Exhibit II

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**

Exhibit III

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	**(₱87,710)**	**₱716,614**	**₱413,834**	**₱1,420,475**
Other Comprehensive Loss	**–**	**(2,463)**	**–**	**(712,514)**
Total Comprehensive Income (loss)	**(₱87,710)**	**₱714,151**	**₱413,834**	**₱707,961**
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)	**(₱87,710)**	**₱714,151**	**₱413,834**	**₱707,961**

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	₱6,452,099	₱6,452,099
Issuances (Retirement)	-	-
Balance at end of period	**6,452,099**	**6,452,099**
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	**8,476,002**	**8,476,002**
Other comprehensive income	**1,624,206**	**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**
	₱28,182,285	**₱25,978,420**

Exhibit V

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	**₱581,603**	**₱1,935,844**
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	**₱2,911,370**	**₱567,349**

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:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

The Group posted net sales of ₱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
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	1.5%	5.5%
Return on Asset (ROA)	Net Income / Average Total Assets	0.9%	3.1%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	14.9%	19.7%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(1.9%)	18.3%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	8.1 times	11.0 times

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**
			(In Thousands)		
Revenue:					
External customers	**₱11,063,331**	**₱309,296**	**₱11,372,627**	**₱45,937**	**₱11,418,564**
Inter-segment	**14,089**	**–**	**14,089**	**(14,089)**	**–**
	₱11,077,420	**₱309,296**	**₱11,386,716**	**₱31,848**	**₱11,418,564**
Operating EBITDA	**₱2,211,800**	**₱203,706**	**₱2,415,506**	**(₱710,044)**	**₱1,705,462**
Segment assets	**30,887,013**	**233,391**	**31,120,403**	**12,565,098**	**43,685,501**
Segment liabilities	**9,559,142**	**398,851**	**9,957,993**	**5,545,223**	**15,503,216**

	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
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 / Current Liabilities	77.7%	54.6%
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(1.9%)	18.3%
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	155.0%	166.3%
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax / Net Interest	2.7 times	7.0 times
<u>Profitability Ratios</u>			
Return on Assets	Net Income / Average Total Assets	0.9%	3.1%
Return on Equity	Net Income / Average Total Equity	1.4%	5.5%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Jesa Rojas

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

COVER SHEET

2	6	1	2	6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Dennis G. Segovia Jr.
(Contact Person)

(3nd Quarter 2020)

8581-1511
(Company Telephone Number)

0 9 / **3 0**
Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended September 30, 2020
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

5,259
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number LCU

Document ID Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended September 30, 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 [x] No [ ]

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

    Philippine Stock Exchange, Inc. Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of September 30, 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

Exhibit I

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	₱2,480,450	₱2,961,897
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**
	₱42,705,079	**₱44,827,909**

Exhibit II

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**

Exhibit III

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	₱6,452,099	₱6,452,099
Issuances (Retirement)	-	-
Balance at end of period	**6,452,099**	**6,452,099**
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	**8,476,002**	**8,476,002**
Other comprehensive income	**1,624,206**	**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**
	₱28,795,982	**₱26,435,281**

Exhibit V

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	**₱1,572,813**	**₱2,631,042**
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	**₱2,480,450**	**₱980,466**

Exhibit VI

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:

Jena Rojas
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 ₱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**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	3.6%	7.3%
Return on Asset (ROA)	Net Income / Average Total Assets	2.3%	4.1%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	17.0%	17.7%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(4.2%)	14.0%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	11.9 times	10.8 times

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**
	(In Thousands)				
Revenue:					
External customers	**₱18,282,438**	**₱428,990**	**₱18,711,428**	**₱68,509**	**₱18,779,937**
Inter-segment	**16,607**	**–**	**16,607**	**(16,607)**	**–**
	₱18,299,045	**₱428,990**	**₱18,728,035**	**₱51,902**	**₱18,779,937**
Operating EBITDA	**₱3,930,449**	**₱232,635**	**₱4,163,084**	**(₱961,937)**	**₱3,201,147**
Segment assets	**30,599,257**	**296,943**	**30,896,200**	**11,808,879**	**42,705,079**
Segment liabilities	**9,798,076**	**16,672**	**9,814,747**	**4,094,350**	**13,909,097**

	2019				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	(In Thousands)				
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
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	81.7%	64.2%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(4.2%)	14.0%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	148.3%	165.6%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	5.8 times	6.7 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	2.3%	4.1%
Return on Equity	Net Income / Average Total Equity	3.6%	7.2%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Jesusa Rojas

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

Exhibit 4

Schedule of Pending Material Legal Proceedings

MATERIAL LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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 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.

Exhibit 5

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 — 1634
   Address of principal office — Postal Code

8. (632) 84593333
   Issuer's telephone number, including area code

9. Not Applicable
   Former name or former address, if changed since last report

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

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

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

Item 9. Other Events

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

SIGNATURES

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

Holcim Philippines, Inc. Issuer	January 6, 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. **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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

At the regular meeting of the Board of Directors (the “Board) held today, 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.	**March 2, 2020**
Issuer	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. **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. **7^{th} 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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

Please be advised that 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. **7^{th} 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

Title of Each Class	Number of Shares of Common Stock Outstanding
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.	**May 11, 2020**
Issuer	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. **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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

Please be advised that 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.	**May 22, 2020**
Issuer	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. **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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

At the Regular Meeting of the Board of Directors 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. Apppointed 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.	**June 17, 2020**
Issuer	Date

BELINDA E. DUGAN
Corporate Secretary

Beatrix R. Guevarra <beatrix.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: "Beatrix R. Guevarra" <beatrix.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

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

Holcim Philippines, Inc_SEC Form 17-C_25August2020

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Tue, Aug 25, 2020 at 5:24 AM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **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 **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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

At the Regular Meeting of the Board of Directors 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

August 24, 2020
Date

BELINDA E. DUGAN
Corporate Secretary

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

Holcim Philippines, Inc._SEC Form17-C_18September2020

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Sep 18, 2020 at 2:20 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **17 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   **1634**
   Address of principal office   Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

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

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

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

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

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

September 17, 2020
Date

BEATRIX R. GUEVARRA
Assistant Corporate Secretary

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

Holcim Philippines, Inc._SEC Form 17-C_18September2020

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Sep 18, 2020 at 2:05 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **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 **1634**
   Address of principal office Postal Code

8. **(632) 85811511**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein: *Item 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

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

Holcim Philippines, Inc. SEC Form 17C_20 November 2020

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Nov 20, 2020 at 4:42 PM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

At the regular meeting of the Board of Directors (the “Board”) 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

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

Holcim Philippines, Inc._SEC Form 17C

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Tue, Dec 8, 2020 at 5:48 AM
To: beatrix.guevarra@lafargeholcim.com

Dear Customer,

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

Thank you.

SEC ICTD.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **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

9. **Not Applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	*6,452,099,144*

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

Please be advised that the Corporation’s Vice President, Chief Audit Executve, 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

Exhibit 6

Sustainability Report

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	Holcim Philippines, Inc. (HPI) and its Subsidiaries
Location of Headquarters	7/F Two World Square, McKinley Hill, Fort Bonifacio, Taguig City
Location of Operations	Head Office: Taguig City Cement Plant: 1. Bacnotan, La Union 2. Norzagaray, Bulacan 3. Lugait, Misamis Oriental 4. Bunawan District, Davao City Terminal: 1. Manila Harbour Centre, City of Manila 2. Calaca, Batangas 3. Lapuz District, Iloilo City Grinding Plant: Mabini, Batangas Paper Bag Plant: Calumpit, Bulacan Dry Mix Plant: Bicutan, Parañaque
Report Boundary: Legal entities included in this report	1. Holcim Philippines, Inc. 2. Excel Concrete Logistics, Inc. 3. Holcim Philippines Manufacturing Corporation 4. Mabini Grinding Mill Corporation 5. Bulkcem Philippines, Inc. 6. Calamba Aggregates, Inc.
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

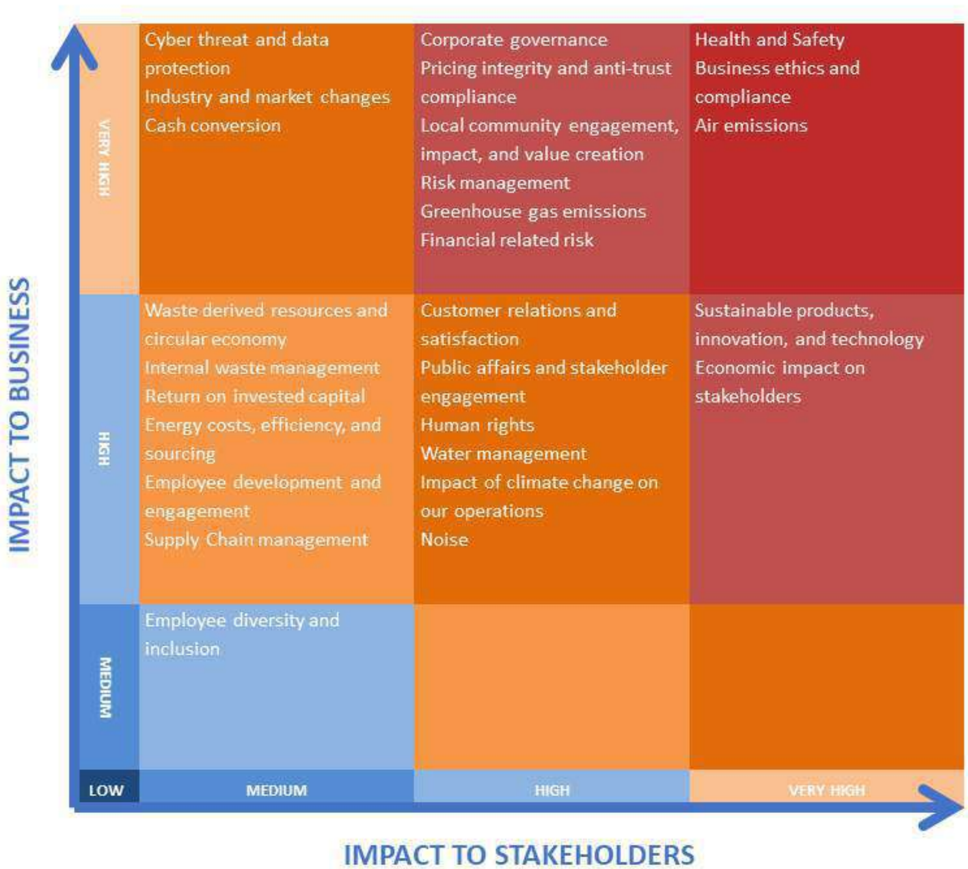
Materiality Process

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
Holcim Philippines' operations provide employment opportunities particularly to the communities where we operate. 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.	Employees, host community	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. 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

		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. 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. Given the Company's goal to support the LH Group's sustainability strategy, *The 2030 Plan*, 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.

The Company contributes to the growth of various suppliers and contracted service providers engaged with in its day-to-day operations.	Suppliers and service providers	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. 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.
Holcim Philippines' building products and solutions provide high performance and efficiency to a diverse range of projects, from small home repairs to massive infrastructures. Our products are also essential to the success of the government's Build Build Build program and other major private projects. 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). 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.	Government, customers and end-users (builders, property developers, users of buildings, roads and other infrastructure)	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. 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. The Company has a technical sales team who provide support to customers on concrete and other building solutions to enhance efficiency and productivity. 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.

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	The Company works and maintains communication with government stakeholders through actively participating in public consultations and trade policy planning. 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.
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)	Holcim Philippines continues to strengthen our Marketing and Innovation department. 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.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	Holcim Philippines, being a member of the 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. 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).
b) Describe management's role in assessing and managing climate-related risks and opportunities	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. 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.
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	The Philippines cement industry is associated with high CO_2 intensity, and Holcim Philippines is subject to a variety of government regulations and has committed to Philippine Nationally Determined Contribution (NDC) to Paris Agreement to reduce CO_2 emissions. These regulations can affect the business activities of the Company. In addition, a

[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 $2^{o}C$ 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	The Company follows the risk management approach of LH Group composed of several stages: **1.** Risk Identification and Analysis: The management assesses and evaluates the potential impact and likelihood of the key risks which could have a material adverse effect on the current or future operation of business. The risk horizon includes long-term strategic risks and short- to medium-term business risks. **2.** Risk Mitigation: The management defines the actions and/or controls to mitigate the 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	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. The LH Group sustainability strategy addresses CO_2 and climate challenge in the construction value chain. It is divided into two sets of

	actions: short-term and long-term. These actions are cascaded to the OpCOs by the Group. Short-term actions: **i.** improved clinker production technology; **ii.** higher usage of alternative fuels and alternative raw materials; **iii.** optimization of the cement portfolio with lower CO_2 footprint; **iv.** optimization of the concrete product portfolio; **v.** increase share of solutions and products with favorable CO_2 impact Long-term actions that are focused on innovation and research and development of the following: **i.** carbon capture solutions and alternative clinker; **ii.** decarbonized fuel and energy; **iii.** low-carbon cement; **iv.** low-carbon concrete; **v.** ultimate construction methods to reach low-carbon construction. Holcim Philippines also engages proactively and transparently with external stakeholders based on positions that are aligned and consistent with the goals of the Paris Agreement.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Responsibilities 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.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Our sustainability strategy is divided into four pillars namely: 1. Climate and Energy 2. Circular Economy 3. Environment 4. People and Communities **Climate and Energy:** Holcim Philippines measures its climate goals in terms of reduced net CO_2 emissions (measured in kilograms of CO_2 per tonne of cementitious material, or kg CO_2/tonne). The Company's emission targets are aligned with and contribute to the Group's target

	of 475 kg/t by 2030. The CO_2 calculation is aligned with the international CO_2 protocol established by the Cement Sustainability Initiative (now Global Cement and Concrete Association). **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. **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. **People and Communities:** We make sure to create value for the communities in which we operate, live, and work. For our *Community* pillar, we measure the total number of people benefitting from our community programs and investments (number of beneficiaries). We have monthly monitoring of sustainable solutions that we offer by monitoring the total net sales under the following criteria: 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	The Group was the first global building materials company to sign the *Business Ambition for 1.5°C* pledge with intermediate targets in 2030 approved by the Science-Based Targets initiative (SBTi) in alignment with net zero pathway. Holcim Philippines being a member of LH aligns its sustainability strategy and targets with the Group. We have set our targets on each pillar: 1. Climate and Energy: reduce our specific CO_2 emission to 475 $kgCO_2$/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
Holcim Philippines mostly procured from local suppliers in 2020. This provided us the following advantages: ● 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	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. We also perform regular evaluation of new and current suppliers on Business Code of Conduct, Occupational Health and Safety, Human Rights and Labor,

		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 Bradsheet (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**
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.	Employees, communities, government, suppliers and service providers	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. 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. 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. In the case of suppliers, our zero-tolerance on Anti-Bribery and

		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**
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. The lack of training and communications on anti-corruption policies and directives may result in inadequate emphasis on building a culture of business integrity. This problem poses risks of exposure to private and public bribery and corruption incidents which may put the Company at risk of violation of Anti-bribery and corruption laws and policies.	Employees, communities, government, suppliers and service providers	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. 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.
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.

