dispute and tax assessment	10,000	10,053
	₱74,479	₱77,082

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, 2020 and 2019 amounted to ₱64.48 million and ₱67.02 million, respectively. In 2020 and 2019, total interest cost on stranded cost amounted to ₱4.8 million and ₱5.2 million, respectively, as disclosed in Note 28.

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, 2020 and 2019, 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.

22. EQUITY

a. Capital Stock

The composition of the Parent Company's capital stock is as follows:

	Number of Shares	Amount <i>(In Thousands)</i>
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, 2020 and 2019.

The Parent Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2020 and 2019 is 6.5 billion. These shares are held by 5,259 and 5,273 stockholders as at December 31, 2020 and 2019, respectively. There have been no recent changes in the number of shares registered and outstanding.



b. Other reserves represent the Group's share in the performance compensation scheme of the Lafarge Holcim Group.

c. Retained earnings

The Parent Company's retained earnings available for dividend declaration amounted to ₱7.6 billion and ₱6.4 billion as at December 31, 2020 and December 31, 2019, respectively based on the guidelines set in the Securities Regulation Code Rule 68, as Amended (2011).

d. On May 18, 2018, the Parent Company declared cash dividends amounting to ₱2.7 billion at ₱0.42 dividend per share. As of December 31, 2020 and 2019, no dividends were declared by the Parent Company.

23. COST OF SALES

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Raw, packaging and production materials	10	₱ 9,609,195	₱11,085,665	₱11,591,960
Power and fuel	10	5,736,512	7,827,845	8,349,252
Outside services		1,964,562	2,188,254	2,289,278
Depreciation and amortization	13,14,18	1,703,306	1,500,590	1,113,238
Personnel	26	1,152,694	1,163,432	1,450,752
Transportation and communications		765,771	1,812,002	2,921,701
Repairs and maintenance		470,515	888,199	1,323,772
Taxes and licenses		326,148	328,976	296,167
Insurance		99,028	70,264	109,848
Rent	18	1,984	24,528	155,841
Others		54,909	151,159	248,396
		₱21,884,624	₱27,040,914	₱29,850,205

Others include inter-unit production freight, provision for write-offs of spare parts and other miscellaneous expenses.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Personnel	26	₱381,819	₱352,047	₱ 470,083
Depreciation and impairment	13,18	133,619	136,377	51,146
Outside services		120,870	128,139	174,678
Software implementation costs		102,198	188,339	327,335
Taxes and licenses		89,188	57,040	62,980
Office expenses		55,369	69,892	79,412
Directors' fees		11,475	11,640	11,900
Transportation and communications		4,349	13,030	20,168
Entertainment, amusement and recreation		486	677	356
Others		7,219	2,101	37,663
		₱906,592	₱959,282	₱1,235,721

Others include rent, training expenses, community services and expenses related to the Group's ongoing internal projects.



25. SELLING EXPENSES

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Personnel	26	₱215,901	₱258,148	₱321,928
Depreciation	13,18	130,998	109,833	8,815
Outside services		20,213	40,404	99,618
Advertising		19,856	21,523	183,344
Transportation and communication		17,224	42,829	50,931
Taxes and licenses		4,827	8,063	22,927
Rent	18	2,422	4,659	13,238
Office expenses		2,296	15,280	20,292
Others		46,869	43,809	94,504
		₱460,606	₱544,548	₱815,597

Others include provision for expected credit losses, entertainment & recreation, insurance, utilities and expenses related to the Group's ongoing internal projects.

26. PERSONNEL EXPENSES

		2020	2019	2018
<i>(In Thousands)</i>				
Salaries, wages and employee benefits		₱1,204,967	₱1,307,954	₱1,563,857
Retirement benefit costs		248,553	360,502	88,990
Training		3,547	11,573	23,326
Others		293,347	93,598	566,590
		₱1,750,414	₱1,773,627	₱2,242,763

Retirement benefit costs above excludes net interest cost, classified as part of interest and financing charges.

27. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Property, plant and equipment				
Cost of sales	23	₱1,306,653	₱1,113,060	₱1,112,066
General and administrative	24	75,574	68,224	51,146
Selling expenses	25	25,322	6,799	8,815
		1,407,549	1,188,083	1,172,027
Right-of-use Assets				
Cost of sales	23	347,585	385,144	-
Selling expenses	24	105,676	103,034	-
General and administrative	25	58,045	68,154	-
		511,306	556,332	-
Intangible assets				
Cost of sales	23	49,068	2,385	1,172
		₱1,967,923	₱1,746,800	₱1,173,199



28. INTEREST AND FINANCING CHARGES

Details of interest and financing charges are as follows:

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Interest on loans payable	16	₱150,936	₱404,823	₱273,724
Interest on lease liabilities	18	165,854	143,316	-
Interest cost on defined benefit obligation		19,498	18,902	43,092
Bank charges		16,326	9,286	5,793
Accretion of provision for stranded cost	21	4,846	5,188	5,195
		₱357,460	₱581,515	₱327,804

29. INTEREST AND OTHER FINANCIAL INCOME

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Interest earned on cash in banks and on loans	8	₱ 35,297	₱ 53,141	₱33,128
Interest income on defined benefit asset	33	123,458	265,987	-
		₱158,755	₱319,128	₱33,128

30. OTHER INCOME (EXPENSE) - net

	Notes	2020	2019	2018
<i>(In Thousands)</i>				
Gain (Loss) on sale of by products and other revenue		₱ 85,801	₱ 37,284	(₱ 9,477)
Scrap sales		1,835	20,987	-
Gain (Loss) on sale of properties - net	13	-	8,322	(3,610)
Foreign exchange gain - net		1,751	6,580	20,797
Loss on disposal of intangible assets	14	-	(105,858)	-
Write-off of investment		-	-	2,182
Recovery of written of assets		53,415	-	-
Others		44,724	14,412	(8,446)
		₱187,526	(₱ 18,273)	₱ 1,446

Others include miscellaneous revenues from non-operating assets and loss on unrecoverable advances to officers and employees.

31. 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. (LHP)
- 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

Associate and Subsidiaries of the Parent Company as at December 31, 2020:

- 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, 2020 and 2019:

Related Parties	Nature	2020	Outstanding Receivable (Payable) (In thousands)	2019	Outstanding Receivable (Payable)	Terms	Conditions
		Transactions During the Year		Transactions During the Year			
Parent							
UCHC							
	Payment of expenses	₱ 5,110	₱ -	₱ 207	₱ 5,110	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Short-term loan	1,840,699	-	-	(1,840,699)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest payable	111,383	-	85,511	(111,383)	To be settled in cash, due and demandable	Unsecured, unguaranteed
Cemco							
	Payment of expenses	5,515	-	223	(5,197)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Short-term loan	395,970	465,671	451,546	479,182	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	(381,845)	-	(381,845)	-	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest receivable	22,738	54,305	26,797	32,249	To be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Operating expenses	59,920	27,636	14,099	87,556	To be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired



		2020		2019			
Related Parties	Nature	Transactions During the Year	Outstanding Receivable (Payable)	Transactions During the Year	Outstanding Receivable (Payable)	Terms	Conditions
Clinco							
	Payment of expenses	1,296	-	47	1,383	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Under common shareholder							
HTEC							
	Purchases and/or expense	1,628,854	5,348	1,983,222	(419,270)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LAFARGEHOLCIM LTD	Purchases and/or expense	15,863	-	-	-	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
Holcim Trading							
	Purchases and/or expense	122,794	(60,208)	2,370,842	(180,563)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
HTSG							
	Purchases and/or expense	-	-	1,488	-	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Advances	(76)	-	(3)	75	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
HEABS							
	Service contract	59,308	-	285,290	(59,398)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Assignment of lease	31,627	-	31,627	(31,627)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Sale of assets	22,000	-	22,000	(22,000)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Short-term financial receivable	(32,556)	-	34,192	32,281	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Sublease	(9,405)	-	9,405	9,405	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Various charges	(14,439)	882	8,920	14,429	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LHES							
	Purchases and/or expenses	6,318	21,559	381,349	20,885	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
LH Shipping							
	Purchases and/or expenses	263,601	(2,820)	360,570	(82,439)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
Holcim US Inc.							
	Purchases and/or expenses	28,494	-	57,950	(28,494)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
LHPI							
	Short-term loan	1,845,151	-	-	(1,845,151)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest payable	129,812	5,951	99,106	(129,812)	To be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Various charges	-	(10,677)	(1,858)	(10,677)	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed
SSI							
	Short-term loan	240,000	-	-	(240,000)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest payable	17,629	-	15,432	(17,629)	To be settled in cash, due and demandable	Unsecured, unguaranteed
CHI							
	Various charges	520	112	(632)	-	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LAFSA							
	Expat recharges	4,595	(2,163)	7,642	(4,985)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Expat charges	(3,926)	-	847	3,926	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed



Related Parties	Nature	2020	Outstanding Receivable (Payable)	2019	Outstanding Receivable (Payable)	Terms	Conditions
		Transactions During the Year		Transactions During the Year			
HGSX							
	Various charges	(35,375)	-	29,747	35,209	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Purchases and/or expenses	72,725	(1,313)	121,877	(57,868)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
HSSA	IT / Various charges	52,457	(45,520)	15,142	(1,519)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
Associates							
HMDC							
	Interest on loan	299	-	-	299	To be collected in cash, due and demandable	Unsecured, unguaranteed
	Sale and transfer of assets	-	426,072	-	78,629	Noninterest-bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	102,504	674,505	67,596	838,021	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases of quarried materials	516,516	(338,426)	757,302	(363,006)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	In-plant billing	101,674	(183,315)	139,451	(32,311)	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed
	Asset leasing	103,761	(69,174)	103,761	(51,880)	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	74,383	-	39,170	-	Noninterest-bearing, to be collected in cash, demandable	Not applicable
HRDC							
	Expenses from various charges	-	(499)	829	(499)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Purchases of quarried materials	250,708	(251,581)	333,768	(336,656)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Transfer of mining rights and related site restoration costs	-	173,708	-	173,708	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Advances	43,934	282,824	54,313	290,760	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Asset Lease	16,313	(1,825)	(797)	(2,146)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
LHAI	Purchases and/or expenses	646,597	(130,733)	1,461,442	(359,789)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Advances	2,130	28,480	11,148	26,620	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
APC							
	Advances	-	52,204	-	52,204	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Asset Lease and/or expenses	12,172	(8,332)	10,434	(8,769)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	1,100	1,880	-	780	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
QLI							
	Advances	-	77,314	-	77,314	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases and/or expenses	1,099	(3,704)	1,912	(2,989)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	834	4,686	-	3,861	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired



Related Parties	Nature	2020		2019		Terms	Conditions
		Transactions During the Year	Outstanding Receivable (Payable)	Transactions During the Year	Outstanding Receivable (Payable)		
SCMC	Advances	-	666	-	666	Noninterest-bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	9	464	18	478	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LORVI	Perishable lease	60,942	(19,675)	55,772	(75,807)	Noninterest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
Huaxin Cement	Purchases and/or Expense	-	(2,122)	371,591	(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	5,808	(3,025)	10,493	(3,015)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Various Charges	110	3,032	4,938	11,944	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Retirement Fund							
	Contributions	117,457	-	114,098	-	Not Applicable	Not applicable

	Notes	2020	2019
<i>(In Thousands)</i>			
Due from related parties	9	₱1,519,089	₱1,441,423
Due to related parties	17	781,730	2,265,537

	Notes	2020	2019
<i>(In Thousands)</i>			
Loans receivable from related parties	9	₱465,657	₱ 511,463
Loan payable to related parties	16	-	(3,925,849)

Parent

UHC. In April 2018, the Group entered into a short-term loan agreement with UHC, lender, amounting to ₱200.0 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. On 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 ₱1.6 billion with interest rate of 4.86%. On 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. Related interest expense recognized in 2020 and 2019 amounted to ₱111.4 million and ₱85.5 million, respectively based on the terms of the agreement. Additional ₱20.7 million was need to recognize as receivable due to the excess payment of loan.

Cemco. On September 28, 2018, the Group entered and extended 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%. Interest earned as of December 31, 2020 and 2019 amounted to ₱22.7 million and ₱26.8 million, respectively. Operating expenses was paid by the Group on behalf of Cemco in 2019 amounted to ₱14.1 million.

In 2020 the Group extended a short-term working capital loan with an interest rate based on the Bloomberg Valuation Service BVAL rate on the drawdown date. As of December 31, 2020, the outstanding balance of the loan amounted to ₱465.7 million, part of it was the ₱1.4 million reclassified from AR group into Loan receivable.

Clinco. In August 2020, the Group collected the outstanding receivable balance amounting to ₱1.3 million.



Entities under Common Shareholder

- a. *HEABS*. In 2015, the Group entered into an assignment agreement with HEABS to unconditionally transfer the IP rights which consists of the processes for shared service center, people and other existing assets with a total consideration of US\$3.9 million or ₱171.6 million which shall be paid upon the implementation of the related regional process shared services. Total gain on this transaction amounted to ₱137.1 million. With the purchase of IP rights, HEABS assumed the Group's retirement benefit liability of ₱2.7 million, which is offset against the outstanding receivable.

In 2016, HEABS made a partial settlement of US\$1.9 million or ₱85.8 million of the liability. In the same year, both parties entered into a long-term financing agreement for the settlement of the unpaid balance of the latter as at December 31, 2016 amounting to ₱96.3 million or US\$1.9 million, over 3 years to be settled equally in USD in three installments for the years 2018, 2019 and 2020.

As a result, the said receivable was measured using the discounted value of instalment payments and carried at amortized cost at prevailing rate of USD as at December 31, 2018 and 2017. On May 31, 2018, the first settlement was made amounting to US\$0.6 million or ₱34.1 million using the prevailing exchange rate rounded to ₱52.53 as at date of collection. In March 2019, second installment was made amounting to \$0.6 million or ₱34.2 million at ₱52.72 rounded exchange rate at date of collection.

Current portion of the long-term financial receivable is zero and ₱32.3 million as at December 31, 2020 and 2019, respectively.

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 ₱1.6 billion and ₱1.6 billion as of December 31, 2020 and 2019, respectively.

- c. *HOFL*. In 2020, new agreement was executed with LafargeHolcim Ltd, under Master Branding Agreement (MBA). Total expenses incurred amounted ₱15.8 million.
- 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 amounting to ₱2.2 million and ₱5.0 million as at December 31, 2020 and 2019, respectively.
- g. *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.
- The Group had an outstanding receivable to LH Energy Solutions amounting to ₱21.5 million relating to the purchase of fuel, pet coke and coal in 2020.
- The Group had an outstanding payable to LH Shipping amounting to ₱2.5 million relating to time-chartered shipping in 2020.
- The Group has an outstanding liability to HSSA pertaining to IT support services and Sales Force - Non IT recharges amounting to ₱45.5 million and ₱1.5 million as at December 31, 2020 and 2019, respectively.
- h. *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 ₱72.7 million and ₱121.9 million for the years ended December 31, 2020 and 2019, respectively.
- i. *LHPI*. The Group loan originally amounting 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 in December 2020 remaining principal loan amounted to ₱669.0 million with 4.38% p.a. interest to be paid on or before May 31, 2025 was pre-terminated and settled. Interest expense in 2020 and 2019 are ₱129.8 million and ₱99.1 million, respectively.
- j. *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 due on January 31, 2025 was pre-terminated and settled. Interest expense as of December 31, 2020 and 2019 amounted to ₱17.6 million and ₱15.4 million, respectively.
- k. *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. Outstanding receivable was ₱ 0.11 million pertaining to working capital initially paid by HPHI.

Direct and Indirect Associates

- a. In 2020 and 2019, 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 ₱516.5 million and ₱757.5 million in 2020 and 2019, respectively.
- b. In 2020 and 2019, HMDC declared dividends for its Class A and Class B preferred shares, as well as for its Common A and Common B shares. The Group received dividend payment amounting to ₱74.2 million and ₱39.2 million from HMDC in 2020 and 2019, 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 zero as at December 31, 2020.
- f. LHA1. As at December 31, 2020 and 2019, the Group had a total payable of ₱130.0 million and ₱359.8 million, respectively, due and outstanding at the end of each year.
- g. The Group grants non-interest bearing advances to HMDC, HRDC, LORVI and LHA1 for working capital requirements.

Retirement Benefit Funds

The Parent Company has a retirement with HPI Retirement Fund (RF). As at December 31, 2020 and 2019, HPI -PF has investments in HMDC, shares with a fair value of ₱596.3 million representing 609 of the total ownership, as disclosed in Note 10.

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 have been no guarantees provided or received for any related party receivables or payables. As at December 31, 2020 and 2019, the Group has not recognized any impairment losses on receivables relating to amounts due from related parties. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

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, 2020 and 2019 amounted to ₱3.6 billion and ₱2.6 billion, respectively.

Total amount of intercompany payables eliminated as at December 31, 2020 and 2019 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:

	2020	2019	2018
	<i>(In Thousands)</i>		
Short-term employee benefits	₱82,759	₱109,404	₱162,357
Retirement benefit cost	15,150	9,638	9,638
	₱97,909	₱119,042	₱171,995

32. INCOME TAXES

The provision for current income tax in 2020, 2019 and 2018 follows:

Components of income tax expense charged to profit or loss are as follows:

	2020	2019	2018
	<i>(In Thousands)</i>		
Current tax expense	₱704,610	₱1,250,078	₱1,041,188
Deferred tax expense (benefit)	5,881	(44,207)	(35,323)
	₱710,491	₱1,205,871	₱1,005,865



The reconciliation between the statutory and effective income tax of the Group is as follows:

	2020	2019	2018
	<i>(In Thousands)</i>		
Profit before income tax	¥2,774,575	¥4,795,513	¥3,551,258
Income tax at statutory income tax rate of 30%	¥ 832,373	¥1,250,078	¥1,065,377
Change in unrecognized deferred income tax assets	-	-	20,517
Income tax effects of:			
Nondeductible expenses	1,437	108,829	3,375
Write off of deposits	-	72	-
Reversal of accrual	-	4	-
Penalties	137	1	-
Interest income from retirement fund not subject to income tax	(37,037)	(79,796)	-
Use of OSD	(61,413)	(65,580)	12,702
Income not subject to income tax	10	(5,737)	(34,710)
Interest and other income subjected to lower tax rates	(3,769)	-	(4,107)
Reversal of deferred income tax asset/liability	(458)	-	(73,406)
Expired NOLCO	15,466	-	16,117
Effect of dividend eliminations	(36,255)	-	-
Income tax at effective tax rate	¥ 710,491	¥1,205,871	¥1,005,865

The components of the Group's deferred tax liabilities - net as at December 31, 2020 and 2019 are as follows:

	2020	2019
	<i>(In Thousands)</i>	
Deferred tax assets		
Retirement benefit asset	¥258,558	¥160,261
Allowances for:		
Impairment losses on property, plant and equipment	89,039	151,855
Impairment losses on investments	71,250	-
Decline in value of inventories	84,405	79,453
Doubtful accounts	20,083	9,500
Provision for bonus accrual	18,770	45,894
Accrued expenses	1,800	(1,239)
Unamortized past service costs	24,745	14,460
Unrealized foreign exchange loss	-	13,104
Leases	65,131	26,832
MCIT vs RCIT	-	1,058
NOLCO, excess MCIT and others	54,441	81,496
Provision for write-off of finished goods	10,029	-
Others	35,070	107,960
	733,321	690,634
Deferred tax liabilities		
Capitalized cost of property, plant and equipment from insurance proceeds	96,411	75,462
Undepreciated capitalized borrowings	-	37,143
Remeasurement in OCI	755,763	851,161
Amortization of past service cost	-	4,908
Provision for write-off of finished goods	-	(13,426)
Unrealized foreign exchange gain	17,851	3,638
Unamortized amount of capitalized land site restoration costs	416	528
Others	(1,021)	(24,396)
	869,420	935,018
Deferred tax liabilities - net	(¥136,099)	(¥244,384)



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 2020 and ₱0.9 billion in 2019.

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 Bulkcm 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:

	2020	2019
	<i>(In Thousands)</i>	
Carryforward benefit of NOLCO	₱233,151	₱272,007
Excess MCIT over RCIT	-	29
Unrecognized deferred income tax assets	₱233,151	₱272,036

The following NOLCO can be claimed as deduction against future taxable income:

Date Incurred	Expiry Date	NOLCO
		<i>(In Thousands)</i>
December 31, 2020	December 31, 2023	₱ 31,712
December 31, 2019	December 31, 2022	82,763
December 31, 2018	December 31, 2021	118,676
		₱233,151

33. RETIREMENT BENEFIT COSTS

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	2020	2019	2018
			<i>(In Thousands)</i>	
Current service cost		₱ 87,220	₱ 64,594	₱ 106,105
Net interest cost (income)	28.29	(103,960)	(247,085)	43,093
Retirement benefit costs recognized in profit or loss		(16,740)	(182,491)	149,197
Remeasurements recognized in OCI		286,800	3,564,752	(4,401,952)
Retirement benefit (gain) cost		₱270,060	₱3,382,261	(₱4,252,755)



Remeasurement gain (loss) on retirement benefits consists of:

	2020	2019	2018
	<i>(In Thousands)</i>		
Actuarial gain (loss) arising from:			
Changes in assumptions	(P186,345)	(P 235,283)	P 352,162
Experience adjustments	(12,872)	(9,968)	33,673
Total Actuarial Gain (Loss)	(199,217)	(245,251)	385,835
Gain (loss) on plan assets*	(87,583)	(1,319,501)	4,016,117
Total Gain(Loss) Recognized in OCI	(P286,800)	(P1,564,752)	P4,401,952

*Excluding amounts recognized in net interest cost.

The reconciliation of retirement benefit asset recognized in the consolidated statements of financial position follows:

	2020	2019
	<i>(In Thousands)</i>	
Present value of benefit obligation	P1,425,521	P1,186,024
Fair value of plan assets	(3,586,725)	(3,499,831)
Balance at end of year	(P2,161,204)	(P2,313,807)

The breakdown of the retirement benefit asset per entity are as follows:

	2020	2019
	<i>(In Thousands)</i>	
HPI	P 552,227	P 414,849
HPMC	(2,713,431)	(2,728,656)
	(P2,161,204)	(P2,313,807)

Movements in the retirement benefit (asset) liability are as follows:

	2020	2019
	<i>(In Thousands)</i>	
Balance at beginning of year	(P2,313,807)	(P3,581,507)
Retirement benefit costs	(16,740)	(182,491)
Contributions	(117,457)	(114,098)
Remeasurement gain recognized in OCI	286,800	1,564,752
Remeasurement gain from disposal of retirement plan liability	-	(463)
Balance at end of year	(P2,161,204)	(P2,313,807)



The changes in the present value of defined benefit obligation are as follows:

	2020	2019
	<i>(In Thousands)</i>	
Balance at beginning of year	₱1,186,024	₱ 935,010
Actuarial losses (gains)	199,217	245,252
Interest cost	53,363	63,849
Current service cost	87,220	64,594
Benefits paid from plan	(100,303)	(122,218)
Remeasurement gain from disposal of retirement plan liability	-	(463)
Balance at end of year	₱1,425,521	₱1,186,024

The changes in the fair value of plan assets are as follows:

	2020	2019
	<i>(In Thousands)</i>	
Balance at beginning of year	₱3,499,831	₱4,516,517
Contributions	117,457	114,098
Gain (loss) on plan assets*	(87,583)	(1,319,500)
Interest income on plan assets	157,323	310,934
Benefits paid from plan	(100,303)	(122,218)
Balance at end of year	₱3,586,725	₱3,499,831

*Excluding amounts recognized in net interest cost.