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 *HPHI Way* 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	The Company has a five-element compliance program for anti-corruption which includes risk assessment, controls, training and communications, monitoring and follow-up, and organization and governance. The Company initially identifies and assesses its exposure to risks of

reviewed and reinforced to incorporate needed adjustments based on previous incidents.		anti-bribery and which functions are exposed to the identified risks. After this step, existing controls are reviewed, assessed, modified and implemented to address the risks. Holcim Philippines 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. Monitoring and persistent follow up using tools and scheduled reviews are also implemented to check risks and controls and the effectiveness of communications and training. Lastly, governance and a consistent tone from top 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.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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/ 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	Employees, communities, suppliers and service providers	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. Internal Audits are periodically performed to check controls and

report any possible, imminent, or actual violation of policies on the CoBC.		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. 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.

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	The Company has energy management processes in place to ensure high performance in respect to energy consumption and cost, sustainable operations, and continuous improvement. For each cement integrated plant, Thermal and Electrical Energy Reference Values (RV) are determined and embedded in the business process. The Energy

		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: **1.** Efficient production planning by improving production rates **2.** Alternative raw material use **3.** Equipment modification **4.** Process Optimization (i.e., grinding aid optimization) 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.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
High energy costs and unstable supply of raw materials are risks that may impact our operations. Additionally, current legislation proposals on banning importation of some alternative fuels may affect the sustainable supply of alternative fuels.	Employees, community, suppliers and service providers	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.
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	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. We also plan to explore waste-heat recovery in the long run to reduce our electrical energy consumption.

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	Holcim Philippines implements the following actions to ensure the sustainable management of water resources and reduce the water impact of our operations: **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.

		3. Evaluating and mitigating water-related risks **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.
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	Holcim Philippines implements water efficiency measures to lessen withdrawals of fresh water. 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. 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. Watershed characterization studies have also been done and georesistivity studies were conducted for groundwater assessment to ensure our sustainable sourcing of water.
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.

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
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. 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.	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	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. 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. Overall, these initiatives lower our carbon footprint.
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

[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_2e
Energy indirect (Scope 2) GHG Emissions	413,162	Tonnes CO_2e
Emission of ozone-depleting substances (ODS)	N/A	Tonnes CO_2e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The main GHG emission 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

		by the World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI). CO_2 reporting is done monthly, discussed in management meetings, and monitored by the LH Group. We monitor the following parameters for CO_2 emission reporting: **1.** Clinker Production Volume **2.** Cement Production Volume **3.** Fuel consumption (traditional fuel) and chemical analysis **4.** Alternative Fuel and Raw 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	Holcim Philippines targets to reduce our CO_2 emission to 475 kg CO_2 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). The Company's initiatives are to: **1. Increase clinker substitution**

		Replacing clinkers with alternative mineral components such as pozzolan and fly ash or slag, which are waste-derived resources from other industries, to produce blended cement. Blended cement has a lower carbon footprint compared to ordinary portland cement (OPC). Holcim Solido, our relatively new blended cement product launched in 2018 is an alternative to OPC for road and building constructions. It is estimated to have a 10-20% lower CO_2 footprint than OPC. Holcim Excel, our general-purpose cement on the other hand, has a 20-25% lower CO_2 footprint than OPC. In addition, the Holcim Wallright masonry cement has the lowest CO_2 footprint, 35% lower compared to OPC. **2. Increase use of alternative fuel** Using pretreated waste and low-carbon fuels is another way to reduce the carbon intensity of cement. Such alternative fuels emit less CO_2 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. **3. Improve energy efficiency** Improving energy efficiency through process optimization and replacement of least-energy efficient equipment or

		technology is also considered and implemented. We measure our target in terms of reduced net CO_2 emissions (measured in kilograms of CO_2 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 CO_2/tonne.

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	Our integrated plants are equipped with Continuous Emission Monitoring System (CEMS) to measure and monitor major atmospheric emissions such as dust or particulate matter, NOx, SOx, VOC, and CO. The company ensures 100% compliance 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: **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

		metals emissions including levels of dioxins and furans during testing. **3.** Quarterly ambient air monitoring (area sources) – engagement of DENR-accredited third-party laboratory to conduct quarterly monitoring for self-monitoring.
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	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. 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.

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	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. 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. 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.

		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.

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

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	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. 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. 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.
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

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.	Employees, community, suppliers and service providers	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. 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.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risks of non-compliance to environmental laws and regulations are potential environmental fines and reputational risks.	Employees, community, suppliers and service providers	Regular site inspections and audits are conducted to ensure compliance. Internal mandatory environmental training is also participated until supervisor level for cascading of regulatory requirements and for training in environmental impact assessment. Environmental incidents are also reported in a centralized online system to monitor implementation of corrective actions.

		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**
Our integrated plants and cement grinding plants are ISO 14001:2015 (Environmental Management System) certified, ensuring proper management of our environmental risks and impacts. 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.	Employees, community, suppliers and service providers	Holcim Philippines' commitment towards environmental management is to: ● 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 Going beyond regulatory compliance, the Company voluntarily reports our CO_2 emissions and has set ambitious targets to reduce our emissions. In terms of other air emissions, we have set internal targets even below the regulatory limit. For example, for dust or particulate matter, we have set 50 mg/Nm^3 as

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

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.	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. 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. 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.
What are the Risk/s Identified?	**Management Approach**

As with other companies, Holcim Philippines has identified the risk of employee separations which could lead to disruption of business operations. 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. 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.	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. Additionally, Talent Review, Succession Planning, and a monthly People Review are in place to discuss replacement or transition plans for retiring or resigning employees. 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. 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.
What are the Opportunity/ies Identified?	**Management Approach**
Holcim Philippines constantly validates that our benefits and policies are aligned to our target market group.	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. 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.

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**
Holcim Philippines invests in the learning and development of our employees. With this, we ensure that employees are: 1. Equipped with technical and leadership skills needed in their roles; 2. In the right roles with the right competencies; 3. Provided career growth and professional development; 4. Retained in the Company; and 5. Constantly improving in their individual performance.	The objective of the Company is for all employees to have their own Learning & Development Plan. To achieve this, each employee should follow the Learning & Development process: 1. Competency assessment; 2. Identification of gaps; 3. Creation of development actions to address gaps; and 4. Execution of development actions.
What are the Risk/s Identified?	**Management Approach**
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: 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	To prevent these risks, Holcim Philippines implemented the following approaches on learning and development: 1. Physical or face-to-face trainings were converted to online or virtual classroom trainings; 2. Optimized the use of Percipio, the LafargeHolcim e-learning platform for leadership, behavioral and management related trainings; and 3. Use of 70:20:10 learning and development model 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.

What are the Opportunity/ies Identified?	Management Approach
Holcim Philippines recognizes that classroom trainings are not the only means of developing our employees.	The Company advocates the 70:20:10 L&D Model which is: ● 10% education – face-to-face classroom trainings, workshops, e-learnings & 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.
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.	We evaluate our employees' performance through the Performance Management/Goal Management System. It comprises of: ● 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. 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. 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

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

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.	The Company conducts consultations through the LMC meetings. Union officers are also part of the Health and Safety Working Team who assesses and discusses the Company's Health and Safety Policies and Programs in the sites. Our Employee Engagement Programs encourages the workers to present their ideas as part of work-related decision-making. Policies are communicated to the Union through the Labor Management Council. Whenever needed, the Management organizes a meeting with the Union for important business updates. Selected Union officers are invited for annual planning and conferences.

	And whenever there are labor cases or protests, the Company endeavors to resolve it through plant level dialogue first before escalating to third party mediation.
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.	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. 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.

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.	Improvement Plan (HSIP) sponsored by the Executive Committee and Leadership Team. 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. Annual corporate health and safety audits are done to validate the effectiveness of programs and initiatives in the HSIP.
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.	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. 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. 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.
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.	Occupational health and safety risks are identified through High-Level Risk Assessment, Work Permit System, Job Planning Tool, Life Saving Talk, Personal Risk Assessment, and Journey Management. To mitigate 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

	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.
What are the Opportunity/ies Identified?	**Management Approach**
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.	The Health and Safety Improvement Plan 2020 involves initiatives on several focus areas. On road safety, we are continuously improving our drivers' competency though 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. On health risks, we implemented dust abatement projects, noise reduction, ear fit validation and testing, and manual handling surveys. 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. 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. 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.

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.	The Company had established policies, guidelines, and control standards to prevent the occurrence of forced or compulsory labor and child labor. Also, whenever there are grievances or legal actions, the Company endeavors to resolve it through plant level dialogue first before escalating to third party mediation. The Company utilizes the grievance mechanism available to discuss and resolve issues. The same

	is also discussed during the regular LMC Meeting. In cases when employees have committed violations, Holcim Philippines ensures that due process is observed at all times. The Code of Conduct sets a fair process when conducting investigations and coming up with decisions. All parties involved are given the opportunity to explain their sides before a decision shall be finalized and executed.
What are the Opportunity/ies Identified?	**Management Approach**
Our employees are free to discuss their concerns and grievances to their immediate superiors, department heads, functional heads, O&HR, and Legal. If they are not comfortable to speak up via face-to-face, the Company has established the Integrity Line, our secure web-based and phone-based advice and issue reporting system administered by an independent third party.	The Company, together with the Labor Union, had established a Grievance Procedure to discuss and resolve any grievance or disputes raised. The steps are as follows: **1.** The aggrieved employee and his union representative, if any, shall state in writing the circumstances, witnesses, and reasons for the dispute. The written grievance shall then be submitted to the Plant Manager concerned for resolution. This precludes that the discussion at the section and department level has already been exhausted and no resolution is reached. **2.** The Plant Manager concerned shall render his decision on the grievance within seven (7) working days upon receipt of the grievance. He may opt to conduct further hearing or investigation in resolving the grievance. Should the aggrieved employee be satisfied with the decision, then the grievance is rendered resolved. **3.** If the grievance remains unresolved, it is submitted to the Grievance Council (GC) for deliberation within twelve (12) working days upon submission thereof. If the aggrieved employee is satisfied with the result, the grievance is considered ended. **4.** If the GC fails to resolve the grievance to the aggrieved employee's satisfaction, the grievance is submitted for voluntary arbitration, which decision shall be final and executory, subject only to an appeal with the Supreme Court.

Supply Chain Management

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

Yes.

Do you consider the following sustainability topics when accrediting suppliers?

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

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

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

Relationship with Community

Significant Impacts on Local Communities

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

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

[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).*

[b] *These are business operations that excludes CSR projects.*

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

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

What are the Risk/s Identified?	**Management Approach**

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

	government agencies like the TESDA, DENR, and DILG.

Customer Management

Customer Satisfaction

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study? (Y/N)**
Customer Satisfaction[a]	52%	N

[a] *NPS Score based on Case Management data only.*

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

customers. Based on our Case Management Data, the common issues are invoicing in payment, logistics delivery and pickup, product and packaging quality, and product and service pricing.	resolution. The solution providers, identified per customer journey, were notified through SFDC - wherein they can see the detail of the feedback together with the supporting documents, if any. After the solution providers give their update in the case, the Customer Experience Team will get in touch with the customers to validate the company's action and to get their feedback on the overall issue resolution process. Holcim Philippines has implemented the following resolutions for the common issues raised: ● Invoicing in Payment: Easybuild enhancement on eInvoice, an electronic version of the printed sales invoices which will be available for download and convenience. An automated email notification will be sent to the registered email address once an invoice becomes available. This initiative was released last December 7, 2020. ● Logistics Delivery & Pick Up: Improvement on operations and process review to provide sustainable solutions. ● Product & Packaging Quality: The Technical Services Team is working, on a per complaint basis, to address these complaints. Complaints on cement quality are usually attributed to workability of the concrete. ● Product & Service Offerings: Discussion with customers on the reason of price variance.
What are the Opportunity/ies Identified?	**Management Approach**
The Company is continuously working to improve customer engagement and experience even with the COVID-19 pandemic.	To address the feedback of the customers from the Customer Pulse Survey, Marketing and Sales Team recalibrated the way of conducting customer engagements. As an example, using free digital platforms, the company’s leaders and Sales team held meetings called EKumustahan with close to a hundred key customers to provide important company updates in light of the pandemic, which had an average positive rating of 95% from participants.