Actual return on plan assets amounted to a gain of ₱0.7 billion and a loss of ₱1.0 billion as at December 31, 2020 and December 31, 2019, 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:

	2020		2019	
	HPF	HPMC	HPF	HPMC
Cash and receivables	8.8%	0.16%	5.41%	10.32%
Investments in debt securities:				
Government securities	0.9%	2.04%	1.78%	36.87%
Corporate debt securities	5.5%	0.86%	11.32%	23.67%
	6.4%	2.94%	13.08%	60.54%
Investment in equity securities:				
Construction, infrastructure, property and mining	84.8%	0.72%	76.64%	7.10%
Holding firms	0%	0.35%	1.38%	10.83%
Power and utilities	0%		0.38%	3.22%
Banks	0%		0.40%	5.66%
Telecommunications	0%		0.02%	0.44%
Others	0%	95.93%	0.72%	2.84%
	84.8%	97.06%	81.55%	29.09%
	100.0%	100.0%	100.00%	100.00%

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 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 at December 31, 2019 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:

	2020	2019	2018
Discount rates	3.0%	4.7%	7.1%
Future salary rate increases	6.0%	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)			
2020			
Discount rate			
Sensitivity 1	0.5%	\$1,016,109	20,743
Sensitivity 2	(0.5%)	909,350	(19,339)
Future salary rate increases			
Sensitivity 1	0.5%	910,510	(23,617)
Sensitivity 1	(0.5%)	1,014,200	24,728
2019			
Discount rate			
Sensitivity 1	0.5%	\$745,245	\$385,381
Sensitivity 2	(0.5%)	823,450	421,158
Future salary rate increases			
Sensitivity 1	0.5%	822,735	420,847
Sensitivity 1	(0.5%)	743,519	386,506



The Management and its trustee bank reviews 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 maturity analysis of the undiscounted benefit payments as at December 31:

	HPI	HPMC
	<i>(In Thousands)</i>	
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
2019		
Within one year	₱ 79,313	₱ 21,971
More than one year to five years	197,647	72,204
More than five years	456,518	293,533

The Group expects to make a contribution of ₱146.3 million in 2021 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, ₱49.9 million and ₱42.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Group has recognized the following in the consolidated statements of comprehensive income:

	2020	2019	2018
	<i>(In Thousands)</i>		
Expense (Income) recognized for:			
Defined benefit plans	(₱16,740)	(₱ 182,491)	₱149,197
Defined contribution plan	54,461	49,933	42,098
Retirement benefit and contribution costs (benefits)	₱37,721	(₱132,558)	₱191,295

34. 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 or more likely than not to occur.

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 resolution. 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. Construction agreements with Theidi Construction Corp. (TCC)

On August 1, 2018, the Group entered into two construction agreements with TCC for La Union Poro Port Projects to support its on-going capital expenditure projects. Details and terms of the agreements are as follows:

i. Dredging Works Project

TCC shall conduct the dredging works as well as supply manpower, tools, equipment, machinery, permits, clearances and supervision necessary for the completion of the project. The project was completed in March 2019.

ii. Jetty Rehabilitation Project

TCC shall deliver structural steel and building materials and rehabilitation works at the jetty which includes repair of five (5) heavy damaged corroded piles. The project was completed in June 2019.

b. Electricity Supply Agreement (ESA)

An amended electricity supply agreement was signed with AC Energy Philippines Inc (ACEP1) 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 the Cost of Sales, as disclosed in Note 23.

c. Sales Agreement with Petron Corporation (Petron) and SL Harbor Bulk Terminal Corporation (SLH)

HPI has awarded the contract for the supply of automotive diesel oil to Petron and supply of bunker fuel to SLH. The agreements cover the period November 1, 2017 to December 31, 2020. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales, as disclosed in Note 23.

d. 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 the Cost of Sales, as disclosed in Note 23.

e. Davao Light Service Contract

The Group also entered into a contract with Davao Light and Power Group (DLPG) 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 the Cost of Sales, as disclosed in Note 23.

f. 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. The project was completed in the 2nd quarter of 2019.

g. Roller Press Project

This contract agreement was entered into by the Group on November 20, 2017 with Kisen International Construction Co., Inc. for the construction and installation of the new roller press system and its auxiliaries at La Union Plant. The Roller Press Project was completed in January 2019 ahead of schedule.

h. 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.



35. EARNINGS PER COMMON SHARE (EPS)

Basic/diluted EPS is computed as follows:

	2020	2019	2018
	<i>(In Thousands)</i>		
Consolidated profit for the year attributable to common equity holders of the Parent Company	₱2,062,303	₱3,587,301	₱2,544,411
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	₱0.32	₱0.56	₱0.39

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 2020, 2019 and 2018, hence, diluted EPS is the same as basic EPS.

36. 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.

37. EVENTS AFTER THE REPORTING PERIOD

On February 3, 2021, both houses of Congress ratified the bicameral committee report on the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" bill, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.



38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on February 22, 2021. The same were approved for issuance by the Board of Directors (BOD) on February 22, 2021.

* * *



**Supplementary Schedules to the
Consolidated Financial Statements
For the year ended
December 31, 2020**

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

FORM 17-A

Supplementary Schedules

Independent Auditors' Report on Supplementary Schedules

Supplementary Schedule of Retained Earnings Available for Dividend Declaration

Illustration of relationships between the Company and its Ultimate Parent Company,
Middle Parent, and its Subsidiaries

Schedule A. Financial Assets N/A

Schedule B. Amounts Receivable from Directors, Officers, Employees,
Related Parties, and Principal Stockholders (Other than Related parties).

Schedule C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of Financial Statements

Schedule D. Long-Term Debt N/A

Schedule E. Indebtedness to Related Parties N/A

Schedule F. Guarantees of Securities of Other Issuers N/A

Schedule G. Capital Stock

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
7/F Two World Square, McKinley Hill
Fort Bonifacio, Taguig City

We have audited the consolidated financial statements of Holcim Philippines, Inc. and Subsidiaries (the "Group") as at and for the years ended December 31, 2020 and 2019, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated February 22, 2021.

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, 2020, 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 November 12, 2018 to July 16, 2021
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A
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-5047290, issued on January 4, 2021, Taguig City

Taguig City, Philippines
February 22, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC. AND 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 Subsidiaries (the "Group") as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated February 22, 2021. 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 Rule 68 issued by the Securities and Exchange Commission, 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, 2020 and 2019, and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

Navarro Amper & Co.
BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A
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-5047290, issued on January 4, 2021, Taguig City

Taguig City, Philippines
February 22, 2021



**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DECLARATION**

December 31, 2020

Holcim Philippines, Inc.

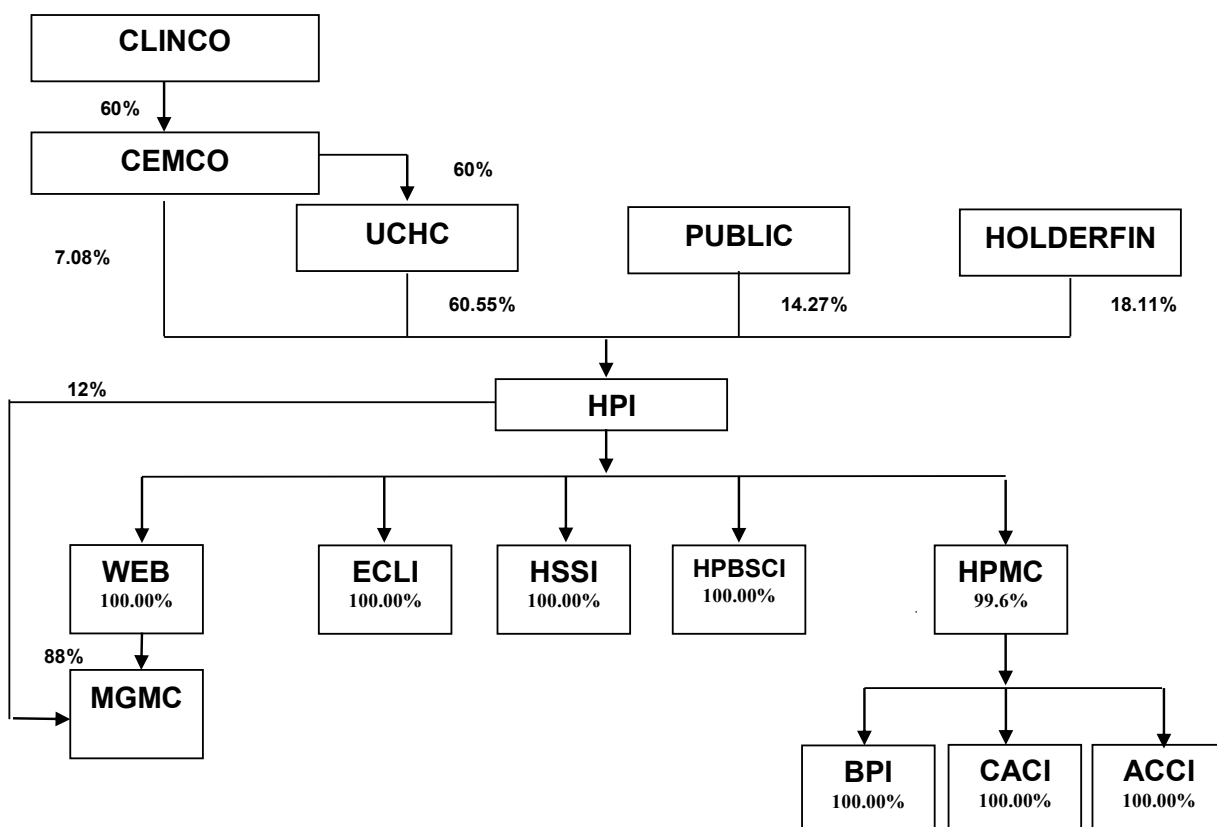
7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

Items	Amount
	<i>(In Thousands)</i>
Unappropriated Retained Earnings, Beginning	6,424,131
Adjustments:	
Deferred tax asset	(280,360)
Unappropriated Retained Earnings, as Adjusted, Beginning	6,143,771
Net Income based on the face of AFS	1,540,581
Less: Non-actual/Unrealized Income Net of Tax**	
Unrealized foreign exchange gain net (except those attributable to Cash and Cash equivalent)	(25,387)
Deferred tax expense charged to profit or loss	
as a result of certain transactions accounted for under the PFRS	(65,674) (91,061)
Net Income Actual/Realized	1,449,520
Less: Dividend Declaration during the period	-
Unappropriated Retained Earnings, as Adjusted, Ending	7,593,291

Company: Holcim Philippines Inc. (HPI)

Illustration of relationships between the company and its ultimate parent company, middle parent, and its subsidiaries

As of December 31, 2020



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
HPBSCI	Holcim Philippines Business Services Center Inc.	Business process outsourcing and other information technology enabled services
HSSI	Hubb Stores and Services, Inc.	Retail operations

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

Financial KPI	Definition	For the Calendar Year ended December 31	
		2020	2019
<u>Current/Liquidity ratios</u> Current Ratio Quick Ratio	Current Assets	79%	73%
	Current Liabilities		
	Current Assets-Inventory-Prepayments	50%	51%
	Current Liabilities		
<u>Solvency ratio/Debt-to-equity ratio</u> Debt-to Equity Ratio	Total Debt	40%	61%
	Equity		
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets	140%	122%
	Equity		
<u>Interest Rate Coverage Ratio</u> Interest Coverage Ratio/EBITDA Net Interest Cover	Operating EBITDA	13.24	11.50
	Total Interest		
<u>Pofitability Ratios</u> Return on Assets Return on Equity Operating EBITDA Margin	Net Income		
	Average Total Assets	4.8%	7.8%
	Net Income		
	Average Total Equity	7.2%	13.5%
	Operating EBITDA		
	Net Sales	18.2%	20.0%

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
For the Year Ended December 31, 2020
(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, 2020
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non Current	Ending Balance
			Amount Collected	Amount Written-Off			
Directors, Officers and Employees							
ABANO, ENGEL C.	Employee	119	298	(418)	P		P
AFRICA, EDMUND F.	Employee	(36)	891	(781)			-
BAGTASOS, RUEL J.	Employee	-	2,916	(1,466)			74
BALO, ELPEDIO JR. C.	Employee	1,096	1,283	(1,456)			1,450
BARLETA, CARA YSABEL R.	Employee	120	800	(813)			923
CAMIROS, JOEL V.	Employee	70	908	(978)			107
CATANGHAL, PEPITO E.	Employee	652	4,410	(4,654)			-
CONILU, RODOLFO JR. M.	Employee	128	1,173	(1,301)			408
CORTES, GILLIAN Y.	Employee	40	967	(991)			-
DE MESA, BERNIE S.	Employee	136	450	(586)			16
DICHOSON, HARVEY D.	Employee	105	577	(737)			-
EMBODO, ANDRES B.	Employee	225	1,668	(1,775)			(55)
ESTEBAN, VIOLE B.	Employee	-	552	(445)			118
GERODIAS, JAZER P.	Employee	(160)	160	-			107
JOSE, EMMANUEL G.	Employee	178	492	(586)			-
JUAN, FLORENCIO A.	Employee	119	156	(275)			84
LUGUBAN, MEDARDO M.	Employee	147	101	(248)			-
MAALA, JEENALYN A.	Employee	74	646	(695)			25
MACATANGAY, IRINEO JR. P.	Employee	114	823	(914)			23
MAGANTI, RAMAKRISHNA	Employee	24	1,022	(1,035)			11
MANALO, ROLDAN G.	Employee	50	820	(870)			-
MR VALLAT, Frederic	Employee	185	717	(427)			474
REBLEZA, JOEL D.	Employee	10	544	(555)			-
SACAYLE, ORVILLE B.	Employee	-	192	(14)			179
TABLA, VICTOR JR. D.	Employee	-	290	(127)			163
TAN, ERNESTO PAULO D.	Employee	138	556	(694)			-
VILLE, NOEL N.	Employee	-	1,683	(1,544)			139
ULTRA, DEERYN C.	Employee	300	666	(966)			-
Advances to Directors, Officers and Employees	3,832	-	23,116	(22,423)	-	-	4,245
Holcim East Asia Business Service Centre, B. V. - Philippi P	23,836	96	(23,032)	-	900	-	900
Cinco Corporation	1,383	44	(1,383)	-	44	-	44
Associates	1,244,505	188,504	(1,433,009)	-	1,433,009	-	1,433,009
Other Holcim Group Affiliates	32,311	85,135	(32,311)	-	85,135	-	85,135
Related Parties	1,302,035	273,779	(56,726)	-	1,519,088	-	1,519,088

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, 2020
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written Off/Impaired	Reclassification to Investments	Reclassification to Receivable from Associate	Current	Non Current	Balance at the End of Period
Holcim Philippines Manufacturing Corporation									
Due from:									
Bulkeem Philippines, Inc.	(26,406)						(26,406)		(26,406)
Calamba Aggregates Co., Inc.	26,406						26,406		26,406
Excel Concrete Logistics Inc.	17,785						17,785		17,785
Holcim Philippines, Inc.	1,165,081	864,658	(191,730)				1,838,009		1,838,009
	1,166,867	864,658	(191,730)		-		1,839,794	-	1,839,794
Holcim Philippines, Inc.									
Due from:									
Bulkeem Philippines, Inc.	214	157,397					214		214
Holcim Philippines Manufacturing Corp.	339,655						497,052		497,052
Excel Concrete Logistics Inc.	178,798		-				178,798		178,798
Calamba Aggregates Co., Inc.	44,762		(44,752)				-		-
Hubb Stores and Services, Inc.	436,850	1,524					438,374		438,374
Mabini Grand Mill Co.	117,734		(117,734)				-		697
	1,118,003	158,921	(162,486)		-		1,114,438	-	1,115,135
Hubb Stores and Services, Inc.									
Due from:									
Holcim Philippines, Inc.	20,767						20,767		20,767
Excel Concrete Logistics Inc.	11						11		11
	20,778	-	-		-		20,778	-	20,778
Bulkeem Philippines, Inc.									
Due from:									
Holcim Philippines, Inc.	14,493	7,239					21,731		21,731
Holcim Philippines Manufacturing Corp.	16,665	7,239					16,665		16,665
	31,158		-		-		38,396	-	38,396
Excel Concrete Logistics Inc.									
Due from:									
Holcim Philippines, Inc.	27,219						27,219		27,219
Hubb Stores and Services, Inc.	1,793						1,793		1,793
	29,012	-	-		-		29,012	-	29,012
Mabini Grand Mill Co.									
Due from:									
Holcim Philippines, Inc.	312,782	172,711	(13,310)				472,183		472,183
	312,782	172,711	(13,310)		-		472,183	-	472,183

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule D. Long-Term Debt
For the Year Ended December 31, 2020
(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	NIL	
-	-	-	-	

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
For the Year Ended December 31, 2020
(Amounts in Thousands)

Name of Related Party	Beginning Balance	Balance at the End of Period
	P NIL	P NIL
	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
For the Year Ended December 31, 2020
(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	P NIL	P NIL	NIL
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule G. Capital Stock
For the Year Ended December 31, 2020

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	6,006	920,527,076
	10,000,000,000	6,452,099,144	-	5,531,566,062	6,006	920,527,076

SEC Form 17-Q
For the quarters ended
March 31, June 30 and September 30, 2020

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Dennis G. Segovia Jr.

(Contact Person)

(1st Quarter 2020)

8581-1511

(Company Telephone Number)

0	3
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3	1
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Month Day
(Fiscal Year)

SEC FORM 17-Q

For the quarter ended March 31, 2020
(Form Type)

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Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

5,259

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

STAMPS

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended March 31, 2020
2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634 Postal Code
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes ☒ No ☐

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

Philippine Stock Exchange, Inc.

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

	31 Mar 2020	31 Dec 2019
ASSETS		
Current Assets		
Cash and cash equivalents	P6,781,621	P2,961,897
Trade and other receivables - net	3,475,954	3,447,117
Inventories	3,729,199	3,077,546
Short-term financial receivables	512,180	511,463
Other current assets	1,242,946	939,348
Total Current Assets	15,741,900	10,937,371
Noncurrent Assets		
Investments	4,362,748	4,363,425
Property, plant and equipment – net	19,890,504	19,999,303
Right-of-use assets	2,005,720	2,130,518
Goodwill	2,635,738	2,635,738
Intangibles – net	26,477	26,875
Retirement assets – net	2,290,827	2,313,807
Other noncurrent assets	2,422,251	2,420,872
Total Noncurrent Assets	33,634,265	33,890,538
	49,376,165	44,827,909
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	10,376,963	10,340,029
Loan payables	7,725,849	3,925,849
Current portion of lease liabilities	340,892	396,704
Income tax payable	526,014	306,453
Total Current Liabilities	18,969,718	14,969,035
Noncurrent Liabilities		
Long-term lease liabilities	1,767,799	1,767,799
Provisions	77,082	77,082
Deferred tax liabilities – net	291,572	244,384
Total Noncurrent Liabilities	2,136,453	2,089,265
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	1,624,206	1,624,206
Other reserves	4,475	4,475
Retained earnings	11,700,331	11,199,025
	28,257,113	27,755,807
Noncontrolling Interest	12,881	13,802
Total Stockholders' Equity	28,269,994	27,769,609
	P49,376,165	P44,827,909

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended March 31, 2020 and 2019
(In Thousands, Except Per Share Data)

	Quarter Ended	
	Jan-Mar 2020	Jan-Mar 2019
Net Sales	₱7,270,481	₱8,103,491
Cost of sales	5,716,573	6,046,020
Gross Profit	1,553,908	2,057,471
Operating expenses	358,324	370,121
Operating EBITDA	1,195,584	1,687,350
Depreciation and amortization	439,607	487,290
Profit from Operations	755,977	1,200,060
Other income (expenses)		
Net financial expense	(92,736)	(205,441)
Other income (expense) - net	30,542	(710)
Total	(62,194)	(206,151)
Profit before Income Tax	693,783	993,909
Provision for income tax		
Current	218,048	309,108
Deferred	(25,808)	(19,060)
	192,240	290,048
Profit for the Period	501,543	703,861
Noncontrolling interest	(237)	(227)
Profit for the period attributable to Equity holders of the Parent Company	₱501,306	₱703,634
Basic/Diluted Earnings Per Share (EPS)		
Computation of EPS:		
(a) Profit for the period attributable to Equity holders of the parent company	₱501,306	₱703,634
(b) Common shares issued and outstanding	6,452,099	6,452,099
EPS [(a)/(b)]	₱0.08	₱0.11

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended March 31, 2020 and 2019
(In Thousands)

	Quarter Ended	
	Jan-Mar 2020	Jan-Mar 2019
Profit for the Period	P501,543	P703,634
Other Comprehensive Loss	—	(710,051)
Total Comprehensive Income (Loss)	P501,543	(P6,417)
Attributable to:		
Equity holders of Parent Company	500,622	(3,942)
Noncontrolling interest	921	(2,475)
Total Comprehensive Income (Loss)	P501,543	(P6,417)

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended March 31, 2020 and 2019
(In Thousands)

	Jan-Mar 2020	Jan-Mar 2019
Capital Stock		
Common Stock		
Balance at beginning of period	P6,452,099	P6,452,099
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/loss	1,624,206	2,008,554
Other reserves	4,475	3,270
Retained Earnings		
Balance at beginning of period	11,199,025	7,607,112
Profit for the Period	501,306	703,634
Balance at end of period	11,700,331	8,310,746
Noncontrolling Interest	12,881	13,598
	P28,269,994	P25,264,269

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended March 31, 2020 and 2019
(In Thousands)

	Jan-Mar 2020	Jan-Mar 2019
Operating Activities		
Profit before Income Tax	P693,783	P993,909
Adjustments to reconcile profit to cash		
Depreciation and amortization	439,607	487,290
Other items (net)	(107,436)	(312,878)
Changes in current assets and liabilities	(616,839)	(2,602,936)
Cash provided by (used in) operating activities	409,115	(1,434,615)
Investing Activities		
Additions to plant, property and equipment	(321,885)	(763,453)
Decrease (increase) in other investing activities	2,668	46,603
Cash used in investing activities	(319,217)	(716,850)
Financing Activities		
Proceeds from short-term loan	3,800,000	–
Repayment of long-term leases	(71,584)	(131,121)
Payment of short-term loans	–	(2,727,561)
Increase in short-term financial receivables	–	(167,639)
Cash provided by (used in) financing activities	3,728,416	(3,026,321)
Net decrease in cash and cash equivalents	3,818,314	(5,177,786)
Cash and cash equivalents, beginning	2,961,897	5,400,112
Effect of exchange rate changes on cash and cash equivalents	1,410	9,289
Cash and cash equivalents, end	P6,781,621	P231,615

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2020
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱912,034	₱885,553	₱7,681	₱3,230	₱15,570
Other Receivables	2,589,150	858,760	44,836	10,335	1,675,219
Total	3,501,184	₱1,744,313	₱52,517	₱13,565	₱1,690,789
Allowance for Doubtful Accounts	(25,230)				
Net Receivables	₱3,475,954				

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 ₱7.3 billion, lower by 10% compared to ₱8.1 billion reported in the same period last year. Lower volume in March versus prior year was mainly due to the Enhanced Community Quarantine (ECQ) implemented by the government in Luzon to prevent the spread of COVID-19. Road closures from localized quarantine measures have hampered movement of labor and logistics around the country further slowing down construction activity in other parts of the country. Visayas and Mindanao operations have continued but demand was on a decline as more local government units began to implement their own quarantine measures.

The Group reported EBITDA of ₱1.2 billion, lower by 29% as compared to ₱1.7 billion reported during the same period last year. Unfavorable variance was attributable to lower net sales and lower prices as pricing actions were implemented to increase sales volume amid the lockdown situation and to maintain acceptable gap against competitor prices. The Group managed to incur lower financial expenses related to its short-term loans and lease liabilities. Net income after tax stood at ₱0.5 billion giving earnings per share of ₱0.08.

Financial Position

The Group's financial position has remained healthy with stable liquid cash position. However, the return on assets declined to 1.1% as of March 31, 2020 which is 0.4% lower from the end of 2019. Total assets stood at ₱49.4 billion as of March 31, 2020, 10% higher from end of 2019.