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

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety[a]	0	#
No. of complaints addressed	0	#

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

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

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

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling[a]	0	#
No. of complaints addressed	0	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Holcim Philippines complies with relevant marketing and labeling laws and regulations. Our stakeholders such as customers, government regulators, and advertising agencies are free to contact the Company through our hotline and commercial personnel in cases when there are inconsistencies in the marketing and labeling of our products.	Some of the guidelines, laws, and regulations related to marketing and labeling that is followed by the Company are: ● PNS mandatory bag markings ● LH Group Brand Guidelines (packaging) ● LH Group Branding Guidelines ● HPI Media Communications Guidelines ● HPI Social Media Guidelines We also strictly adhere to the PNS directives of DTI BPS on matters related to product licensing and labeling. We participate in DTI's annual audits in securing certification for our products, approval for new packaging designs prior to commercial run, and Technical Committee discussions for CEMAP.
What are the Risk/s Identified?	**Management Approach**
Non-compliance to marketing and labeling regulations may lead to suspension, recall, and revocation of our Philippine Standards (PS) license; issuance of show cause order; ceasing from further supplying, distributing, and selling our products in the Philippine market; and issuing, publishing, and implementing product recall. Aside from legal repercussions, not having accurate marketing protocols may lead to our customers committing errors in selecting the proper product for the correct applications. Incomplete or wrong claims may result in misguided product expectations causing risk to structural integrity of structures where our products were used.	The Marketing & Innovations team ensures adherence to proper labeling regulations issued by the government (DTI), as well as the LH Brand Guidelines which provides guidelines on product and usage information on our products' packaging and communication materials. The DTI released Memorandum Circular (MC) No. 20-56 on 28 October 2020 providing Supplemental Guidelines for the Implementation of DAO 17-06, Series of 2017 or "The New Rules and Regulations Concerning the Mandatory Certification of Portland Cement and Blended Hydraulic Cement with Pozzolan." This requires all locally manufactured and imported cement products shipped in bulk and bagged in a PS-licensed bagging facility to be permanently marked with the name and address of the manufacturer, the country of manufacture, and the words "Bagged by:", followed by the name and address of the bagging facility. The MC aims to address the concerns on the product label of imported cement products shipped in bulk and bagged in the Philippines but labeled as "Product of the Philippines" which causes confusion among consumers as it is not reflective of the imported products' country of origin or manufacture. Holcim Philippines is complying with the necessary markings as the MC is effective 60 days from effectivity of the circular,

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

Customer privacy

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

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

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

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

Data Security

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

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

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

UN SUSTAINABLE DEVELOPMENT GOALS

Product of Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

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

WASTE MANAGEMENT SOLUTION

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

HOLCIM PHILIPPINES, INC.

Financial Statements
December 31, 2020 and 2019
and
Independent Auditors' Report

7/F, Two World Square
McKinley Hill, Fort Bonifacio, Taguig City, Philippines

Holcim

Holcim Philippines, Inc.
7th Floor Two World Square
McKinley Hill, Fort Bonifacio
Taguig City 1634
Philippines

Phone +63 2 459 3333
Fax +63 2 459 4444
www.holcim.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Holcim Philippines, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Navarro Amper & Co., the independent auditor appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and its reports to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such examination.

Tomas I. Alcantara
Chairman of the Board

John William Stull
President and Chief Executive Officer

Jesusa Natividad L. Rojas
Chief Financial Officer

Signed this 22nd day of February, 2021

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Holcim

Holcim Philippines, Inc.
7th Floor Two World Square
McKinley Hill, Fort Bonifacio
Taguig City 1634
Philippines

Phone +63 2 459 3333
Fax +63 2 459 4444
www.holcim.com

SUBSCRIBED AND SWORN to before me this FEB 2 2 2021 with the presentation of the following:

Name	UMID ID / Passport No.	Place Issued	Date Issued
Tomas I. Alcantara	UMID ID 0111- 05213746		
John William Stull	Passport No. 530501732	USA	May 12, 2015
Jesusa Natividad L. Rojas	EC0971234	Manila	April 29, 2014

Doc. No. 105
Page No. 34
Book No. 1
Series of 2020.

NOTARY PUBLIC
ROLL NO. 62515
TAGUIG CITY, PHILIPPINES

PATRICK HENRY D. SALAZAR
Notary Public for Taguig City
Appointment No. 6 valid until 30 June 2021
(pursuant to Bar Matter no. 3795, dated 1 December 2020)
Floor, One/Neo Building 26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City Taguig City
Roll of Attorney No. 62515
PTR No. A-4945190; 01/5/2021; Taguig City

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 6 1 2 6

Company Name

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

Principal Office (No./Street/Barangay/City/Town)Province)

7 / F   T W O   W O R L D   S Q U A R E

M C K I N L E Y   H I L L ,   F O R T   B O N I F A C I O

T A G U I G   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	(02) 459-3333	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5,259	July 22	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Dennis G. Segovia Jr.	dennis.segovia@lafargeholcim.com	8-459-3333	09175308837

Contact Person's Address

7/F Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commimission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Futher, non-receipt of Notice of Defeciencies shall not excuse the corporation from liability for its deficiencies.

...rroAmper&Co.

Navarro Amper & Co.
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5th Avenue corner 26th Street
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Philippines

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Fax: +63 (2) 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-5

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITORS

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

Gentlemen:

We have audited the financial statements of Holcim Philippines, Inc. (the "Company") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated February 22, 2021.

In compliance with revised SRC Rule 68, we are stating that the Company has a total number of only Five Thousand One Hundred Ninety Four (5,194) shareholders owning one hundred (100) or more shares each.

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

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BOA/PRC Reg. No. 0004
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Holcim Philippines, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Deloitte.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provided Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independences, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

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eport on Other Legal and Regulatory Requirements

Report on the Supplementary Information Required by Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 34 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue 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 audit of the basic financial statements. In our opinion, such supplementary information 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
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Taguig City, Philippines
February 22, 2021

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LCIM PHILIPPINES, INC.

STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2020	2019
		(In Thousands)	
ASSETS			
Current Assets			
Cash and cash equivalents	6	₱ 1,887,008	₱ 2,802,012
Trade and other receivables - net	7	1,020,185	1,914,187
Due from a related parties	16	2,850,867	2,673,120
Inventories - net	8	2,855,562	3,092,291
Other current assets	9	247,547	833,137
Total Current Assets		8,861,169	11,314,747
Noncurrent Assets			
Property, plant and equipment - net	11	16,303,929	16,487,451
Intangible assets - net	12	13,760	20,419
Right-of-use assets - net	27	4,141,357	5,163,128
Investments and advances	10	8,519,852	8,512,745
Other non-current assets	12	2,440,087	2,388,238
Deferred tax assets	29	430,336	394,152
Total Noncurrent Assets		31,849,321	32,966,133
TOTAL ASSETS		₱40,710,490	₱44,280,880
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	₱ 8,304,028	₱ 7,949,697
Due to related parties	16	4,327,781	4,971,405
Lease liabilities - current portion	27	1,218,146	1,103,960
Income tax payable	29	119,795	256,980
Loans payable	13	-	3,925,849
Total current liabilities		13,969,750	18,207,891
Noncurrent Liabilities			
Provisions	17	64,479	67,029
Lease liabilities - noncurrent portion	27	3,240,720	4,166,593
Retirement benefit liability	15	552,227	414,849
Total noncurrent liabilities		3,857,426	4,648,471
		17,827,176	22,856,362
Equity			
Capital stock	18	6,452,099	6,452,099
Additional paid-in capital	18	8,476,002	8,476,002
Other reserves and		4,475	4,475
Remeasurement loss on retirement benefits - net		(297,687)	(215,902)
Retained earnings		8,248,425	6,707,844
		22,883,314	21,424,518
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		₱40,710,490	₱44,280,880

See accompanying Notes to Financial Statements.

LCIM PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Note	2020	2019
		For Years Ended December 31	
		(In Thousands)	
NET SALES	19	₱26,012,661	₱33,474,730
COST OF SALES	20	22,311,941	27,498,856
GROSS PROFIT		3,700,720	5,975,874
General and administrative expenses	21	(863,724)	(918,800)
Selling expenses	22	(450,968)	(533,850)
Interest and financing charges	25	(526,976)	(773,682)
Dividend income	16	116,283	38,184
Interest and other financial income	6,12	34,360	50,416
Other income (expenses) - net	26	138,373	(270,844)
PROFIT BEFORE INCOME TAX		2,148,068	3,567,298
INCOME TAX EXPENSE	29	607,487	1,080,821
PROFIT FOR THE YEAR		1,540,581	2,486,477
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement loss on retirement benefits	15	(116,836)	(160,394)
Income tax effect	15	35,051	48,118
		(81,785)	(112,276)
Other reserves	18b	-	2,131
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(81,785)	(110,145)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		₱ 1,458,796	₱2,376,332
Basic/Diluted Earnings per Common Share for the Year		₱ 0.24	₱ 0.39

See accompanying Notes to Financial Statements.

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HOLCIM PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY

	For the Years Ended December 31, 2020 and 2019					
	(In Thousands)					
	Capital Stock (Note 18)	**Additional Paid-in Capital** (Note 18)	**Other Reserves** (Note 18)	**Remeasurement Loss on Retirement Benefits - net** (Note 15)	**Retained Earnings**	**Total**
Balances at January 1, 2019	₱6,452,099	₱8,476,002	₱2,344	(₱103,626)	₱4,221,367	₱19,048,186
Profit for the year	-	-	-	-	2,486,477	2,486,477
Other comprehensive income (loss) for the year	-	-	2,131	(112,276)	-	(110,145)
Total comprehensive income	-	-	2,131	(112,626)	2,486,477	2,376,332
Balances at December 31, 2019	6,452,099	8,476,002	4,475	(215,902)	6,707,844	21,424,518
Profit for the year	-	-	-	-	1,540,581	1,540,581
Other comprehensive loss for the year	-	-	-	(81,785)	-	(81,785)
Total comprehensive income	-	-	-	(81,785)	1,540,581	1,458,796
Balances at December 31, 2020	**₱6,452,099**	**₱8,476,002**	**₱4,475**	**(₱297,687)**	**₱8,248,425**	**₱22,883,314**

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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LCIM PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS

	Notes	2020	2019
		For the Years Ended December 31	
		(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱2,148,068	₱3,567,298
Adjustments for:			
Depreciation and amortization	11,12,27	2,429,742	2,168,725
Interest and financing charges	25	526,976	773,682
Retirement benefits expense	15	69,130	48,424
Allowance for inventory obsolescence	8	16,829	12,788
Provision (Reversal of provision) for doubtful accounts	9	27,527	(18,220)
Recovery of assets previously written-off		(31)	–
Unrealized foreign exchange loss (gain) - net		(29,749)	15,178
Interest and financing income	6,12	(34,360)	(50,416)
Dividend income	16	(116,283)	(38,184)
Impairment losses on investments	26	–	237,500
Loss on disposal of intangible assets	12	–	105,858
Loss on sale of property, plant and equipment	11	–	10,360
Write off of payables	26	–	(14,852)
Amortization of stranded cost		–	3,531
Income before working capital changes		5,037,849	6,821,672
Decrease (Increase) in:			
Trade and other receivables		864,219	322,083
Due from related parties		(170,057)	(226,069)
Inventories		223,455	2,019,685
Other current assets		434,186	(235,310)
Increase (Decrease) in:			
Trade and other payables		323,048	(1,007,601)
Due to related parties		(387,633)	743,555
Net cash from operations		6,325,067	8,438,015
Income taxes paid		(595,206)	(1,203,791)
Contributions made by the Company	15	(68,086)	(79,098)
Net cash generated from operating activities		5,661,775	7,155,126
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	6	11,622	58,493
Proceeds from sale of property, plant and equipment	11	258	61
Dividends received	16	116,283	38,184
Additions to:			
Property, plant and equipment	11	(885,135)	(2,599,089)
Intangible assets	12	–	(107,576)
Other noncurrent assets		(51,849)	258,273
Additional investment		–	(18,750)
Net cash used in investing activities		(808,821)	(2,370,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term loans	13,16	5,300,000	6,200,000
Payments of:			
Loan payable	13,16	(9,225,849)	(11,400,000)
Lease liabilities	27	(1,345,771)	(1,544,880)
Interest expenses and finance charges	25	(489,819)	(400,188)
Net cash used in financing activities		(5,761,439)	(7,145,068)
Effects of Exchange Rate Changes		(6,519)	(11,531)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(915,004)	(2,371,877)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,802,012	5,173,889
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	₱1,887,008	₱2,802,012

See accompanying Notes to Financial Statements.

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1. CORPORATE INFORMATION

Holcim Philippines, Inc. ("the Company") is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Company manufactures and distributes cement products domestically or for export.

The plant sites of the Company are in Davao City and the provinces of La Union and Bulacan. Its registered office address and principal place of business is at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City.

The Company is majority-owned by Union Cement Holdings Corporation (UCHC), a company incorporated in the Philippines. The global ultimate Parent of the Company is LafargeHolcim Ltd., a company incorporated in Switzerland.

The Company's shares of stocks are listed in the Philippines Stocks Exchange since June 17, 1996. Total shares registered and outstanding as at December 31, 2020 and December 31, 2019 is 6.5 billion.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The Company's financial statements have been prepared on historical cost basis except for:

- certain financial instruments carried at amortized cost;
- certain financial instruments measured at fair value;
- derivative liabilities measured at fair value;
- inventories at lower of cost and net realizable value (NRV);
- defined benefit asset or obligation recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation; and
- provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based payments,* leasing transactions that are within the scope of PAS 17 and PFRS 16, *Leases,* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories* or value in use in PAS 36, *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are rounded in the nearest thousand pesos, except when otherwise indicated.

Separate Financial Statements

These are the Company's separate financial statements. Separate financial statements are those presented by a parent, an investor in an associate or a venture in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

In addition, the Company also prepares consolidated financial statements as its primary financial statements.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standard Effective in 2020

The Company adopted all accounting standards and interpretations as at December 31, 2020. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed to be applicable to the Company's financial statements, are as follows:

PFRS 16, *Leases*

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company has applied the amendment to PFRS 16 in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Company did not apply the practical expedient retrospectively to all rent concessions that meet the conditions in PFRS 16:46B, and has not restated prior period figures.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorised for issue at May 28, 2020.

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

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 adoption of these amendments has no significant impact on the Company's financial statements.

New Accounting Standard Effective after the Reporting Period Ended December 31, 2020

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4 Insurance Contracts.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Amendments to PFRS 3, *References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The management of the Company is still evaluating the impact of these new amendments.

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

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

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

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

Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

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

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

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

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1, *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to PFRS 16, *Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to PAS 41, *Taxation in Fair Value Measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

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

New Accounting Standards Effective in 2020 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by the Board of Accountancy.

The Company will adopt the following standards once these become effective.

PIC Q&A No. 2019-04, *Conforming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&A amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases - Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The Management of the Company is still evaluating the impact of the interpretation.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

  Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

  Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The amendments will not have an impact on the Company's financial statements as the Company has no plans for a step acquisition of a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is ₱1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.

b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, *Financial Instruments:* Presentation.

The interpretation is effective for periods beginning on December 11, 2019 and should be applied retrospectively.