Cash Flow Generation

The Group's cash requirements have been mainly sourced through cash flow provided by operating activities coupled with proceeds on short-term financing liabilities from third party sources. Please refer to the attached statement of cash flow for more details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended March 31, 2020 and 2019 were as follows:

Financial KPI	Definition	For the period ended March 31	
		2020	2019
<u>Profitability</u>			
Return on Equity (ROE)	Net Income	1.8%	2.8%
	Ave. Total Shareholders' Equity		
Return on Asset (ROA)	Net Income	1.1%	1.5%
	Average Total Assets		
<u>Efficiency</u>			
EBITDA Margin	Operating EBITDA	16.4%	20.8%
	Net Sales		
<u>Liquidity</u>			
Gearing	Net Financial Debt (Asset)	4.5%	25.9%
	Stockholders' Equity		
EBITDA Net Interest Cover	Operating EBITDA	12.8 times	9.5 times
	Net Interest		

Profitability and Efficiency

Profitability indicators have decreased as compared to the same period of last year due to lesser assets and lower equity while efficiency indicators is lower to the same period of last year due to lower income generated from operations.

Liquidity

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

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

PFRS 17, Insurance Contracts

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

The key principles in PFRS 17 are that an entity:

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

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

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

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

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

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

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

Salient points of the interpretation are the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Seasonality Aspects of the Business

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

3. Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

The main risks arising from the Group's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 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 and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2020, there are no revenues denominated in currencies other than the Philippine Peso.

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

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

Interest Rate Risk

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

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

Credit Risk

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

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

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

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

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

Liquidity Risk

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

The Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at March 31, 2020, the Group has unutilized credit facilities of ₱13.6 billion.

Capital Management Policy

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

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

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

4. Financial Assets and Liabilities

Fair Value of Financial Instruments

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

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Employees, Restricted Cash, Short-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.

Derivative Liabilities. The fair values of the embedded currency forwards are calculated by reference to current forward exchange.

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.

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.

Fair Value Hierarchy

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

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

5. Segment Reporting

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

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

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

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

Segment revenues, EBITDA, assets and liabilities as at March 31, 2020 and 2019 are presented below:

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
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
	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱7,769,253	₱647,290	₱8,416,543	(₱313,052)	₱8,103,491
Inter-segment	85,013	–	85,013	(85,013)	–
	₱7,854,266	₱647,290	₱8,501,556	(₱398,065)	₱8,103,491
Operating EBITDA	₱1,787,107	₱188,010	₱1,975,118	(₱287,768)	₱1,687,350
Segment assets	38,910,722	511,159	39,421,880	7,006,959	46,428,839
Segment liabilities	7,573,292	213,746	7,787,038	13,377,532	21,164,570

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

6. Retained Earnings

The BOD did not declare any cash dividends during the quarter.

Interim Disclosures

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

As of 31 March 2020, the Proposed Transaction is being reviewed by the PCC.

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

129% increase in Cash and cash equivalents

Mainly due to higher cash from operations, lower spending in capital expenditure and proceeds from short-term loans.

1% increase in Trade and other receivables - net

Increase was mainly due to higher credit sales outstanding as of the period.

21% increase in Inventories

Increase in inventories was due to stoppage of operations of plants in relation to the Enhanced Community Quarantine placed in Luzon and some parts of Visayas and Mindanao resulting in non-consumption of produced goods, goods-in-transit and raw materials.

32% increase in Other current assets

Increase pertains mostly to prepaid Real Property Taxes and business taxes and the deferral of plant shutdown costs.

6% decrease in Right-of-Use Assets

Mainly due to the depreciation expense recognized for the period.

97% increase in Loan payables

Proceeds from loan extended to the Company by third parties.

0.4% increase in Trade and other payables

Majority pertains to the increased intercompany transactions during the quarter.

72% increase in Income tax payable

Mainly due to additional taxable income for the period and outstanding tax payable from previous year's net income.

14% decrease in lease liability-current portion

Mainly due to the payment of leases for the quarter.

4% increase in Retained earnings

Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

10% decrease in Net sales

Mainly due to lower volumes sold from the interruption in the sales operations as a result of the Enhanced Community Quarantine implemented nationwide.

5% decrease in Cost of goods sold

Mainly due to lower fixed costs spending on cost reduction programs; and lower prices of power, fuels and imported raw materials.

3% decrease in Operating expenses

Mainly due to lower advertising expense as compared from prior year.

10% decrease in Depreciation and amortization

Mainly due to decrease in Right-of-Use Assets (RoU)-depreciation under IFRS 16.

55% decrease in Net financial expenses

Mainly due to lower finance charges paid due to settlement of all outstanding loans from third parties in the prior year, net of losses from foreign denominated payables to third parties.

4408% increase in Income (Expenses) on non-operating assets

Mainly due to reversal of final withholding tax during the month of February 2020, also there are no write-offs as of March 2020 as compared to the same period last year that pertains to intangible assets, net of loss recognized this year from the share of net profit of associates compared the income from same period last year.

34% decrease in Provision for income tax

Due to lower taxable income for the first quarter of the year.

4% increase in Noncontrolling interest in net income

Increase was mainly due to higher profit of subsidiaries compared to same period last year.

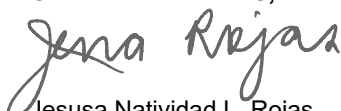
Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the three (3) Months Ended March 31	
		2020	2019
<u>Current/Liquidity ratio</u> Current Ratio	Current Assets	82.4%	63.3%
	Current Liabilities		
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset)	4.6%	25.9%
	Stockholder's Equity		
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets	174.8%	183.8%
	Stockholder's Equity		
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax	5.8 times	5.6 times
	Net Interest		
<u>Profitability Ratios</u> Return on Assets Return on Equity	Net Income	0.8%	1.5%
	Average Total Assets		
	Net Income	1.4%	2.8%
	Average Total Equity		

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 29, 2020

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Dennis G. Segovia Jr.
(Contact Person)

(Contact Person)

(2nd Quarter 2020)

8581-1511
(Company Telephone Number)

(Company Telephone Number)

0	6
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3	0
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Month Day
(Fiscal Year)

SEC FORM 17-Q

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

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Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

5,259

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended June 30, 2020
2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
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 ☒ No ☐

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

Philippine Stock Exchange, Inc.

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019

Exhibit II – Consolidated Statements of Income for the quarters ended June 30, 2020 and 2019

Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2020 and 2019

Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended June 30, 2020 and 2019

Exhibit V – Consolidated Statements of Cash Flows for the quarters ended June 30, 2020 and 2019

Exhibit VI – Aging of Trade and Other Receivables as of June 30, 2020

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

	30 June 2020	31 Dec 2019
ASSETS		
Current Assets		
Cash and cash equivalents	P2,911,370	P2,961,897
Trade and other receivables - net	2,816,751	3,447,117
Inventories	2,823,595	3,077,546
Short-term financial receivables	493,307	511,463
Other current assets	1,368,749	939,348
Total Current Assets	10,413,772	10,937,371
Noncurrent Assets		
Investments	4,356,731	4,363,425
Property, plant and equipment – net	19,694,566	19,999,303
Right-of-use assets	1,869,988	2,130,518
Goodwill	2,635,738	2,635,738
Intangibles – net	26,074	26,875
Retirement assets – net	2,267,696	2,313,807
Other noncurrent assets	2,420,936	2,420,872
Total Noncurrent Assets	33,271,729	33,890,538
	43,685,501	44,827,909
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	10,933,673	10,340,029
Loan payables	2,085,150	3,925,849
Current portion of lease liabilities	291,602	396,704
Income tax payable	80,892	306,453
Total Current Liabilities	13,391,317	14,969,035
Noncurrent Liabilities		
Long-term lease liabilities	1,744,986	1,767,799
Provisions	77,082	77,082
Deferred tax liabilities – net	289,831	244,384
Total Noncurrent Liabilities	2,111,899	2,089,265
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	1,624,206	1,624,206
Other reserves	4,475	4,475
Retained earnings	11,612,193	11,199,025
	28,168,975	27,755,807
Noncontrolling Interest	13,310	13,802
Total Stockholders' Equity	28,182,285	27,769,609
	P43,685,501	P44,827,909

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

	Quarter Ended		Six (6) Months Ended	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net Sales	₱4,148,083	₱7,278,542	₱11,418,564	₱15,382,033
Cost of sales	3,443,613	5,558,482	9,160,186	11,604,502
Gross Profit	704,470	1,720,060	2,258,378	3,777,531
Operating expenses	194,592	376,305	552,916	746,426
Operating EBITDA	509,878	1,343,755	1,705,462	3,031,105
Depreciation and amortization	451,821	367,392	891,429	854,682
Profit from Operations	58,057	976,363	814,033	2,176,423
Other income (expenses)				
Net financial expense	(145,544)	(78,160)	(238,281)	(283,600)
Other income (expense) - net	(24,693)	43,732	5,851	43,021
Total	(170,237)	(34,428)	(232,430)	(240,579)
Profit (loss) before Income Tax	(112,180)	941,935	581,603	1,935,844
Provision for income tax				
Current	(22,727)	324,851	195,321	633,959
Deferred	(1,743)	(99,530)	(27,552)	(118,590)
	(24,470)	225,321	167,769	515,369
Profit (loss) for the Period	(87,710)	716,614	413,834	1,420,475
Noncontrolling interest	(429)	(468)	(666)	(695)
Profit (loss) for the period attributable to Equity holders of the Parent Company	(₱88,139)	₱716,146	₱413,168	₱1,419,780
Basic/Diluted Earnings (Loss) Per Share (EPS)				
Computation of EPS:				
(a) Profit (loss) for the period attributable to Equity holders of the parent company	(₱88,139)	₱716,146	₱413,168	₱1,419,780
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	(₱0.014)	₱0.111	₱0.064	₱0.220

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

	Quarter Ended		Six (6) Months Ended	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Profit (Loss) for the Period	(P87,710)	P716,614	P413,834	P1,420,475
Other Comprehensive Loss	—	(2,463)	—	(712,514)
Total Comprehensive Income (loss)	(P87,710)	P714,151	P413,834	P707,961
Attributable to:				
Equity holders of Parent Company	(87,281)	713,683	414,500	709,968
Noncontrolling interest	(429)	468	(666)	(2,007)
Total Comprehensive Income (loss)	(P87,710)	P714,151	P413,834	P707,961

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six (6) months ended June 30, 2020 and 2019
(In Thousands)

	Jan-Jun 2020	Jan-Jun 2019
Capital Stock		
Common Stock		
Balance at beginning of period	P6,452,099	P6,452,099
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	1,624,206	2,008,554
Other reserves	4,475	807
Retained Earnings		
Balance at beginning of period	11,199,025	7,607,112
Profit for the Period	413,168	1,419,780
Balance at end of period	11,612,193	9,026,892
Noncontrolling Interest	13,310	14,066
	P28,182,285	P25,978,420

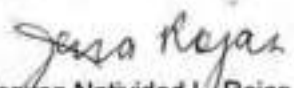
HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six (6) months ended June 30, 2020 and 2019
(In Thousands)

	Jan-Jun 2020	Jan-Jun 2019
Operating Activities		
Profit before Income Tax	P581,603	P1,935,844
Adjustments to reconcile profit to cash		
Depreciation and amortization	891,429	854,682
Other items (net)	(434,954)	(635,370)
Changes in current assets and liabilities	1,336,854	(1,162,151)
Cash provided by operating activities	2,374,932	993,005
Investing Activities		
Additions to plant, property and equipment	(470,524)	(1,509,842)
Decrease (increase) in other investing activities	3,725	(108,619)
Cash used in investing activities	(466,799)	(1,618,461)
Financing Activities		
Payment of short-term loans	(7,140,699)	(3,937,618)
Proceeds from short-term loan	5,300,000	—
Repayment of long-term leases	(133,591)	(249,603)
Short-term financial receivable repaid by a related party	32,849	—
Increase in short-term financial receivables	(14,125)	(14,669)
Cash used in financing activities	(1,955,566)	(4,201,890)
Net decrease in cash and cash equivalents	(47,433)	(4,827,346)
Cash and cash equivalents, beginning	2,961,897	5,399,853
Effect of exchange rate changes on cash and cash equivalents	(3,094)	(5,158)
Cash and cash equivalents, end	P2,911,370	P567,349

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

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱666,624	₱641,035	(₱890)	₱—	₱26,479
Other Receivables	2,174,972	433,606	(29,523)	88,914	1,681,975
Total	2,841,596	₱1,074,641	(₱30,413)	₱88,914	₱1,708,454
Allowance for Doubtful Accounts	(24,845)				
Net Receivables	₱2,816,751				

Certified correct:


Jessa 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 ₱11.4 billion, lower by 26% compared to ₱15.4 billion reported in the same period last year both from lower volume and price. Volume as of June 2020 was affected by lockdown implemented by the government starting from second half of March until end of May. There was semblance of recovery in June. Very limited deliveries to Visayas and North Mindanao continued as Lugait Plant was able to operate but road closures and port shut downs from localized quarantine hampered movement of labor and logistics. All the various quarantine measures around the country dramatically slowed down construction activity. Year to date prices were also affected by the shift to pick-up and cash sales coupled with downward pricing actions in response to competition.