The amendments will not have an impact on the Company's financial statements as the Company is not a non-stock savings and loan association.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) <u>Accounting for ARO at lease commencement date</u>

   The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation is still being assessed by the Company's Management.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects*

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from
straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the lease term*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2019-13, *PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance on how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee has known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-01, *Conforming Changes to PIC Q&As - Cycle 2020*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&A amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 - Financial statements prepared on a basis other than going concern	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 - Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 - Accounting for cancellation of real estate sales	References to *The Conceptual Framework for Financial Reporting* have been updated due to the revised framework effective January 1, 2020

PIC Q&A withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties - asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive)

The effective date of the amendments is included in the affected interpretations.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-04(Addendum to PIC Q&A 2018-12-D), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-05, PFRS 15 - *Accounting for Cancellation of Real Estate Sales*

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-06, PFRS 16 - *Accounting for payments between and among lessors and lessees*

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
1.	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term. ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs under PAS 16 or PAS 40.	i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease. ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor)and using a revised discount rate. iii. Revisit the amortization period of right-of-use asset and any related leasehold improvement following the shortening of the term.		• PFRS 16; par. 87 • PAS 16; pars. 6, 16-17 • PAS 40; par. 21 • PFRS 16; par. 45 • Illustrative example 18 issued by IASB • PAS 16; pars. 56-57
2.	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3.	Lessor pays new lessee - an incentive to occupy	i. Finance lease: • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis.		i. Record as a deduction to the cost of the right-of-use asset. ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.	• PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24

4.	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold improvement in accordance with PAS 16 or PAS 40.	• Same as in fact pattern 1C. • PAS 40; par. 21 • PAS 16; pars. 16-17
5.	Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PAS 16 • PAS 38 • PFRS 16; par. 18
6.	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; Appendix A
7.	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight-line basis or another systematic basis.		Recognize as part of the cost of the right-of-use asset.	PFRS 16; par. 24 • PAS 16; par. 71 • PFRS 16; par 81
8.	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right-of-use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of-use asset.	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par. 24

The future adoption of the interpretations is still being assessed by the Company's Management.

PIC Q&A No. 2020-07, PAS 12 - *Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS

For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes"
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

The future adoption of the interpretations is still being assessed by the Company's Management.

4. SIGNIFICANT ACCOUNTING POLICIES

Current Versus Non-current Classification

The Company presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Company measures financial instruments such as derivatives and financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

Fair-value related disclosures for financial instruments that are measured at fair value are summarized in Notes 10 (Investments and advances - net) and 14 (Trade and other payables).

Financial Assets

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets [other than financial assets at fair value through profit or loss (FVTPL)] are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

Classification and subsequent measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as follows:

- financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other financial assets managed on their fair value basis and equity instruments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if it is neither held for trading nor a contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in OCI in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVOCI, exchange differences are recognized in OCI in the investments revaluation reserve.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on trade receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR) method, regardless of whether it is measured on an individual basis or a collective basis.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the current credit status of customers as assessed regularly by credit and sales officers of the Company, the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations. Based on the Company's historical experience and expert credit assessment including forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 360 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Write-off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve; and
- for loan commitments and financial guarantee contracts: as a provision.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain/loss allocated to it that had been recognized in OCI is recognized in profit or loss. A cumulative gain/loss that had been recognized in OCI is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Cash and Cash Equivalents

Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value. Cash and cash equivalents excludes any restricted cash (presented as part of "Other non-current assets") that is not available for use by the Company and, therefore, not considered highly liquid, such as cash set aside to cover rehabilitation obligation.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV). Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods and goods in process	-	determined using the moving average method; cost includes direct materials, direct labor and a proportion of manufacturing overhead costs.
Raw materials, fuel, spare parts and others	-	determined using the moving average method; cost includes purchase price and other costs incurred in bringing these inventories to their present location or condition.

The NRV of finished goods and goods in process inventories represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. The NRV of raw materials, fuels, spare parts and other inventories represents current replacement cost.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Other Current Assets

Other current assets mainly include advances to suppliers and prepaid expenses. These are prepaid amounts paid in advance for goods or services that are yet to be delivered and from which future economic benefits are expected to flow to the Company within the normal operating cycle or within 12 months from the balance sheet date. They are initially measured at the amount paid in advance by the Company for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Investments in Associates

An associate is an entity over which Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Investments in associates are measured initially at cost. Subsequent to initial recognition, the investment in associate is carried in the Company's separate financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of non-financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investment in associate is derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in associate or joint venture and is recognized in profit or loss.

Investments in Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Company.

Investments in subsidiaries are measured initially at cost. Subsequent to initial recognition, investment in subsidiaries are carried in the Company's separate financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of financial assets are applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investments in subsidiaries are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

Property, Plant, and Equipment

Property, plant and equipment are initially recognized at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The cost of construction in progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Major spare parts and stand-by equipment qualify as property and equipment when the Company expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, these are accounted for as property and equipment.

At the end of each reporting period, item of property, plant and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Building and installations	20 to 40 years
Machinery and equipment	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Stand-by equipment is depreciated from the date it is made available for use over the shorter of the life of the stand-by equipment or the life of the asset the stand-by equipment is part of, while major spare parts are depreciated over the period starting it is brought into service, continuing over the lesser of its useful life and the remaining expected useful life of the asset to which it relates.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets - Software

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and PFRS 9 permits the entire hybrid contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in profit or loss.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Company assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Since the company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with PFRS 9; and
- the amount recognized initially less, where appropriate, cumulative amortization recognized.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments.

These foreign exchange gains and losses are recognized in the other income (expense) – net line in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those, which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition of financial liabilities

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as a modification gain or loss within other gains and losses.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Capital stock

Capital stock are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings

Retained earnings represent accumulated profit earned by the Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Dividends

Dividend distribution to the Company's shareholders is recognized as liability in the Company's financial statements in the period in which the dividends are declared by the Company's Board of Directors (BOD).

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities and assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities assumed in a business combination are only recognized when these are present obligation and can be measured reliably.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments to employees is recognized as expense on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except when the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Cash-settled share-based payments

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Post-employment benefits

The Company has both defined benefit and defined contribution plans.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due to be settled for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

Defined benefit plan

Net retirement benefits asset, as presented in the statements of financial position, is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets, are recognized immediately in the balance sheet with a corresponding debit or credit to equity through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest is calculated by applying the single effective discount rate based on different term-dependent zero-coupon rate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

The level of benefits provided depends on the member's length of service and salary at retirement age.

Plan assets are assets that are held in trust and governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The net retirement benefit asset recognized in the statements of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Revenue Recognition

The Company recognizes revenue from selling cement and other cementitious products such as dry-mix and aggregates.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

Sale of goods

The Company sells goods both to the wholesale market and directly to customers.

The Company has official written agreements with customers documented in supply agreements and approved purchase orders. The supply agreements contain each party's respective obligations.

For sales of goods to the wholesale market, revenue is recognized when control of the goods has transferred, being when the goods have been delivered depending on the shipping terms. The Company's shipping terms includes transfer of ownership upon departure of the goods on the plant and upon delivery to the customer's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the [Group] when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to directly to customers, revenue is recognized when control of the goods has transferred, being at the point the goods has been delivered based on the shipping terms. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Transaction price

The transaction price of the sale of goods varies from each sales order. The Company offers variable consideration in form of rebates for selected customers on the sale of cement and aggregates. The rebates to be given to customers were already determined at the beginning of the year and recorded at the end of each month. Revenue is measured based on the consideration specified in a sales order with a customer and excludes amounts collected on behalf of third parties.

The Company has only one distinct performance obligation and that is to deliver the promised goods.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, or; (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Costs of goods sold are expenses incurred that are associated with the goods sold and includes direct materials, direct labor and factory overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Company.

Value Added Tax (VAT)

Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade and other payables" in the statements of financial position.

Lease Liabilities

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The total amount of cash paid on the lease payments made is presented within financing activities in the statements of cash flows.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or nonlease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees and Key management personnel of the Company are also considered to be related parties.

Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange prevailing at the end of the reporting period.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Taxation

Income tax expense represents the sum of the current tax and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Company's investment property portfolios and concluded that none of the Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to PAS 12, Income Taxes is not rebutted. As a result, the Company has not recognized any deferred taxes on changes in fair value of the investment properties as the Company is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Earnings per Share

The Company computes its basic earnings per share by dividing profit or loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Events after the Reporting Period

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements were authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Determination of lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of 2 to 5 years. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Lease commitments - Company as lessee

The Company has various lease agreements as a lessee. The Company has determined, based on evaluation of the terms and condition of the lease agreements, that the significant risks and rewards of ownership of the leased properties were retained by the lessor (e.g., no transfer of ownership at the end of the lease term, lease term is not for the majority of the economic life of the asset and the amount of the present value of the minimum lease payments is not substantially the same as the fair value of the leased asset).

Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key Sources of Estimation Uncertainty

The key estimates concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Valuation of lease liabilities and right-of-use assets

The application of PFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include: determining contracts in scope of PFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For lease contracts with indefinite term the Company estimates the length of the contract to be equal to the economic useful life of non-current assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of right-of-use assets.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Company's rating, observed in the period when the lease contract commences or is modified.

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are estimated based on the period over which the property, plant and equipment are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The estimated useful lives of property, plant and equipment are reviewed at each financial year-end, and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances. There were no changes in the estimated useful lives of property, plant and equipment in 2020 and 2019.

The Company recognized depreciation expense related to property, plant and equipment amounting to ₱1.1 billion and ₱.09 billion in 2020 and 2019, respectively, as disclosed in Note 24. The carrying value of depreciable property, plant and equipment amounted to ₱16.3 billion and ₱16.5 billion as at December 31, 2020 and 2019, respectively, as disclosed in Note 11.

Impairment of non-financial assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indicators exist, the Company estimates the recoverable amount of the relevant asset.

Determining the recoverable amount of property, plant and equipment, investments in subsidiaries and associates, intangible assets, right-of-use assets, and other nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposal of such assets. Future events could cause management to conclude that assets associated with an acquired business are impaired.

Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of estimated future cash flows involves significant estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the Company's assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

The carrying values of investments in subsidiaries and associates, property, plant, and equipment, intangible assets, and right-of-use assets as of December 31, 2020 and 2019 are disclosed in Notes 10, 11, 12, and 27 respectively.

Impairment losses on investments in subsidiaries and associates amounted to nil and ₱237.5 million as at December 31, 2020 and 2019, respectively, as disclosed in Notes 10 and 26. Accumulated impairment losses on property, plant, and equipment amounted to nil as at December 31, 2020 and 2019.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default (LGD)

LGD is an estimate of the loss arising on default.

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Forward-looking information considered includes the current credit status of customers as assessed regularly by credit and sales officers of the Company, the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations. Based on the Company's historical experience and expert credit assessment including forward-looking information.

Loss allowance are recognized against trade receivables for past due accounts based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

In addition to specific allowance against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This level of allowance is based on the status of the accounts receivable, past collection experience and other factors that may affect collectability.

The expected credit losses amounted to ₱62.7 million and ₱52.0 million as at December 31, 2020 and 2019, respectively. Trade and other receivables, net of expected credit losses, amounted to ₱1.02 billion and ₱1.9 billion as at December 31, 2020 and 2019, respectively, as disclosed in Note 7. The allowance for impairment on due from related parties amounted to nil as at December 31, 2020 and 2019, as disclosed in Note 16.

Retirement benefit costs

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations.

The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 15.

In determining the appropriate discount rate, Management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on historical actual salary increases of the Company.

Total retirement benefit liability amounted to ₱552.2 million and ₱414.8 million as at December 31, 2020 and 2019, respectively, as disclosed in Note 15.

Deferred tax assets

The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the past results and future expectations of revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient future taxable income to allow all or part of deferred income tax assets to be utilized. Management also reviews the level of projected gross margin for the use of Optional Standard Deduction (OSD) and assesses the future tax consequences for the recognition of deferred income tax assets and deferred income tax liabilities. Based on the Company's projected margin, Management expects to use the itemized deduction method for the Company.

Net deferred tax assets recognized in the Company's financial position amounted to ₱430.3 million and ₱394.2 million as at December 31, 2020 and 2019, respectively. The amounts of temporary differences and carryforward benefits of unused tax credits and unused tax losses, for which no deferred income tax assets as at December 31, 2020 and 2019, are disclosed in Note 29.

Net realizable value of inventories

The Company writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete and unusable are written-off and charged as expense in the statements of profit or loss and other comprehensive income. The allowance for inventory obsolescence amounted to ₱230.7 million and ₱213.9 million as at December 31, 2020 and 2019, respectively. The carrying values of inventories amounted to ₱2.9 billion and ₱3.1 billion as at December 31, 2020 and 2019, respectively, as disclosed in Note 8.

Provisions for claims, litigations and assessments

The Company is currently involved in various legal proceedings and tax assessments. Management's estimate of the probable costs for the resolution of these claims has been developed based upon an analysis of potential results. The Company currently believes that these proceedings will not have a material adverse effect on the financial statements. It is possible however, that future financial performance could be materially affected by changes in the estimates or effectiveness of the strategies relating to these proceedings and assessments.

Onerous contracts

The Company reviews contracts in which the unfavorable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. These unfavorable costs are recognized as provisions and discounted using the applicable weighted average cost of capital (WACC). As at December 31, 2020 and 2019 provisions amounted to ₱64.5 million and ₱67.0 million as disclosed in Note 17.

Contingencies

The Company is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages.

The Company 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 12. Based on the assessment of Management and the opinion of the Company's external legal counsels, the outflow of resources is not probable to happen or more likely than not to occur, as disclosed in Note 28.

6. CASH AND CASH EQUIVALENTS

	2020	2019
	(In Thousands)	
Cash in banks	**₱1,887,008**	₱2,802,012

Cash in banks earn interest at prevailing bank deposit rates from 0.75% to 2.00% rates in 2020 and 2019.

Interest income earned from cash in banks amounted to ₱11.6 million and ₱23.6 million in 2020 and 2019, respectively.