The Group reported total EBITDA of ₱1.7 billion, lower by 44% as compared to ₱3.0 billion reported during the same period last year. Unfavorable decrease was mainly attributable to lower revenues. Cost of goods sold was lower driven by lower fixed cost and major input and distribution costs from aggressive cost reduction initiatives coupled with lower volume sold. Support process costs were also lower from absence or deferral of costs due to lockdown. The Group managed to incur lower financial expenses related to its short-term loans and lease liabilities. Net income after tax stood at ₱0.4 million giving earnings per share of ₱0.06.

Financial Position

The Group's financial position has remained healthy with stable cash position. However, the return on assets declined to 0.9% as of June 30, 2020 which is 71% lower from the end of 2019 primarily from lower income generated during the period. Total assets stood at ₱43.7 billion as of June 30, 2020, 3% lower from end of 2019.

Cash Flow Generation

The Group's cash requirements were mainly sourced through cash from operating activities and short-term financing liabilities from third parties. As of June 30, 2020, all third party loan payables in the first half of the year were paid in full including settlement of an outstanding loan from a related party. 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, 2020 and 2019 were as follows:

Financial KPI	Definition	For the period ended June 30	
		2020	2019
<u>Profitability</u>			
Return on Equity (ROE)	Net Income	1.5%	5.5%
	Ave. Total Shareholders' Equity		
Return on Asset (ROA)	Net Income	0.9%	3.1%
	Average Total Assets		
<u>Efficiency</u>			
EBITDA Margin	Operating EBITDA	14.9%	19.7%
	Net Sales		
<u>Liquidity</u>			
Gearing	Net Financial Debt (Asset)	(1.9%)	18.3%
	Stockholders' Equity		
EBITDA Net Interest Cover	Operating EBITDA	8.1 times	11.0 times
	Net Interest		

Profitability and Efficiency

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

Liquidity

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

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

PFRS 17, *Insurance Contracts*

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

The key principles in PFRS 17 are that an entity:

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

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

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

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

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

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

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

Salient points of the interpretation are the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Seasonality Aspects of the Business

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

3. Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

The main risks arising from the Group's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 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 and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of June 30, 2020, there are no revenues denominated in currencies other than the Philippine Peso.

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

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

Interest Rate Risk

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

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

Credit Risk

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

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

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

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

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

Liquidity Risk

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

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

Capital Management Policy

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

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

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

4. Financial Assets and Liabilities

Fair Value of Financial Instruments

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

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

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

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

Fair Value Hierarchy

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

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

5. Segment Reporting

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

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

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

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

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

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱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
	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱15,108,495	₱564,038	₱15,672,533	(₱290,500)	₱15,382,033
Inter-segment	74,294	–	74,294	(74,294)	–
	₱15,182,789	₱564,038	₱15,746,827	(₱364,794)	₱15,382,033
Operating EBITDA	₱3,548,805	₱352,401	₱3,901,206	(₱870,101)	₱3,031,105
Segment assets	34,275,012	431,054	34,706,066	8,483,419	43,189,485
Segment liabilities	7,762,284	222,370	7,984,654	9,226,411	17,211,065

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

6. Retained Earnings

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

Interim Disclosures

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

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

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

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

Material Changes in Balance Sheet Accounts

2% decrease in Cash and cash equivalents

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

18% decrease in Trade and other receivables - net

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

8% decrease in Inventories

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

4% decrease in Short-term financial receivables

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

46% increase in Other current assets

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

12% decrease in Right-of-Use Assets

Mainly due to the depreciation expense recognized for the period.

47% decrease in Loan payables

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

6% increase in Trade and other payables

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

74% decrease in Income tax payable

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

26% decrease in lease liability-current portion

Mainly due to the payment of leases for the quarter.

19% increase in deferred tax liabilities - net

Mainly due to the accruals and pension liability.

4% increase in Retained earnings

Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

26% decrease in Net sales

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

21% decrease in Cost of goods sold

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

26% decrease in Operating expenses

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

4% increase in Depreciation and amortization

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

16% decrease in Net financial expenses

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

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

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

67% decrease in Provision for income tax

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

4% decrease in Noncontrolling interest in net income

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

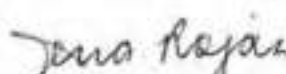
Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

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

SIGNATURES

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

HOLCIM PHILIPPINES, INC.


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

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Dennis G. Segovia Jr.
(Contact Person)

(Contact Person)

(3rd Quarter 2020)

8581-1511
(Company Telephone Number)

(Company Telephone Number)

0	9	3	0
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Month Day
(Fiscal Year)

SEC FORM 17-Q

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

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Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

5,259

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

STAMPS

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended September 30, 2020
2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634 Postal Code
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes ☒ No ☐

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

Philippine Stock Exchange, Inc.

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

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

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

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

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

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

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

	Jan-Sep 2020	Jan-Sep 2019
Capital Stock		
Common Stock		
Balance at beginning of period	P6,452,099	P6,452,099
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	1,624,206	2,008,554
Other reserves	4,475	214
Retained Earnings		
Balance at beginning of period	11,199,025	7,607,112
Profit for the Period	1,026,612	1,876,975
Balance at end of period	12,225,637	9,484,087
Noncontrolling Interest	13,563	14,325
	P28,795,982	P26,435,281

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

	Jan-Sep 2020	Jan-Sep 2019
Operating Activities		
Profit before Income Tax	P1,572,813	P2,631,042
Adjustments to reconcile profit to cash		
Depreciation and amortization	1,380,980	1,257,289
Other items (net)	(872,317)	(943,336)
Changes in current assets and liabilities	150,807	295,777
Cash provided by operating activities	2,232,283	3,240,772
Investing Activities		
Additions to plant, property and equipment	(679,299)	(2,183,899)
Decrease (increase) in other investing activities	5,946	(74,731)
Cash used in investing activities	(673,353)	(2,258,630)
Financing Activities		
Payment of short-term loans	(7,140,699)	(4,965,374)
Proceeds from short-term loans	5,300,000	—
Repayment of long-term leases	(215,064)	(369,915)
Short-term financial receivable repaid by a related party	32,849	—
Increase in short-term financial receivables	(14,125)	(61,102)
Cash used in financing activities	(2,037,039)	(5,396,391)
Net decrease in cash and cash equivalents	(478,109)	(4,414,249)
Cash and cash equivalents, beginning	2,961,897	5,399,853
Effect of exchange rate changes on cash and cash equivalents	(3,338)	(5,138)
Cash and cash equivalents, end	P2,480,450	P980,466

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

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

Certified correct:


Jesusa Natividad V. Rojas
Chief Financial Officer

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

Results of Operations

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

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

Financial Position

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

Cash Flow Generation

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

Key Performance Indicators

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

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

Profitability and Efficiency

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

Liquidity

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

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

PFRS 17, *Insurance Contracts*

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

The key principles in PFRS 17 are that an entity:

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

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

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

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

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

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

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

Salient points of the interpretation are the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Seasonality Aspects of the Business

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

3. Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

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

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

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

Interest Rate Risk

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

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

Credit Risk

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

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

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

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

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

Liquidity Risk

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

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

Capital Management Policy

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

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

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

4. Financial Assets and Liabilities

Fair Value of Financial Instruments

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

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

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

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

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

Fair Value Hierarchy

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

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

5. Segment Reporting

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

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

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

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

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

	2020				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱18,282,438	₱428,990	₱18,711,428	₱68,509	₱18,779,937
Inter-segment	16,607	–	16,607	(16,607)	–
	₱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	16,672	9,814,747	4,094,350	13,909,097
	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	₱22,745,013	₱837,617	₱23,582,630	(₱444,288)	₱23,138,342
Inter-segment	100,731	–	100,731	(100,731)	–
	₱22,845,744	₱837,617	₱23,683,361	(₱545,019)	₱23,138,342
Operating EBITDA	₱4,950,764	₱515,282	₱5,466,046	(₱1,267,506)	₱4,198,540
Segment assets	35,603,837	384,226	35,988,063	7,763,255	43,751,318
Segment liabilities	8,456,549	260,698	8,717,246	8,598,790	17,316,037

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

6. Retained Earnings

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

Interim Disclosures

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

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

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

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

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

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

Material Changes in Balance Sheet Accounts

16% decrease in Cash and cash equivalents

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

13% decrease in Trade and other receivables - net

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

1% decrease in Inventories

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

9% decrease in Short-term financial receivables

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

56% decrease in Other current assets

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

6% decrease in Right-of-Use Assets

Mainly due to the depreciation expense recognized for the period.

77% decrease in Loan payables

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

3% decrease in Trade and other payables

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

20% decrease in Income tax payable

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

29% decrease in lease liability-current portion

Mainly due to the payment of leases.

46% increase in deferred tax liabilities - net

Mainly due to the accruals and pension liability.

9% increase in Retained earnings

Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

21% decrease in Net sales

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

20% decrease in Cost of goods sold

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

23% decrease in Operating expenses

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

10% increase in Depreciation and amortization

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

31% decrease in Net financial expenses

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

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

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

28% decrease in Provision for income tax

Due to lower taxable income as of the current period.

4% decrease in Noncontrolling interest in net income

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

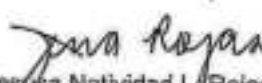
Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

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

SIGNATURES

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

HOLCIM PHILIPPINES, INC.


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

Schedule of Pending Material Legal Proceedings

MATERIAL LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

TAX CASES (Parent)

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

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

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

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

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

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

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

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

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

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

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

TAX CASES (Subsidiaries)

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


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

SEC Form 17-C

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. January 6, 2020
Date of Report (Date of earliest event reported)
2. SEC Identification Number 26126
3. BIR Tax Identification No. 000-121-507-000
4. Holcim Philippines, Inc.
Exact name of issuer as specified in its charter
5. Philippines
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
Address of principal office
- 1634
Postal Code
8. (632) 84593333
Issuer's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

Item 9. Other Events

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

SIGNATURES

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

Holcim Philippines, Inc.

Issuer



Belinda E. Dugan
Corporate Secretary

January 6, 2020

Date

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

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

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

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

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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.

Issuer



BELINDA E. DUGAN
Corporate Secretary

March 2, 2020

Date

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

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

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

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

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

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

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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.

March 16, 2020

Date



BELINDA E. DUGAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

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

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

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

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

Telephone number: (632) 81581 1511

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

SIGNATURE


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

HOLCIM PHILIPPINES, INC.

Issuer

March 31, 2020

Date



BELINDA E. DUGAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

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

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

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

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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.

Issuer



BELINDA E. DUGAN

Corporate Secretary

May 11, 2020

Date

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

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

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


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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.

Issuer


BELINDA E. DUGAN
Corporate Secretary

May 22, 2020

Date

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

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

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

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

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

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

SIGNATURE


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

HOLCIM PHILIPPINES, INC.

Issuer

June 17, 2020

Date



BELINDA E. DUGAN

Corporate Secretary

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

HOLCIM PHILIPPINES INC_SEC FORM 17C_22July2020

MSRD COVID19 <msrd_covid19@sec.gov.ph>

Tue, Jul 28, 2020 at 6:04 PM

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

Cc: "Belinda E. Dugan" <belinda.dugan@lafargeholcim.com>, "Maricel M. Crisostomo"

<maricel.crisostomo@lafargeholcim.com>, "VARELLIE C. VARGAS" <vcvargas@sec.gov.ph>, "CATHERINE E. GALIZA" <cegaliza@sec.gov.ph>

Dear Sir/Madam,

Acknowledging receipt of your email with attachment.

Thank you.

Regards,

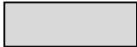
MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

[Quoted text hidden]

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

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

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

Item 9. Other Events

I. Annual Stockholders Meeting

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

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

III. Organizational Meeting of the Board of Directors

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

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

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

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

Executive Committee

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

Audit Committee

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

Corporate Governance Committee

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

Lead Independent Director – Thomas Aquino

SIGNATURES

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

Holcim Philippines, Inc.

Issuer

July 22, 2020

Date



Belinda E. Dugan
Corporate Secretary

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

Holcim Philippines, Inc_SEC Form 17-C_25August2020

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

Tue, Aug 25, 2020 at 5:24 AM

Dear Customer,

SUCCESSFULLY ACCEPTED

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

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

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

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

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


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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.

Issuer


BELINDA E. DUGAN
Corporate Secretary

August 24, 2020

Date

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

Holcim Philippines, Inc._SEC Form17-C_18September2020

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

Fri, Sep 18, 2020 at 2:20 PM

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. 17 September 2020
Date of Report (Date of earliest event reported)
2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-597
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. (032) 85811511
Registrant's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the
RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	8,452,099,144

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

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

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

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

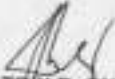
The CV of Ms. Tan is attached for your consideration. A special meeting of the Committee will be held on 17 September 2020, 4:30 p.m to discuss the eligibility of Ms. Tan for the positions. Questions or clarifications relative to the candidate may be electronically communicated to the Corporate Secretary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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

September 17, 2020
Date


BEATRIX R. GUEVARRA
Assistant Corporate Secretary

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

Holcim Philippines, Inc._SEC Form 17-C_18September2020

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

Fri, Sep 18, 2020 at 2:05 PM

Dear Customer,

SUCCESSFULLY ACCEPTED

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Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. 14 September 2020
Date of Report (Date of earliest event reported)
2. SEC Identification Number 26126
3. BIR Tax Identification No. 000-121-507
4. Holcim Philippines, Inc.
Exact name of registrant as specified in its charter
5. Philippines (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code
7. 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

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

11. Indicate the item numbers reported herein: *Item 5: Legal Proceedings*

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

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

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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.

Issuer



BEATRIX R. GUEVARRA
Assistant Corporate Secretary

September 14, 2020

Date

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

Holcim Philippines, Inc. SEC Form 17C_20 November 2020

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

Fri, Nov 20, 2020 at 4:42 PM

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. **19 November 2020**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**
3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**
Exact name of registrant as specified in its charter
5. **Philippines** (SEC Use Only)
Province, country or other jurisdiction of Incorporation Industry Classification
Code:
7. **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

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

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

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

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

SIGNATURE

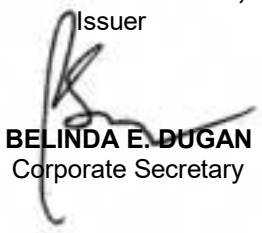
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOLCIM PHILIPPINES, INC.

Issuer

November 19, 2020

Date



BELINDA E. DUGAN
Corporate Secretary

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

Holcim Philippines, Inc._SEC Form 17C

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

Tue, Dec 8, 2020 at 5:48 AM

Dear Customer,

SUCCESSFULLY ACCEPTED

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **02 December 2020**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **26126**
3. BIR Tax Identification No. **000-121-507**
4. **Holcim Philippines, Inc.**
Exact name of registrant as specified in its charter
5. **Philippines** (SEC Use Only)
Province, country or other jurisdiction of Incorporation Industry Classification
Code:
7. **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
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<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
COMMON	6,452,099,144

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

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

SIGNATURE


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

HOLCIM PHILIPPINES, INC.

Issuer

November 19, 2020

Date



BELINDA E. DUGAN
Corporate Secretary

Sustainability Report

Annex A: Reporting Template

Contextual Information

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

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

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

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

The materiality assessment consisted of the following steps:

1. Topic selection (industry-wide)

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

2. Topic selection (Holcim Philippines-specific)

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

3. Materiality survey

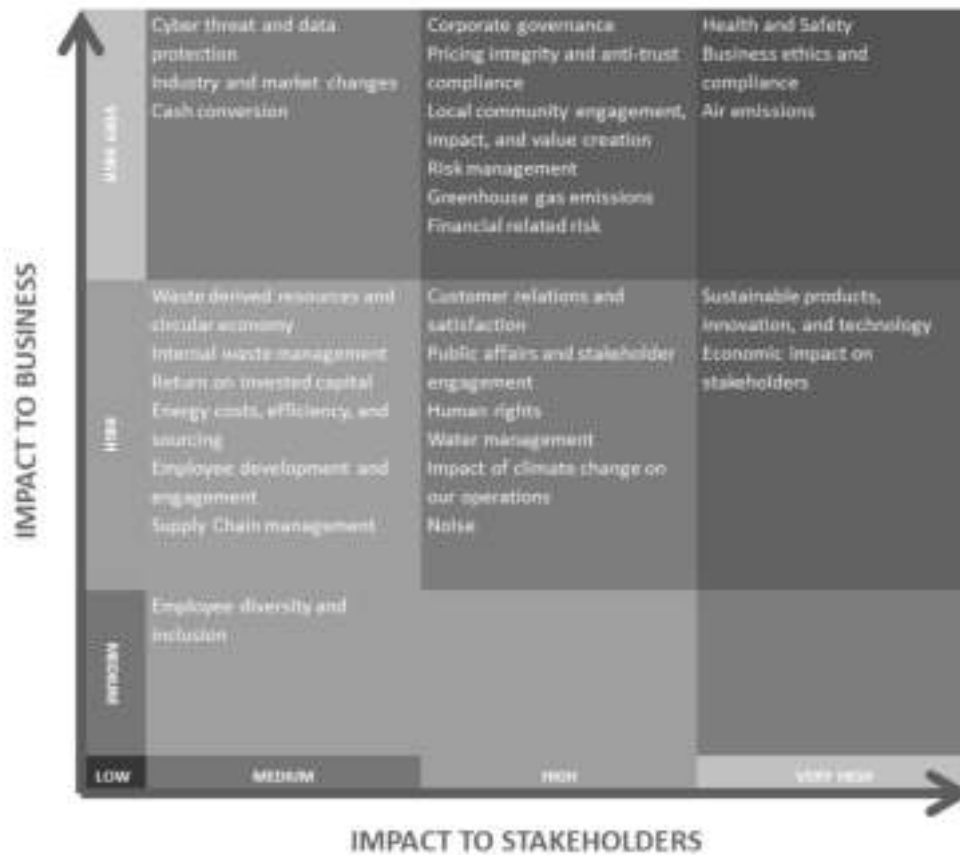
An online survey was conducted with the participation of thirteen Leadership Team and Executive Committee members to better reflect Holcim Philippines' strategy and priorities. The respondents compose the core team in handling the prioritization and decision-making matters for the company, hence, are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

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

¹ See *GRI 102-46*(2016) for more guidance.

4. Analysis and presentation of results

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



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

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

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

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

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

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

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

Climate-related risks and opportunities²

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	<p>Holcim Philippines, being a member of the LH Group, aligns its climate policies and strategies with the Group. The local Chief Executive Officer, who is a member of the Board, oversees the Company's sustainability initiatives. He leads the Executive Committee as they work together in ensuring that the Company achieves its sustainability commitments aligned to the Group strategy. Board meetings are conducted quarterly.</p> <p>Sustainability strategies and targets are cascaded by the Group to local operating companies (OpCo). The sustainability initiatives are embedded in the Company's short-, mid-, and long-term development plans and budgets which are translated to performance objectives and local targets. These are monitored at the Group level and are also discussed in the monthly local performance meetings including regional meetings (APAC).</p>
b) Describe management's role in assessing and managing climate-related risks and opportunities	<p>The Group has the overall governance and management while the OpCo's led by its Executive Committee ensures that the Company achieves its sustainability commitments aligned to the Group strategy. The assessment and management of climate-related issues are led by the LH Group. The Group, being a leader in providing building solutions and located across several countries, the Company has a critical role to lead the building industry in the net-zero pathway. The OpCos such as Holcim Philippines are to implement the sustainability strategies and initiatives aligned to the Group according to local setting.</p> <p>The OpCo Executive Committee ensures the implementation of the sustainability strategy and its integration to the overall planning and operations. The sustainability strategy and commitments are translated into functional objectives, action plans, milestones, and responsibilities across the operations.</p>
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	<p>The Philippines cement industry is associated with high CO₂ intensity, and Holcim Philippines is subject to a variety of government regulations and has committed to Philippine Nationally Determined Contribution (NDC) to Paris Agreement to reduce CO₂ emissions. These regulations can affect the business activities of the Company. In addition, a</p>

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.

short, medium, and long term	perception of the sector as a high emitter could impact its reputation, thus reducing its attractiveness to investors.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Being a signatory of the Paris Agreement, the Philippine government has revised and submitted its nationally determined contribution (NDC) to the reduction of carbon emissions, which includes mitigation options for the cement industry such as transition to low-carbon products. This shift entails increase in production of blended cement and introduction of innovative cement solutions. Although there are already some regulations to use more blended cement in the market, a push from the government is necessary to implement these. In addition, should the government fail to incentivize consumption of low-carbon products, customers may be unwilling to pay additional costs and the cement sector's low carbon roadmap might be compromised.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	The Company aligns its sustainability strategy and targets with LafargeHolcim Group. The Group is the first global building materials company to sign the "Business Ambition for 1.5°C" pledge with intermediate targets in 2030 approved by the Science-Based Targets initiative (SBTi) in alignment with net zero pathway.
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	<p>The Company follows the risk management approach of LH Group composed of several stages:</p> <ol style="list-style-type: none"> 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 risks identified. 3. Monitor and Reporting: Regular progress on the action and/controls are followed up by risk leaders at country level and reported to the Group. 4. Verification and Remediation: Internal control audit performs assessments of the effectiveness of the risk assessment process. The Group Internal Audit also performs independent assessment of the effectiveness of Internal Control.
b) Describe the organization's processes for managing climate-related risks	<p>Since cement operation is resource and energy-intensive and contributes to carbon emissions, these are the areas of priority in reduction of our environmental impact.</p> <p>The LH Group sustainability strategy addresses CO₂ and climate challenge in the construction value chain. It is divided into two sets of</p>

	<p>actions: short-term and long-term. These actions are cascaded to the OpCOs by the Group.</p> <p>Short-term actions:</p> <ul style="list-style-type: none"> i. improved clinker production technology; ii. higher usage of alternative fuels and alternative raw materials; iii. optimization of the cement portfolio with lower CO₂ footprint; iv. optimization of the concrete product portfolio; v. increase share of solutions and products with favorable CO₂ impact <p>Long-term actions that are focused on innovation and research and development of the following:</p> <ul style="list-style-type: none"> 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. <p>Holcim Philippines also engages proactively and transparently with external stakeholders based on positions that are aligned and consistent with the goals of the Paris Agreement.</p>
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	<p>Responsibilities concerning risks are clearly defined following the underlying principle that risk management is a line management responsibility. Clear roles and responsibilities are defined aligned to the sustainability strategy and commitments.</p>
<p>Metrics and Targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>Our sustainability strategy is divided into four pillars namely:</p> <ol style="list-style-type: none"> 1. Climate and Energy 2. Circular Economy 3. Environment 4. People and Communities <p>Climate and Energy: Holcim Philippines measures its climate goals in terms of reduced net CO₂ emissions (measured in kilograms of CO₂ per tonne of cementitious material, or kg CO₂/tonne). The Company's emission targets are aligned with and contribute to the Group's target</p>

	<p>of 475 kg/t by 2030. The CO₂ calculation is aligned with the international CO₂ protocol established by the Cement Sustainability Initiative (now Global Cement and Concrete Association).</p> <p>Circular Economy: The Company promotes a circular economy to address society's waste problem. We will increase the use of waste-derived resources (metric tons) in the operations. Examples of waste-derived resources are fly ash, slag and alternative raw materials and fuel from other industries.</p> <p>Environment: To reduce our impact on water resources, we have targets to reduce our freshwater withdrawal per ton cementitious product (liters/ton cem). This is measured through monitoring of water meters installed at production sites.</p> <p>People and Communities: We make sure to create value for the communities in which we operate, live, and work. For our <i>Community</i> pillar, we measure the total number of people benefitting from our community programs and investments (number of beneficiaries).</p> <p>We have monthly monitoring of sustainable solutions that we offer by monitoring the total net sales under the following criteria:</p> <ol style="list-style-type: none"> 1. Affordable Housing Solution 2. Circular Economy Solution (Waste Management Solution through Geocycle) 3. Low-carbon materials and solutions
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<p>The Group was the first global building materials company to sign the <i>Business Ambition for 1.5°C</i> pledge with intermediate targets in 2030 approved by the Science-Based Targets initiative (SBTi) in alignment with net zero pathway. Holcim Philippines being a member of LH aligns its sustainability strategy and targets with the Group.</p> <p>We have set our targets on each pillar:</p> <ol style="list-style-type: none"> 1. Climate and Energy: reduce our specific CO₂ emission to 475 kgCO₂/ton cem by 2030 using the 1990 baseline 2. Circular Economy: double the increase of waste-derived resources in our operations by 2030 using the 2020 baseline 3. Environment: reduce our specific freshwater withdrawal according on the Group's target^a 4. People and Communities: target 1.6 million total number of beneficiaries from 2020 to 2030

^a The target will be released by the second quarter of 2021.