7. TRADE AND OTHER RECEIVABLES - net

The Company's trade and other receivables consist of:

	2020	2019
	(In Thousands)	
Trade receivables from:		
Third party customers	**₱ 683,461**	₱1,567,914
Less: Expected credit losses	**(57,550)**	(46,864)
Trade receivables - net	**625,911**	1,521,050
Other receivables	**399,379**	398,242
Less: Expected credit losses	**(5,105)**	(5,105)
	394,274	393,137
	₱1,020,185	₱1,914,187

Trade receivables are non-interest bearing and generally have credit terms of 30 days.

Other receivables consist mainly of collectibles from various parties for transactions other than sale of goods.

Movements in the expected credit losses that pertain to trade and other receivables are as follows:

	Note	**2020**	2019
		(In Thousands)	
Balance, beginning		**₱51,969**	₱186,263
Provisions (Reversals) - net	22	**27,527**	(18,220)
Write-off		**(16,841)**	(116,074)
		₱62,655	₱51,969
Individually impaired		**₱60,379**	₱51,969
Collectively impaired		**₱ 2,276**	₱ -

Customary to the credit practices of the Company, customers are required to provide guarantees in the form of a standby letter of credit, bank guarantee and cash bond to allow them to purchase on credit. In the event that customers are deemed incapable of settling their obligations, the company shall exercise its right to call out the letter of credit or bank guarantee from the issuing banks or apply the cash bond accordingly. However, customers that are deemed to be reputable, competent and with sound business practices are exempted. These are normally the large real estate developers and construction companies that have been in operation for a long time. As at December 31, 2020, 71% of the total trade receivables (₱483 million) is covered by guarantees while 29% (₱200 million) is not covered by guarantees. As at December 31, 2019, 66% of the total trade receivables (₱1.04 billion) is covered by guarantees while 34% (₱530 million) is not covered by guarantees. There has not been any significant change in the quality of the guarantees.

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Management believes that there is no further allowance for doubtful accounts required in excess of those that were already provided. Aging of past due accounts but not impaired, and credit quality of trade and other receivables are disclosed in Note 30.

The Company has provided an allowance in full for receivables specifically identified through historical experience and forward looking information that shows that such receivables are not recoverable. Loss allowance are recognized against trade receivables for past due accounts based on estimated irrecoverable amounts determined by past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Company writes off a trade receivable when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the customer has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

8. **INVENTORIES** - net

Details of the Company's inventories are as follows:

	Finished Goods	Goods in process	Raw materials	Fuels	Spare Parts and others	Total
			(In Thousands)			
2020						
At cost:	**₱813,732**	**₱850,203**	**₱254,374**	**₱180,094**	**₱987,888**	**₱3,086,291**
Less: Allowance for inventory obsolescence	-	-	-	-	**(230,729)**	**(230,729)**
At net realizable value	**₱813,732**	**₱850,203**	**₱254,374**	**₱180,094**	**₱757,159**	**₱2,855,562**
2019						
At cost:	₱666,132	₱975,221	₱289,352	₱314,060	₱1,061,426	₱3,306,191
Less: Allowance for inventory obsolescence	-	-	-	-	(213,900)	(213,900)
At net realizable value	₱666,132	₱975,221	₱289,352	₱314,060	₱ 847,526	₱3,092,291

Total inventories charged to cost of sales amounted to ₱15.3 billion and ₱18.9 billion in 2020 and 2019, respectively, as disclosed in Note 20.

The table below shows the movement of allowance for inventory obsolescence as of December 31:

	Note	2020	2019
		(In Thousands)	
Balance, beginning		**₱213,900**	₱201,112
Additions	20	**16,829**	12,788
Balance, end		**₱230,729**	₱213,900

9. OTHER CURRENT ASSETS

The details of the Company's other current assets are shown below:

	2020	2019
	(In Thousands)	
Prepaid expenses	**₱200,586**	₱151,979
Advances to suppliers	**39,132**	259,420
Advances to employees	**7,829**	7,497
Current portion of deferred input VAT	**–**	411,330
Others	**–**	2,911
	₱247,547	₱833,137

Prepaid expenses include rent, insurance and taxes paid in advance that are amortized within next year.

Advances to suppliers represent advances that are applied against subsequent purchases and are outstanding for less than one year from initial recognition.

Advances to employees are non-interest bearing and generally have terms of 30 days.

10. INVESTMENTS AND ADVANCES - net

Investments as at December 31, 2020 and 2019 consist of the following:

	2020	2019
	(In Thousands)	
Investments in subsidiaries and associates	**₱7,544,935**	₱7,544,935
Advances to subsidiaries and associates	**971,619**	964,512
Other financial assets	**3,298**	3,298
	₱8,519,852	₱8,512,745

Other financial assets pertain to quoted and unquoted club shares which entitle playing rights to particular employees of the Company. The carrying amount of these financial assets is presented at cost with no movement in 2020 and 2019.

The account is composed of the following equity securities:

	2020	2019
	(In Thousands)	
Quoted	**₱ 145**	₱ 145
Unquoted	**3,153**	3,153
	₱3,298	₱3,298

The movements and details of the investments in subsidiaries and associate are as follows:

	Note	2020	2019
		(In Thousands)	
Acquisition costs, beginning of year		**₱7,782,435**	₱7,763,685
Additional investments in associates		**–**	18,750
		7,782,435	7,782,435
Less: Allowance on impairment loss	26	**237,500**	237,500
Investment in subsidiaries and in associates		**₱7,544,935**	₱7,544,935

On March 6, 2019, the Company subscribed to additional 3,750,000 Class A Common Shares of HMDC with a par value of five pesos (₱5.00) per share or an aggregate par value of eighteen million seven hundred fifty thousand pesos (₱18,750,000).

The Company's investments in the following subsidiaries and associates are as follows:

Entity Name	Percentage of Ownership 2020	2019	Place of Incorporation	Principal Activities
Subsidiaries				
Excel Concrete Logistics, Inc. (ECLI)	**100.00%**	100.00%	Philippines	Distribution of concrete and cement products
Holcim Philippines Business Services Center, Inc. (HPBSCI)	**100.00%**	100.00%	Philippines	Business process outsourcing and other information technology enabled services
Hubb Stores and Services, Inc. (HSSI)	**100.00%**	100.00%	Philippines	Retails of construction or building materials
Wellborne International Group Limited (WEB)*	**100.00%**	100.00%	British Virgin Islands	Holding company
Holcim Philippines Manufacturing Corporation (HPMC)	**99.62%**	99.62%	Philippines	Manufacture and distribution of cement products domestically and also for export
Associate				
Holcim Mining Development Corporation (HMDC)	**40.00%**	40.00%	Philippines	Mining, processing and sale of quarry resources

**WEB's underlying assets is equivalent to MGMC, wherein it has an ownership of 88%. Considering the Company also owns 12% of MGMC, the latter is deemed to be a subsidiary of the Company.*

The carrying values of the Company's investments in subsidiaries and associate are as follows:

	Acquisition Cost	Additional Investment	Impairment Loss	Total
		(In Thousands)		
2020				
Subsidiaries:				
HPMC	**₱3,695,424**	**₱ –**	**₱ –**	**₱3,695,424**
MGMC	**2,595,086**	**–**	**–**	**2,595,086**
ECLI	**125,000**	**–**	**(125,000)**	**–**
HPBSCI	**30,000**	**–**	**–**	**30,000**
HSSI	**112,500**	**–**	**(112,500)**	**–**
Associate:				
HMDC	**1,224,425**	**–**	**–**	**1,224,425**
	₱7,782,435	**₱ –**	**(₱237,500)**	**₱7,544,935**
2019				
Subsidiaries:				
HPMC	₱3,695,424	₱ –	₱ –	₱3,695,424
MGMC	2,595,086	–	–	2,595,086
ECLI	125,000	–	(125,000)	–
HPBSCI	30,000	–	–	30,000
HSSI	112,500	–	(112,500)	–
Associate:				
HMDC	1,205,675	18,750	–	1,224,425
	₱7,763,685	₱18,750	(₱237,500)	₱7,544,935

Investments in Subsidiaries

HPMC

HPMC was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 7, 1968. This subsidiary was incorporated to acquire, own, operate, and maintain a cement plant for the manufacture of all kinds of cement products. The subsidiary's registered office address is located in Taguig City while plant facilities are located in Lugait, Misamis Oriental, Calaca Batangas, and Iloilo.

The significant financial information on the audited financial statements of HPMC as at December 31, 2020 and 2019, and the results of its operations for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Financial position:	*(In Thousands)*	
Total assets	**₱7,932,431**	₱7,462,453
Total liabilities	**(1,291,462)**	(1,168,550)
Net assets	**₱6,640,969**	₱6,293,903
Results of operations:		
Revenue	**₱ 852,642**	₱ 884,982
Cost and expenses	**(385,642)**	(271,739)
Profit for the year	**₱ 467,000**	₱ 613,243

On July 10, 2018, the BOD of HPMC declared cash dividends totaling ₱346.7 million (₱150 per share) for stockholders on record as at August 9, 2018. The said amount has been received on March 12, 2019.

HPMC did not declare cash dividends in 2020 and 2019.

MGMC

MGMC was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 29, 1999. Its primary purpose is to engage in the business of manufacturing goods such as cement and cement-related products and to trade the same on a wholesale basis. The subsidiary's registered address is at 7th Floor Venice Corporate Center, 8 Turin St., McKinley Town Center, McKinley Hill, Fort Bonifacio, Taguig City and principal place of business at Balibaguhan, Mabini, Batangas.

The significant financial information on the audited financial statements of MGMC as at December 31, 2020 and December 31, 2019, and the results of its operations for the years ended December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
Financial position:	*(In Thousands)*	
Total assets	**₱770,904**	₱628,014
Total liabilities	**(182,609)**	(148,943)
Net assets	**₱588,295**	₱479,071
Results of operations:		
Revenue	**₱172,711**	₱172,711
Cost and expenses	**(62,661)**	(70,599)
Profit for the year	**₱110,050**	₱102,112

ECLI

ECLI was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 9, 2012, and was organized to engage in the business of distribution, transport, placing and quality testing of concrete, cement and other similar products, including dealing in all other kinds of products and by-products of every kind and description and by whatsoever process, the same can be or may hereafter be produced in relation thereto. The subsidiary's registered office address and principal place of business is at 5th Floor, One Campus Place Building, Tower B 1080 Campus Avenue, McKinley Town Center, Fort Bonifacio, Taguig City.

The significant financial information on the audited financial statements of ECLI as at December 31, 2020 and December 31, 2019, and the results of its operations for the years ended December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
Financial position:	*(In Thousands)*	
Total assets	**₱75,018**	₱80,684
Total liabilities	**(66,217)**	(67,653)
Net assets	**₱ 8,801**	₱13,031
Results of operations:		
Cost and expenses	**(₱ 4,230)**	₱11,538
Profit (Loss) for the year	**(₱ 4,230)**	₱11,538

Net income (loss) after income tax in 2020 and 2019 amounted to ₱4.3 million loss and ₱11.5 million income, respectively, resulting in accumulated deficit of ₱116.2 million and ₱112.0 million as at December 31, 2020 and December 31, 2019, respectively.

On November 29, 2018, the Board of Directors of the Company approved the closure and dissolution of ECLI. As at December 31, 2020, ECLI is in the process of completing regulatory requirements for its eventual dissolution.

HPBSCI

On February 4, 2014, HPBSCI was incorporated with the primary purpose to engage in the business of providing business process outsourcing and other information technology enabled services to HPI and its related parties. This subsidiary's registered office address is at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City. As at January 1, 2015, HPBSCI ceased operations.

The significant financial information on the audited financial statements of HPBSCI as at December 31, 2020 and December 31, 2019, and the results of its operations for the years ended December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
Financial position:	*(In Thousands)*	
Total assets	**₱40,588**	₱81,956
Total liabilities	**(1,270)**	(1,453)
Net assets	**₱39,318**	₱80,503
Results of operations:		
Revenue	**₱ -**	₱ -
Cost and expenses	**103**	83
Profit for the year	**₱ 103**	₱ 83

On November 19, 2020, the Board of Directors (BOD) approved the dissolution of the Company. The Company is currently finalizing the details to start the preparation of the dissolution.

HSSI

On June 2, 2014, HSSI was incorporated to engage in the business of buying, selling, distributing, and marketing at wholesale and/or retail of all kinds of construction or building materials, goods, commodities, wares and merchandise. HSSI's registered office address and principal place of business is at 5th Floor, One Campus Place Building B, McKinley Hill, Fort Bonifacio, Taguig City, Philippines.

The significant financial information on the audited financial statements of HSSI as at December 31, 2020 and December 31, 2019, and the results of its operations for the years ended December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
Financial position:	*(In Thousands)*	
Total assets	**₱187,269**	₱209,314
Total liabilities	**(285,144)**	(282,552)
Net liabilities	**(₱ 97,875)**	(₱ 73,238)
Results of operations:		
Revenue	**₱ 13,807**	₱132,121
Cost and expenses	**(49,560)**	(142,647)
Loss for the year	**(₱ 35,753)**	(₱ 10,526)

Net loss after income tax amounting to ₱35.8 million and ₱10.5 million in 2020 and 2019, respectively, resulting in a deficit of ₱221.6 million and ₱185.9 million as at December 31, 2020 and December 31, 2019, respectively. On November 19, 2020, the Board of Directors (BOD) approved the dissolution of the Company. The Company is currently finalizing the details to start the preparation of the dissolution.

Investments in Associate

HMDC

HMDC was incorporated in the Philippines and registered with the SEC on October 5, 1987. Its registered office and principal place of business is 5th Floor, One Campus Place, Tower B, 1080 Campus Avenue, McKinley Town Center, Taguig City. HMDC is involved in mining, processing and sale of quarry resources of mineral rights.

Pursuant to the subscription by the Holcim Philippines, Inc. Retirement Fund (RF) to 60% of the issued and outstanding capital stock of HMDC in February 2015, three nominees of RF were elected to the five-member Board of HMDC. As a result, RF has effectively taken over the control of HMDC. Consequently, the Company accounted for its remaining 40% interest in HMDC as investment in an associate. At the date of the loss of control, the Company's investment in HMDC was remeasured at ₱4.2 billion based on the fair value of its retained equity in HMDC.

HMDC declared dividends totaling ₱74.3 million and ₱38.2 million to the Company in 2020 and 2019, respectively. The outstanding dividend receivable from HMDC as at December 31, 2020 and 2019 amounted to nil, as disclosed in Note 16.