Procurement Practices

Proportion of spending on local suppliers

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

^a HPI 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
<p>Holcim Philippines mostly procured from local suppliers in 2020. This provided us the following advantages:</p> <ul style="list-style-type: none"> • Shorter lead time; • Lower shipping costs; • Allows 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 Risk/s 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 supplied with non-genuine, sub-standard parts. Some suppliers may not be fully complying with government laws and regulations as well as the Company's directives and sustainability initiatives.	Employees, suppliers and contractors	<p>Holcim Philippines mitigates the risks by only dealing with local authorized distributors as validated by the original equipment manufacturer and original parts manufacturer. We also review our suppliers' performance and track record in and out of the Company.</p> <p>We also perform regular evaluation of new and current suppliers on Business Code of Conduct, Occupational Health and Safety, Human Rights and Labor,</p>

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

Anti-corruption

Training on Anti-corruption Policies and Procedures

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

^a Figure includes the suppliers that are part of HPI's 80% top spend in 2020.

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

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

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

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

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

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 2020.	Employees, communities, suppliers and service providers	All incidents of corruption are treated seriously, and investigations are instituted and completed leading to resolution or administrative action. The Company's Code of Discipline called the <i>HPHI Way</i> is the basic guide to conducting administrative investigations whenever corruption involves officers or employees of the Company.
What are the Risk/s 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 and local government, permits and licensing offices, etc.). Checks and balances should be constantly	Employees, communities, suppliers and service providers	<p>The Company has a five-element compliance program for anti-corruption which includes risk assessment, controls, training and communications, monitoring and follow-up, and organization and governance.</p> <p>The Company initially identifies and assesses its exposure to risks of</p>

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

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

Resource Management

Energy consumption within the organization

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

Reduction of energy consumption

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Environmental Impact Management

Air Emissions

GHG

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

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 of cement operation is CO ₂ . The main sources are from the calcination process of limestone, the major component of clinker needed to produce cement, and the combustion of traditional fossil fuels such as coal in clinker production. Limestone (CaCO 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 our GHG emission and has set targets to reduce our CO ₂ emissions as aligned to the LH Group target. In terms of reporting, we follow the CO ₂ protocol or CO ₂ and Energy Accounting and Reporting Standard for the Cement Sector established by the Cement Sustainability Initiative (CSI), now called the Global Cement and Concrete Association (GCCA). The protocol is based on the Intergovernmental Panel on Climate Change (IPCC) Reporting Protocol, and the Greenhouse Gas Protocol designed

		<p>by the World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI).</p> <p>CO₂ reporting is done monthly, discussed in management meetings, and monitored by the LH Group. We monitor the following parameters for CO₂ emission reporting:</p> <ol style="list-style-type: none"> 1. Clinker Production Volume 2. Cement Production Volume 3. Fuel consumption (traditional fuel) and chemical analysis 4. Alternative Fuel and Raw Materials (AFR) consumption 5. Clinker factor (clinker content of cement) 6. Specific thermal energy consumption (STEEC) 7. Electrical energy consumption (SEEC)
What are the Risk/s 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 more sources and industry partners and provide support for regulations allowing importation of alternative fuels due to local supply limitations.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
DTI's amendment of the Philippine National Standard (PNS) on Portland Cement promotes the use of different types of mineral components such as slag and fly ash from waste-derived resources for the production of blended cement for different construction applications.	Employees, community, suppliers and service providers	<p>Holcim Philippines targets to reduce our CO₂ emission to 475 kg CO₂ per metric ton of cementitious product by 2030. This is aligned with the LH Group target as validated by the Science-Based Targets initiative (SBTi).</p> <p>The Company's initiatives are to:</p> <ol style="list-style-type: none"> 1. Increase clinker substitution

		<p>Replacing clinkers with alternative mineral components such as pozzolan and fly ash or slag, which are waste-derived resources from other industries, to produce blended cement. Blended cement has a lower carbon footprint compared to ordinary portland cement (OPC). Holcim Solido, our relatively new blended cement product launched in 2018 is an alternative to OPC for road and building constructions. It is estimated to have a 10-20% lower CO₂ footprint than OPC. Holcim Excel, our general-purpose cement on the other hand, has a 20-25% lower CO₂ footprint than OPC. In addition, the Holcim Wallright masonry cement has the lowest CO₂ footprint, 35% lower compared to OPC.</p> <p>2. Increase use of alternative fuel</p> <p>Using pretreated waste and low-carbon fuels is another way to reduce the carbon intensity of cement. Such alternative fuels emit less CO₂ than traditional fuels. Other sources, such as biomass that we use, are considered carbon neutral. Using these alternative energy sources also divert waste from incineration or landfill, providing a solution to waste management issues, and helps in keeping fossil fuels in the ground.</p> <p>3. Improve energy efficiency</p> <p>Improving energy efficiency through process optimization and replacement of least-energy efficient equipment or</p>
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		<p>technology is also considered and implemented.</p> <p>We measure our target in terms of reduced net CO₂ emissions (measured in kilograms of CO₂ per tonne of cementitious material, or kg CO₂/tonne). Our target by 2030 was revised in 2020 to a more aggressive target, from 520 to 475 kg CO₂/tonne.</p>
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Air Pollutants

Disclosure	Quantity	Units
NO _x		
Bulacan Plant	451.82	mg/Nm ³
La Union Plant	386.66	
Lugait Plant	229.44	
Davao Plant	311.73	
DENR Regulatory Limit	1,000	
SO _x		
Bulacan Plant	24.18	mg/Nm ³
La Union Plant	6.69	
Lugait Plant	32.42	
Davao Plant	0.75	
DENR Regulatory Limit	1,500	
Particulate Matter (PM 10)		
Bulacan Plant	31.52	mg/Nm ³
La Union Plant	15.63	
Lugait Plant	32.03	
Davao Plant	14.32	
DENR Regulatory Limit	150	
Carbon Monoxide (CO)		
Bulacan Plant	375.87	mg/Nm ³
La Union Plant	224.13	
Lugait Plant	307.55	
Davao Plant	92.62	
DENR Regulatory Limit	500	
Persistent organic pollutants (POPs) • PCB-contaminated transformers	N/A	kg
Volatile organic compounds (VOCs)		
Bulacan Plant	17.99	mg/Nm ³
La Union Plant	12.90	
Lugait Plant	6.50	
Davao Plant	1.20	

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

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 one of the key environmental impacts of cement production. The Company monitors and manages our emissions from point sources and fugitive sources.	Employees, community, suppliers and service providers	<p>Our integrated plants are equipped with Continuous Emission Monitoring System (CEMS) to measure and monitor major atmospheric emissions such as dust or particulate matter, NO_x, SO_x, VOC, and CO. The company ensures 100% compliance to regulatory requirements including the LH Group's standard. We aim for the 100% availability of our CEMS through regular maintenance and annual calibration by a third-party. We also conduct external monitoring through the following:</p> <ol style="list-style-type: none"> 1. Multi-partite monitoring with a team composed of representatives from the local government, community, non-government organizations and DENR-PENRO / CENRO which conducts quarterly monitoring and witnesses ambient monitoring. 2. Annual testing of house measurements at point sources – a third-party service provider conducts stack sampling and testing in all plants to validate the results from the CEMS. They also provide information on heavy

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

Solid and Hazardous Wastes

Solid Waste

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

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

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

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

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

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

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

Effluents

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

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

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

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

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

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

		Management monitoring led by the Legal department of permits and licenses are also implemented and discussed regularly in management meetings.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Our integrated plants and cement grinding plants are ISO 14001:2015 (Environmental Management System) certified, ensuring proper management of our environmental risks and impacts.</p> <p>We conduct our business consistent with sustainable development principles and aim to continuously improve environmental performance to protect the environment and make positive contributions to nature and society.</p>	Employees, community, suppliers and service providers	<p>Holcim Philippines' commitment towards environmental management is to:</p> <ul style="list-style-type: none"> ● ensure compliance with environmental laws, local regulations and standards applicable to our products and operations. ● assess and measure our environmental impacts and continuously improve to promote best practices in our 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 production process ● engage proactively with our stakeholders and cooperate proactively with legislators and regulators <p>Going beyond regulatory compliance, the Company voluntarily reports our CO₂ emissions and has set ambitious targets to reduce our emissions. In terms of other air emissions, we have set internal targets even below the regulatory limit. For example, for dust or particulate matter, we have set 50 mg/Nm³ as</p>

		a benchmark vs. 150 mg/Nm ³ local standard.
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SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

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

Employee Benefits

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

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 = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

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

^a Figure includes employees who have resigned in 2020.

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

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

Employee Training and Development

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

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

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

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

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

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

^a Total number of consultations for all facilities.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Holcim Philippines respects the employees' freedom of association, in compliance with the Labor Code. The existence of nine (9) labor unions in the Company is a manifestation of our openness to conduct collective bargaining with the labor unions.	The Company maintains good labor-management relations through regular joint Labor Management Council (LMC) meetings and labor union involvement in company initiatives and programs. Further, the Company had already established over the years an open environment with the union where any labor-related issues and concerns can be discussed and addressed without waiting for the scheduled LMC.
What are the Risk/s 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 silent protest or escalation to third party institutions. Such may also affect plant performance and productivity of employees.	<p>The Company conducts consultations through the LMC meetings. Union officers are also part of the Health and Safety Working Team who assesses and discusses the Company's Health and Safety Policies and Programs in the sites.</p> <p>Our Employee Engagement Programs encourages the workers to present their ideas as part of work-related decision-making. Policies are communicated to the Union through the Labor Management Council. Whenever needed, the Management organizes a meeting with the Union for important business updates. Selected Union officers are invited for annual planning and conferences.</p>

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

Diversity and Equal Opportunity

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

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

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

	and ensure diverse talent is considered in all recruitment and talent management decisions. Further, the Total Rewards System of the Company was designed to be position or role and performance based and not gender based.
What are the Risk/s 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 to the organization through talks and training workshops. This mitigates any risk regarding perceived discrimination or inequality. Female employees are also encouraged to assume male dominated positions.
What are the Opportunity/ies Identified?	Management Approach
Aside from the promotion of the D&I policy, Holcim Philippines also promotes inclusivity in the workplace.	We do this by providing breastfeeding rooms, ensuring that provision for PWD access is available in strategic places, utilizing communication tools, and by complying to the standards of the Bureau of Working Conditions and Health & Safety.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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

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 our operations to the health and safety of our workforce, including our employees, contractors, and transporters of goods and	Holcim Philippines recognizes health and safety as one of our most critical topics affecting both business operations and our stakeholders. With this, we have an annual Health and Safety

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

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

Labor Laws and Human Rights

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

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

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

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