Following are the summarized consolidated audited statements of financial position of HMDC as at December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Current assets	**₱2,710,027**	₱1,796,450
Non-current assets	**6,303,122**	6,336,623
Current liabilities	**(3,642,718)**	(3,412,591)
Non-current liabilities	**(819,418)**	(225,637)
Net assets	**₱4,551,013**	₱4,494,845

Following are the summarized consolidated audited statements of comprehensive income of HMDC for the years ended December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Revenues	**₱1,866,065**	₱2,569,462
Cost and expenses	**(1,334,829)**	(1,978,549)
Gross profit	**531,236**	590,913
Other expenses - net	**(441,301)**	(357,425)
Income before income tax	**89,935**	233,488
Provision from income tax	**(34,599)**	(87,000)
Profit for the year	**₱ 55,336**	₱ 146,488

11. PROPERTY, PLANT AND EQUIPMENT - net

Movements in the carrying amounts of the Company's property, plant and equipment are as follows:

	January 1, 2020	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2020
			(In Thousands)		
Cost:					
Buildings and installations	**₱ 7,090,179**	**₱ 22,389**	**₱ -**	**₱ 500,088**	**₱ 7,612,656**
Machinery and equipment	**21,384,404**	**353,421**	**(215,034)**	**2,449,407**	**23,972,198**
Furniture, vehicles and tools	**826,097**	**5,112**	**(1,798)**	**14,663**	**844,074**
Construction in-progress	**3,747,151**	**589,442**	**-**	**(3,005,795)**	**1,330,798**
	33,047,831	**970,364**	**(216,832)**	**(41,637)**	**33,759,726**
Accumulated depreciation:					
Buildings and installations	**4,024,844**	**192,031**	**-**	**-**	**4,216,875**
Machinery and equipment	**11,942,363**	**866,375**	**(215,034)**	**-**	**12,593,704**
Furniture, vehicles and tools	**593,173**	**53,585**	**(1,540)**	**-**	**645,218**
	16,560,380	**1,111,991**	**(216,574)**	**-**	**17,455,797**
	₱16,487,451	**(₱ 141,627)**	**(₱ 258)**	**(₱ 41,637)**	**₱16,303,929**

	December 31, 2018	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2019
Cost:					
Buildings and installations	₱ 6,396,277	₱ 20,000	(₱ 118,656)	₱ 792,558	₱ 7,090,179
Machinery and equipment	18,688,564	-	(1,507,465)	4,203,305	21,384,404
Furniture, vehicles and tools	726,392	-	(8,951)	108,656	826,097
Construction in-progress	6,267,732	2,583,938	-	(5,104,519)	3,747,151
	32,078,965	2,603,938	(1,635,072)	-	33,047,831
Accumulated depreciation:					
Buildings and installations	3,953,622	189,290	(118,068)	-	4,024,844
Machinery and equipment	12,808,546	626,780	(1,492,963)	-	11,942,363
Furniture, vehicles and tools	565,386	36,557	(8,770)	-	593,173
	17,327,554	852,627	(1,619,801)	-	16,560,380
	₱ 14,751,411	₱1,751,311	(₱ 15,271)	₱ -	₱16,487,451

Construction in progress includes on-going item replacements and expansion projects for the Company's operations.

The Company recognized loss from the disposal of property, plant and equipment amounting to nil and ₱10.4 million in December 31, 2020 and 2019, respectively, as disclosed in Note 26.

Of the total amount of additions to property, plant and equipment, ₱89.8 million and ₱4.6 million are still unpaid as at December 31, 2020 and 2019, respectively. On December 31, 2020 and 2019, the Company sold various equipment with a total net carrying amount of ₱0.3 million and ₱10.4 million, respectively.

The proceeds from the sale of property, plant, and equipment amounted to ₱0.3 million and ₱0.06 million in December 31, 2020 and 2019, respectively.

Transfers from construction-in-progress to intangible assets amounting to ₱41.6 million occurred during the year as disclosed in Note 12.

Management believes that there is no indication that an impairment loss has occurred during the year.

12. INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS

The movements in intangible assets, which pertain to software and other project development costs, are as follows:

	Note	2020	2019
		(In Thousands)	
Costs:			
Beginning of year		**₱ 65,755**	₱ 67,633
Transfers		**41,637**	107,577
Disposal during the year		**–**	(109,455)
		107,392	65,755
Accumulated amortization:			
Beginning of year		**45,336**	47,320
Amortization	24	**48,296**	1,613
Disposal during the year		**–**	(3,597)
End of year		**93,632**	45,336
Carrying amount		**₱ 13,760**	₱ 20,419

The Company transferred its assets (i.e. software & project development costs) amounting to ₱41.6 million and ₱107.6 million from CIP to Intangibles Assets during the clean-up of the Assets under Construction (AUC) in 2020 and 2019 respectively.

In 2019, the Company disposed a software with an acquisition cost of ₱109.5 million with remaining carrying value of ₱105.9 million in relation to the Republic Act 112321 or Revised Corporation Code of the Philippines at a total loss of ₱105.9 million, as disclosed in Note 26.

Details of other non-current assets are as follows:

	2020	2019
	(In Thousands)	
Other financial assets	**₱2,149,987**	₱2,169,559
Long-term prepaid asset	**178,642**	93,409
Guarantee deposits and others	**101,729**	110,976
Deferred Input VAT - long term	**9,729**	13,302
Long-term financial receivable from third party	**–**	992
	₱2,440,087	₱2,388,238

Other financial assets represent both restricted funds in relation to court-mandated garnishment arising from a case filed by Seasia against Holcim Philippines and minimum mine rehabilitation fund required by the DENR to cover site restoration cost amounting to ₱2.2 billion and ₱2.1 million, respectively. The garnished funds amounting to ₱1.9 billion is deposited at Metrobank until the outcome of the case and/or until further order of the courts/garnishing authority (see Note 28). As at December 31, 2020, the Company is already working to close the rehabilitation fund as DENR requirement is no longer applicable consequent to the disposal of all land and mining assets previously owned by the Company.

Guarantee and security deposits represent cash deposits made to suppliers for raw materials supply agreement and various security deposits for rentals.

In September 28, 2018, the Company entered into a long-term loan agreement with Cemco amounting to ₱381.8 million with 5.30% p.a. interest to be paid on or before September 28, 2020. In 2019, the Company reclassified the outstanding loan as short term receivable included as part of due from related parties as disclosed in Note 16. Interest earned in 2020 and 2019 amounted to ₱22.7 million and ₱26.8 million, respectively.

13. LOANS PAYABLE

The Company's loans payable consist of:

	Note	2020	2019
		(In Thousands)	
Loans payable - related parties	16	₱ -	₱3,925,849

In 2020, the Company had a proceeds of ₱5.3 million from availment of loan from third party financial institution. This was fully settled within the year.

In 2020, the Company settled its loan to UCHC, LHPI and SSI in full. Total interest expense from the loans payable charged to profit or loss amounted to ₱163.7 million and ₱404.8 million in 2020 and 2019, respectively, as disclosed in Note 25.

14. TRADE AND OTHER PAYABLES

The Company's trade and other payables consist of:

	2020	2019
	(In Thousands)	
Trade payables	**₱2,977,653**	₱2,664,957
Advances and deposits from customers	**1,948,302**	2,952,472
Accrued expenses	**3,244,589**	1,765,440
Other taxes payable	**129,614**	78,873
Other payables	**3,870**	487,955
	₱8,304,028	₱7,949,697

Trade payables are noninterest-bearing and normally have payment terms of 90 days.

Advances and deposits from customers represent those that are applied against subsequent shipments thus, are generally outstanding for less than 30 days from initial recognition.

Accrued expenses include interest from interest-bearing cash bonds which are refundable anytime upon demand by the customers.

Details of the Company's accrued expenses are as follows:

	2020	2019
	(In Thousands)	
Outside services	**₱2,076,166**	₱ 430,075
Rebates	**595,950**	622,983
Freight	**180,931**	241,941
Power	**160,426**	145,428
Employee related	**87,537**	193,252
Maintenance	**24,437**	15,549
Interest	**-**	8,325
Others	**119,142**	107,887
	₱3,244,589	₱1,765,440

15. RETIREMENT BENEFIT LIABILITY

Requirement of Republic Act (RA) 7641

RA 7641 provides for the minimum retirement pay to qualified private sector employees in the Philippines. Benefits due under RA 7641 are accounted for as defined benefit plan under PAS 19. However, there are instances when an employer establishes a defined contribution plan and does not have an equivalent defined benefit plan covering the benefits required under RA 7641.

An employee upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years which is declared the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

The Company is in compliance of the minimum requirement of RA 7641 as at December 31, 2020 and 2019, respectively.

Defined Benefit Retirement Plan

The Company has funded, non-contributory defined benefit retirement plan (the "Plan"). The Plan covers all permanent employees and is administered by the Board of Trustees (BOT).

The following tables summarize the component of retirement benefit costs recognized in the Company statements of profit or loss and other comprehensive income, and the unfunded status and amounts recognized as "Retirement benefit liability" in the Company statements of financial position.

The details of retirement benefit costs are as follows:

	Note	2020	2019
		(In Thousands)	
Current service cost		**₱ 69,130**	₱ 48,424
Net interest cost	25	**19,498**	18,902
		88,628	67,326
Remeasurement loss recognized in OCI		**116,836**	160,394
Retirement benefit costs		**₱205,464**	₱227,720

Remeasurement loss (gain) on retirement benefits consists of:

	2020	2019
	(In Thousands)	
Actuarial loss (gain) arising from:		
Changes in assumptions	**₱157,472**	₱156,166
Experience adjustments	**(32,682)**	6,265
	124,790	162,431
Loss on plan assets*	**(7,954)**	(2,037)
	₱116,836	₱160,394

* *Excluding amounts recognized in net interest cost.*

The reconciliation of funding status and retirement benefit liability is as follows:

	2020	2019
	(In Thousands)	
Present value of defined benefit obligation	**₱960,422**	₱782,764
Fair value of plan assets	**(408,195)**	(367,915)
Retirement benefit liability	**₱552,227**	₱414,849

The movements in retirement benefit liability are as follows:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱414,849**	₱266,227
Retirement benefit costs recognized in profit or loss	**88,628**	67,326
Remeasurement loss recognized in OCI	**116,836**	160,394
Contributions	**(68,086)**	(79,098)
Balance at end of year	**₱552,227**	₱414,849

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

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱782,764**	₱581,631
Actuarial losses	**124,790**	162,431
Current service cost	**69,130**	48,424
Interest cost	**34,926**	39,468
Benefits paid from plan	**(51,188)**	(49,190)
Balance at end of year	**₱960,422**	₱782,764

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

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱367,915**	₱315,404
Interest income on plan assets	**15,428**	20,566
Actuarial gain on plan assets	**7,954**	2,037
Contributions	**68,086**	79,098
Benefits paid from plan	**(51,188)**	(49,190)
Balance at end of year	**₱408,195**	₱367,915
Actual return on plan assets	**₱ 23,382**	₱ 22,603

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 major categories of the Company's plan assets as percentages of the fair value of total plan assets are as follows:

	2020	2019
Cash	**8.8%**	5.4%
Investment in debt securities:		
Government securities	**0.9%**	1.8%
Corporate debt securities	**5.5%**	11.3%
	6.4%	13.1%
Investment in equity securities:		
Construction, infrastructure, property and mining	**84.8%**	78.6%
Holding firms	**0.0%**	1.4%
Power and utilities	**0.0%**	0.4%
Banks	**0.0%**	0.4%
Telecommunications	**0.0%**	0.0%
Others	**0.0%**	0.7%
	84.8%	81.5%
	100.0%	100.0%

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2020 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 at the beginning of the year in determining the retirement benefit liability of the Company are as follows:

	2020	2019
Discount rate	**3.0%**	4.7%
Future salary rate increases	**6.0%**	6.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation as of December 31, 2020 and 2019, assuming all other assumptions were held constant:

	Increase (Decrease)	Effect on Present Value of Defined Benefit Obligation In %	In Peso
		(In Thousands)	
2020			
Discount rate:			
Sensitivity 1	**0.5%**	**105.80%**	**₱1,016,109**
Sensitivity 2	**(0.5%)**	**94.68%**	**909,350**
Future salary increases:			
Sensitivity 1	**0.5%**	**94.80%**	**910,510**
Sensitivity 2	**(0.5%)**	**105.60%**	**1,014,200**
2019			
Discount rate:			
Sensitivity 1	0.5%	105.97%	₱823,450
Sensitivity 2	(0.5%)	95.21%	745,245
Future salary increases:			
Sensitivity 1	0.5%	95.24%	745,518
Sensitivity 2	(0.5%)	105.11%	822,734

The Management and its trustee bank reviews the performance of the Plan on a regular basis and assess whether the Plan will achieve an investment return which, together with contributions, will be sufficient to pay retirement benefits as they fall due.

The Company also reviews its solvency position on an annual basis and estimates, through the actuary, the expected contribution to the Plan in the subsequent year.

The funding requirements are agreed between the Plan Trustees and the Company, in consideration of the contribution advice from the Plan Actuary.

The table below shows the maturity profile of the defined benefit obligation:

	2020	2019
	(In Thousands)	
Within one year	**₱ 65,977**	₱ 79,313
More than one year to five years	**206,447**	197,647
More than five year	**461,820**	456,518

As at December 31, 2020 and 2019, the average duration of the benefit obligation is 11.5 years and 10.5 years, respectively.

The Company expects to make a contribution of ₱80.5 million in 2021 to the defined benefit plans.

Defined Contribution Retirement Plan

The Company also has a defined contribution plan wherein the Company's obligation is limited to the specified contribution in the defined contribution plan. The Company recognized retirement benefit cost related to the defined contribution plan amounting to ₱54.5 million and ₱48.7 million for the years ended December 31, 2020 and 2019, respectively.

Total retirement benefit costs under the defined benefit and defined contribution plans recognized in the Company statements of comprehensive income as part of profit or loss are as follows:

	2020	2019
	(In thousands)	
Expense recognized for:		
Defined benefit plan	**₱ 88,628**	₱ 67,326
Defined contribution plan	**54,461**	48,686
	₱143,089	₱116,012

16. 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 Company has transactions with the following related parties:

Parent:
- Clinco
- Cemco Holdings, Inc. (Cemco): a subsidiary of Clinco
- Union Cement Holdings Corporation (UCHC): a subsidiary of Cemco

Subsidiaries of Cemco, a stockholder of HPI:
- Lafarge Holdings (Philippines) Inc. (LHPI)
- Calumboyan Holdings, Inc. (CHI)
- Seacem Silos, Inc. (SSI)

Direct and Indirect subsidiaries:

- Excel Concrete Logistics, Inc. (ECLI)
- Holcim Philippines Business Services Center, Inc. (HPBSCI)
- Hubb Stores and Services, Inc. (HSSI)
- Wellborne International Group Limited (WEB)
- Holcim Philippines Manufacturing Corporation (HPMC)
- Calamba Aggregates, Co., Inc. (CACI)
- Bulkcem Philippines, Inc. (BPI)
- Mabini Grinding Mill Corporation (MGMC)

Direct and Indirect associates:

- Holcim Mining Development Corporation (HMDC)
- Holcim Resources and Development Corporation (HRDC)
- Lucky One Realty Ventures, Inc. (LORVI)
- LafargeHolcim Aggregates, Inc. (LHAI)
- Quimson Limestone, Inc. (QLI)
- Sigma Cee Mining Corp.(SCMC)
- APC Properties, Inc. (APC)

Subsidiaries of Lafarge Holcim Limited

- Holcim Trading Pte. Ltd., Singapore (Holcim Trading)
- Holcim Group Support Ltd., Switzerland (HGSX)
- Holcim Technology and Services (HTEC)
- LafargeHolcim LTD. (HOFI)
- Holcim Services (Asia) Ltd., Thailand (HSEA)
- Lafarge Energy Solutions (LHES)
- Holcim Technology (Singapore) Pte. Ltd.(HTPL)
- Holcim East Asia Business Service Centre B.V. - Philippine ROHQ (HEABS)
- Other Holcim Group Affiliates

The following table summarizes the related party transactions and outstanding balances as at and for the years ended December 31, 2020 and 2019:

		2020		2019			
Related Parties	**Nature**	**Transactions During the Year**	**Outstanding Receivable (Payable)**	Transactions During the Year	Outstanding Receivable (Payable)	**Terms**	**Conditions**
			(In Thousands)				
Parent							
UCHC	Purchases and/or expense	₱ 5,110	₱ -	₱ 207	(₱ 5,110)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Short-term loan payable	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	Purchases and/or expense	5,515	-	223	(6,197)	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
	Long-term financial loan	(381,845)	–	(381,845)	–	Interest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Interest receivables	22,738	54,305	26,797	32,249	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Operating Expenses	59,920	27,636	14,099	87,556	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Clinco	Various charges	1,339	-	3	1,339	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Under Common Shareholder							
HTEC	Purchases and/or expense	1,628,854	5,348	1,683,222	(419,270)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LAFARGE HOLCIM LTD	Purchases and/or expense	15,863	-	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed

Related Parties	Nature	2020 Transactions During the Year	2020 Outstanding Receivable (Payable)	2019 Transactions During the Year	2019 Outstanding Receivable (Payable)	Terms	Conditions
			(In Thousands)				
Holcim Trading	Purchases and/or expense	122,794	(60,208)	436,827	(180,563)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
HTSG	Purchases and/or expense	-	-	1,486	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Advances	(76)	-	(3)	76	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
HEABS	Service contract	59,398	-	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
	Sublease	(9,405)	-	9,405	9,405	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	(14,429)	-	8,920	14,429	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LHPI	Short-term loan payable	1,845,151	-	-	(1,845,151)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest expense	129,812	5,951	99,106	(129,812)	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	-	(10,677)	-	(10,677)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Various charges	-	-	(1,856)	-	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
SSI	Short-term loan payable	240,000	-	-	(240,000)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, Unguaranteed
	Interest payable	17,629	-	15,412	(17,629)	Interest-bearing, 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
HGSX	Various charges	(35,375)	-	29,747	35,209	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed,
	Administrative fee	72,725	(1,313)	121,877	(57,668)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
LHES	Purchases and/or expenses	6,318	21,559	381,349	20,888	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
LH Shipping PTE LTD	Purchases and/or expenses	263,601	(2,520)	360,570	(62,439)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
Holcim US Inc.	Expat recharges	28,494	-	57,950	(28,494)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
HSSA	IT related charges	52,457	(45,520)	15,412	(1,519)	Noninterest-bearing , offsetting, due and demandable	Unsecured, unguaranteed
Direct and Indirect Subsidiaries							
ECLI	Expenses from various charges	-	(141,920)	5,287	(141,920)	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Service contract	-	35,248	-	35,248	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Various charges	-	127,936	900	127,936	Noninterest- bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired
	Transfer of assets	-	15,614	-	15,614	Noninterest- bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired

Related Parties	Nature	2020 Transactions During the Year	2020 Outstanding Receivable (Payable)	2019 Transactions During the Year	2019 Outstanding Receivable (Payable)	Terms	Conditions
			(In Thousands)				
HSSI	Expenses from various charges	19,650	(178,199)	17,113	(183,291)	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Sales	16,938	438,374	120,851	436,850	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
BPI	Various charges	-	213	207	213	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Rental fee	7,238	(21,713)	7,238	(14,476)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
CACI	Short term loan	484	484	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
HPBSCI	Dividend income	42,000	-	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
HPMC	Plant facilities and bareboat lease	231,529	(506,546)	267,104	(323,749)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Transfer of Property, plant and equipment	-	281,415	-	281,415	Noninterest- bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired
	Asset leasing	685,454	(1,420,556)	685,454	(930,587)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Labor recharges	111,743	214,710	23,790	102,967	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed, not impaired
MGMC	Lease of grinding facility	172,711	(1,288,543)	172,711	(1,122,035)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
Direct and Indirect Associates							
HMDC	Interest on loan	299	-	-	299	To be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Sale and transfer of assets		378,469	-	378,469	Noninterest- bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses for various charges	102,382	660,626	75,850	476,821	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases of quarries materials	516,516	(328,426)	757,502	(563,006)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	In-plant billing	101,674	(163,215)	139,451	(32,311)	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed
	Asset leasing	103,761	(69,174)	104,463	(51,880)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Dividend income	74,283	-	38,184	-	Noninterest- bearing, to be collected in cash, demandable	Not applicable
HRDC	Purchases of quarried materials	250,708	(244,784)	333,768	(336,656)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Advances	43,934	274,866	54,313	289,599	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Asset lease	16,313	(1,025)	16,313	(2,146)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
LHAI	Purchases and/or expenses	646,597	(130,753)	1,461,442	(359,789)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Advances	2,130	28,480	11,148	26,350	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
APC	Asset lease	12,172	(8,332)	12,172	(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
	Short-term loan receivable	-	52,204	-	52,204	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired

Related Parties	Nature	2020 Transactions During the Year	2020 Outstanding Receivable (Payable)	2019 Transactions During the Year	2019 Outstanding Receivable (Payable)	Terms	Conditions
			(In Thousands)				
QLI	Asset lease	1,099	(3,764)	917	(2,989)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	824	4,686	–	3,861	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Short-term loan receivable	–	77,314	–	77,314	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
SCMC	Purchases and/or expenses	–	(1,001)	–	(1,001)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	9	1,465	18	1,475	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Short-term loan receivable	–	666	–	666	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
LORVI	Expenses from various charges	5,169	9,513	4,171	4,344	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Foreshore Lease	55,773	(29,188)	55,773	(80,151)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
Huaxin Cement	Purchases and/or expense	–	(2,181)	371,591	(2,181)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	–	59	–	59	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Other Holcim Group Affiliates	Purchases and/or Expense	5,808	(3,025)	1,361	(1,496)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Various charges	110	3,032	4,938	12,176	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Retirement Fund	Contributions	68,086	–	79,098	–	Not applicable	Not applicable

	Note	2020	2019
		(In Thousands)	
Due from related parties		**₱2,850,867**	₱2,673,120
Due to related parties		**(₱4,327,781)**	(₱4,971,405)
Loans payable to related parties	13	**₱ -**	(₱3,925,849)

Parent

UCHC. In April 2018, the Company entered into a short-term loan agreement with UCHC, lender, amounting to ₱200 million which will be collected after three months from the date of the agreement. On June 28, 2018 the loan was extended for one year ended June 30, 2019. 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 ₱1.64 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.

Cemco. On September 28, 2018, the Company 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 Company on behalf of Cemco in 2019 amounted to ₱14.1 million

In 2020 the Company 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 long-term financial loan to short-term financial loan.

Clinco. In August 2020, the Company collected the outstanding receivable balance amounting to ₱1.3 million. In March 2019, the Company collected receivables pertaining to business clearance and insurance renewal that was initially paid by the Company on behalf of Clinco.

Entities under common Shareholder

a. *HEABS.* On January 1, 2015, the Company entered into a service contract with HEAB for business process outsourcing and other information technology enabled services. Service fees billed to the Company amounted to ₱59.3 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 Company. Advance rent and security deposit recognized amounted to ₱31.6 million. In December 2019, HEABS sold leasehold improvements to the 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 Company 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 Company. 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 Company.

   In 2020, IFF was replaced by MIIPA- Master Industrial Intellectual Property Agreement.

   Total expenses incurred amounted to ₱1.63 billion and ₱1.68 billion as at December 31, 2020 and 2019, respectively.

c. *HOFI.* 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 Company imports clinker, cement 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 Company has an outstanding liability pertaining to expat recharges amounting to ₱2.2 million and ₱4.9 million as at December 31, 2020 and 2019, respectively.

g. *LHES.* The Company had an outstanding receivable to LH Energy Solutions (LHES) amounting to ₱21.5 million and ₱20.9 million as at December 21, 2020 and 2019, respectively.

h. *LH Shipping.* The Group had an outstanding payable to LH Shipping related to time-chartered shipping amounting to ₱2.5 million and ₱62.4 million as at December 31, 2020 and 2019, respectively.

i. *HSSA*. The Company has an outstanding liability pertaining to IT support services and Sales Force - Non IT recharges amounting to ₱45 million and ₱1.5 million as at December 31, 2020 and 2019, respectively.

i. *Other Holcim Group Affiliates*. The Company'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.

j. HGSX. On January 1, 2017, the Company 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.

k. *LHPI*. The Company loan originally amounted to ₱2.4 billion in 2017 was partially settled in 2018. In August 2020, partial repayment was made for interest and portion of loan and in December 2020 remaining principal loan amounted to ₱669 million with 4.38% p.a. interest to be paid on or before May 31, 2025 was pre-terminated and settled. Interest expenses 2020 and 2019 is ₱129.8 million and ₱99.1 million, respectively.

l. *SSI*. On October 25, 2018, the Company 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 in 2020 and 2019 amounted to ₱17.63 million and ₱15.4 million, respectively.

m. CHI. As of December 31, 2018, the Company had an outstanding payable to CHI amounting to ₱0.6 million which was subsequently paid in 2019 pertaining recharges of business taxes. Outstanding receivable was ₱0.11 million pertaining to working capital initially paid by the Company.

Direct and Indirect Associates

a. In 2020 and 2019, the Company 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 Company.

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 Company received dividend payment from HMDC amounting to ₱74.2 million and ₱38.1 million in 2020 and 2019, respectively.

c. In January 2016, the Company 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 Company sold/transferred various assets to HMDC in 2017, such as motorpools.

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. LHAI. As at December 31, 2020 and 2019, the Company had a total payable of ₱ 130.8 million and ₱359.8 million, respectively, due and outstanding at the end of each year.

g. The Company grants non-interest bearing advances to HRDC and LHAI for working capital requirements.

Direct and Indirect Subsidiaries

a. *ECLI.* The Company is under various service contracts with ECLI for the delivery and transport of concrete to the Company's customers. Fees are charged based on the volume of concrete to be delivered, and the availability of transportation equipment.

b. *HSSI.* On February 1, 2015, HSSI has began to operate as a retail business, and the Company as its main supplier for cement products. Total cement sold to HSSI as of December 31, 2020 and 2019 amounted to ₱16.9 million and ₱120.9 million respectively of which ₱438.4 million and ₱436.0 million is still outstanding as trade receivables as at December 31, 2020 and December 31, 2019, respectively.

c. *HPMC.* The Company leases the cement manufacturing plant of HPMC located in Lugait, Misamis Oriental. In December 2014 and 2015, the lease contract was renewed for another year commencing on January 1, 2015 and 2016, respectively, both renewals with the same monthly lease rate of P53.4 million.

   The Company also has a bareboat agreement with HPMC for the charter hire of the latter's vessels for the Company's vessel requirements for the carriage of cement from Lugait to various destinations within the Philippines. In December 2017, this lease contract was renewed for another year commencing on January 1, 2019. Total outstanding payable related to the lease contracts amounted to ₱1.9 billion and ₱1.3 billion as of December 31, 2020 and 2019, respectively.

d. *MGMC.* On January 1, 2014, the Company and MGMC, a wholly-owned subsidiary of WEB, entered into a lease agreement covering the plant facilities of the latter renewable every year. The lease was renewed annually in the subsequent periods. Annual lease rental amounted to ₱172.7 million in 2020 and 2019 respectively.

e. *CACI.* On December 2020, the Company entered a short-term loan to CACI amounting ₱ 0.48 million with 1.73% per annum interest to be paid on or before December 16, 2021.

f. *HPBSCI.* On June 5, 2020, a dividend amounting to ₱42.0 million was declared with record date of June 15, 2020 and payment date of not later than June 19, 2020.

Retirement Benefit Funds

The Company has a retirement fund with HPI Retirement Fund (RF). As at December 31, 2020 and December 31, 2019, HPI-RF has investments in HMDC, shares with a fair value of ₱596.3 million representing 60% of the total ownership, as disclosed in Note 10.

All of the funds' investing decisions are made by the Retirement Committee which is composed of certain officers of HPI. The power to exercise the voting rights rests with the Board of Trustees.

Terms and Condition 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 Company 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.

Remuneration of Key Management Personnel

The following are the details of compensation of key management personnel:

	2020	2019
	(In Thousands)	
Short-term employee benefits	**₱82,759**	₱104,893
Retirement benefit costs	**15,150**	10,107
	₱97,909	₱115,000

Management believes that the recoverability of its due from related parties is certain; accordingly, no expected credit losses were recognized in 2020 and 2019, respectively.

17. PROVISIONS

	2020	2019
	(In Thousands)	
Provision for fully mined-out assets	**₱ 64,479**	₱67,029

Provision for Fully Mined-out Assets

In December 2017, the Company recognized a net one-time loss amounting ₱72.2 million under "Other income (expenses) - net" representing the net present value of stranded costs for the mined out assets of HMDC. This is on the premise that the said assets are considered "onerous" on the side of HMDC and the Company does not derive economic benefits from rental payments. As at December 31, 2020 and December 31, 2019, total interest on stranded cost amounted to ₱4.9 million and ₱5.2 million, respectively, as disclosed in Note 25. As at December 31, 2020 and December 31, 2019, total payments made amounted to ₱6.1 and ₱7.5 million, respectively.

18. SHAREHOLDERS' EQUITY

a. Capital stock

	Number of Shares
Authorized–P1 par value	
Preferred shares	20,000,000
Common shares	9,980,000,000
Issued - Common shares	6,452,099,144

The preferred shares are cumulative and nonparticipating and entitled to preferential dividend rate when declared by the BOD of the Company. There were no preferred shares issued and outstanding as at December 31, 2020 and 2019.

The Company has one class of common share which carries voting rights and right to dividends but none for fixed income.

The Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2020 and December 31, 2019 is 6.5 billion. These shares are held by 5,257 and 5,273 stockholders as at December 31, 2020 and December 31, 2019, respectively. There have been no recent changes in the number of shares registered and outstanding.

b. Other reserves represent the Company's share in the performance compensation scheme of the LafargeHolcim Group.

c. Retained earnings

The Company's retained earnings available for dividend declaration as at December 31, 2020 and 2019 amounted to nil based on the guidelines set in the Securities Regulation Code Rule 68, as amended (2011).

19. NET SALES

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

- Clinker and Cement segment, which manufactures and sells clinker and cement for domestic customers; and
- Other Construction Materials and services segment, which includes operations from Specialty Products and Aggregates Trading.

The Company has determined the Clinker and cement segment as the only reportable segment. Information on the other segments that are not reportable are combined and presented as "Others". Segment revenues as at December 31, 2020 and 2019 are presented below:

	Clinker and Cement	Others	Total
		(In Thousands)	
2020			
Revenue:			
External customers	**₱24,541,714**	**₱1,256,301**	**₱25,798,015**
Inter-segment	**214,646**	**–**	**214,646**
	₱24,756,361	**₱1,256,301**	**₱26,012,661**
2019			
Revenue:			
External customers	₱30,560,675	₱2,329,434	₱32,890,109
Inter-segment	584,621	–	584,621
	₱31,145,296	₱2,329,434	₱33,474,730

For the years ended December 31, 2020 and 2019, all revenues generated were from domestic sales.

20. COST OF SALES

	Notes	2020	2019
		(In Thousands)	
Raw, packaging and production materials	8	**₱ 9,590,492**	₱11,076,242
Power and fuel	8	**5,736,512**	7,827,845
Depreciation and amortization	24	**2,193,485**	1,950,493
Outside services		**2,108,142**	2,364,356
Personnel	23	**985,736**	1,081,562
Transportation and communication		**765,771**	1,812,002
Repairs and maintenance		**470,515**	888,199
Taxes and licenses		**306,984**	253,448
Insurance		**99,028**	70,264
Office expense		**28,126**	43,978
Rent	27	**1,984**	24,528
Others		**25,166**	105,939
		₱22,311,941	₱27,498,856

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

21. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2020	2019
		(In Thousands)	
Personnel	23	**₱380,495**	₱351,128
Software implementation costs		**102,198**	188,339
Outside services		**121,591**	130,277
Depreciation and amortization	11, 24	**105,260**	108,400
Taxes and licenses		**77,191**	43,442
Office expense		**55,369**	69,892
Director's fees		**11,475**	11,640
Transportation and communication		**4,349**	12,998
Representation and entertainment		**486**	678
Others		**5,310**	2,006
		₱863,724	₱918,800

Others include non-charitable contributions, community services and expenses related to the Company's ongoing internal projects.

22. SELLING EXPENSES

	Notes	2020	2019
		(In Thousands)	
Personnel	23	**₱215,769**	₱257,212
Depreciation	11, 24	**130,998**	109,832
Outside services		**19,791**	36,975
Advertising		**19,762**	21,523
Transportation and communication		**17,148**	42,728
Taxes and licenses		**2,623**	1,873
Office expense		**2,296**	15,280
Entertainment, amusement and recreation		**2,102**	8,256
Others	7	**40,479**	40,171
		₱450,968	₱533,850

Others include provision for doubtful accounts, rent, insurance, utilities and expenses related to the Company's ongoing internal projects.

23. PERSONNEL EXPENSES

	Note	2020	2019
		(In Thousands)	
Salaries, wages and employee benefits		**₱1,078,878**	₱1,156,223
Retirement benefit costs, excluding net interest cost on defined benefit obligation	15	**125,276**	97,110
Training		**3,527**	11,573
Others		**374,319**	424,996
		₱1,582,000	₱1,689,902

Retirement benefit costs above excludes net interest cost, classified as part of interest and financing charges, as disclosed in Note 25.

Others include employees' meal and clothing allowances, medical services and reimbursements, collective employee transport cost, retrenchment expenses, recruitment and hiring expenses and other labor expenses.

24. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Notes	2020	2019
		(In Thousands)	
Property, plant and equipment:			
Cost of sales	20	**₱1,082,710**	₱ 807,144
General and administrative expenses	21	**11,107**	39,406
Selling expenses	22	**18,174**	6,077
		1,111,991	852,627
Right-of-use assets:			
Cost of sales	20	**1,105,735**	1,143,297
General and administrative expenses	21	**58,045**	68,154
Selling expenses	22	**105,676**	103,034
		1,269,456	1,314,485
Intangibles:			
Cost of sales	20	**5,040**	52
General and administrative expenses	21	**36,108**	840
Selling expenses	22	**7,148**	721
		48,296	1,613
		₱2,429,743	₱2,168,725

25. INTEREST AND FINANCING CHARGES

Details of interest and financing charges are as follows:

	Notes	2020	2019
		(In Thousands)	
Interest on lease liability	27	**₱296,774**	₱335,487
Interest on loans payable	13	**163,772**	404,823
Net interest cost on defined benefit obligation	15	**19,498**	18,902
Bank charges		**42,086**	9,282
Interest related on the payment of stranded cost	17	**4,846**	5,188
		₱526,976	₱773,682

26. OTHER INCOME (EXPENSE) - net

Details of the Company's other income (expense) - net are as follows:

	Notes	2020	2019
		(In Thousands)	
By products and other revenue		**₱ 82,918**	₱ 46,910
Foreign exchange gain (loss) – net		**2,040**	7,570
Write-off of provision for doubtful accounts - Readymix	7	**–**	13,542
Loss on sale of property, plant, and equipment	11	**–**	(10,360)
Loss on disposal of intangible assets	12	**–**	(105,858)
Impairment losses on investments	10	**–**	(237,500)
Write-off of payables		**–**	14,852
Recovery of receivables		**53,415**	–
		₱138,373	(₱270,844)

27. LEASES

The Company has a number of lease agreement covering office spaces, warehouse, bulk terminals and various equipment that are accounted for as operating leases, with periods ranging from more than one year to twenty-five years. Bulk of the commitments pertains to lease of vessels being used to transport cement and land agreements.

Below are the carrying amounts of lease liabilities and the movement during the period:

	Note	2020	2019
		(In Thousands)	
January 1		**₱5,270,553**	₱6,244,958
Additions		**269,406**	234,988
Accretion of interest	25	**296,774**	335,487
Effect of foreign exchange		**(10,376)**	–
Impact of lease modification		**(21,720)**	–
Payments		**(1,345,771)**	(1,544,880)
December 31		**₱4,458,866**	₱5,270,553
Current portion		**₱1,218,146**	₱1,103,960
Non-current portion		**₱3,240,720**	₱4,166,593

The Company has benefited from a 2 month lease payment holiday on land and land improvements. The payment holiday reduces payments in the period to 2040 by ₱ 26.3 million. The Company has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of ₱ 21.7 million, which has been correspondingly recorded as decrease in right-of-use asset. The Company continued to recognize interest expense on the lease liability.

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
	(In Thousands)	
1 year	**₱1,303,599**	₱1,421,859
More than 1 year to 2 years	**1,144,552**	1,137,756
More than 2 years to 3 years	**1,089,308**	1,028,624
More than 3 years to 4 years	**1,033,478**	1,024,065
More than 5 years	**2,913,755**	2,032,893

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

The roll-forward analysis of this account follows:

			2020		
	Right-of-Use Land	Right-of-Use Buildings and installations	Right-of-Use Machinery and equipment	Right-of-Use Furniture, vehicle and tools	Total
			(In Thousands)		
Cost:					
At January 1, beginning	**₱1,644,962**	**₱3,352,362**	**₱11,551**	**₱1,467,136**	**₱6,476,011**
Additions	**63,489**	**4,699**	**9,239**	**191,979**	**269,406**
Disposals	**(8,842)**	**(58,414)**	**–**	**(375,219)**	**(442,475)**
Impact of lease modification	**(21,720)**	**–**	**–**	**–**	**(21,720)**
At December 31	**₱1,677,889**	**₱3,298,647**	**₱20,790**	**₱1,283,896**	**₱6,281,222**
Accumulated depreciation:					
At January 1, beginning	**₱ 121,744**	**₱ 685,202**	**₱ 7,173**	**₱ 498,764**	**₱1,312,883**
Depreciation	**120,405**	**674,045**	**7,233**	**467,773**	**1,269,456**
Disposals	**(8,842)**	**(58,414)**	**–**	**(375,218)**	**(442,474)**
At December 31	**₱ 233,307**	**₱1,300,833**	**₱14,406**	**₱ 591,319**	**₱2,139,865**
Net book value	**₱1,444,582**	**₱1,997,814**	**₱ 6,384**	**₱ 692,577**	**₱4,141,357**

	Right-of-Use Land	Right-of-Use Buildings and installations	Right-of-Use Machinery and equipment	Right-of-Use Furniture, vehicle and tools	Total
	2019				
			(In Thousands)		
Cost:					
At January 1, as previously reported	₱ –	₱ –	₱ –	₱ –	₱ –
Effect of adoption of standard	1,637,743	3,135,241	4,838	1,467,136	6,244,958
At January 1, as restated	1,637,743	3,135,241	4,838	1,467,136	6,244,958
Additions	7,219	221,056	6,713	–	234,988
Disposals	–	(3,935)	–	–	(3,935)
At December 31	₱1,644,962	₱3,352,362	₱11,551	₱1,467,136	₱6,476,011
Accumulated depreciation:					
At January 1, as previously reported	₱ –	₱ –	₱ –	₱ –	₱ –
Effect of adoption of standard	–	–	–	–	–
At January 1, as restated	–	–	–	–	–
Depreciation	121,744	686,804	7,173	498,764	1,314,485
Disposals	–	(1,602)	–	–	(1,602)
At December 31	₱ 121,744	₱ 685,202	₱ 7,173	₱ 498,764	₱1,312,883
Net book value	₱1,523,218	₱2,667,160	₱ 4,378	₱ 968,372	₱5,163,128

Management believes that there is no indication that an impairment loss has occurred during the year.

The Company has benefited from a 2-month lease payment holiday on land and land improvements. The lease liability was remeasured using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of ₱21.7million, which has been recognized as a negative variable lease payment in profit or loss.

See out below, are the amounts recognized in the statements of comprehensive income:

	Notes	**2020**	2019
		(In Thousands)	
Depreciation expenses on right-of-use assets	24	**₱1,269,456**	₱1,314,485
Interest expense on lease liabilities	25	**296,774**	335,487
Rent expense - short-term lease	20	**1,984**	24,528
		₱1,568,214	₱1,674,500

28. COMMITMENTS AND CONTINGENCIES

Lawsuits

The Company 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 Company's external legal counsels, the outflow of resources is not probable to happen or more likely than not to occur.

The Company has an outstanding legal case with Seasia Nectar Port Services Inc. ("Seasia") concerning the termination of the port services agreement with the latter. The Company 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 Company's assets was secured by Seasia as disclosed in Note 12.

To date, these petitions and motions are pending for resolution. The disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position and negotiation strategy.

Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Commitments

a. Electricity Supply Agreement (ESA)

An amended electricity supply agreement was signed with AC Energy Philippines Inc. (ACEPI) effective June 26, 2020 and valid until December 26, 2030, which will supply Bulacan, La Union and Mabini Grinding plants. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales, as disclosed in Note 20.

b. Service Agreement with Misamis Oriental - 1 Rural Electric Service Cooperative, Inc. (MORESCO-1)

On November 26, 2012, the Company 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 20.

c. Davao Light Service Contract

The Company also entered into a contract with Davao Light and Power Company (DLPC) for electric service to the Company'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 20.

d. Others

There are contingent liabilities for tax assessments occurring in the ordinary course of business. On the basis of information furnished by the Company's legal counsels, management believes that none of these contingencies will materially affect the Company's financial position and financial performance.

29. INCOME TAX

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

	2020	2019
	(In Thousands)	
Current tax expense	**₱608,620**	₱1,146,495
Deferred tax benefit	**(1,133)**	(65,674)
	₱607,487	₱1,080,821

The current provision for income tax represented regular corporate income tax computed based on itemized deduction for the years ended December 31, 2020 and 2019, respectively.

A reconciliation between the Company's provision for income tax computed at the statutory income tax rate of 30% and the provision for income tax as presented in the Company's statements comprehensive income is as follows:

	2020	2019
	(In Thousands)	
Profit before income tax	**₱2,148,068**	₱3,567,298
Provision for income tax at statutory income tax rate of 30%	**₱ 644,420**	₱1,070,189
Income tax effect of:		
Dividend and other non-taxable income	**(34,885)**	-
Interest and other income subject to tax other than RCIT	**(3,486)**	(7,070)
Non-deductible expenses	**1,438**	17,702
Income tax at effective income tax rate	**₱ 607,487**	₱1,080,821

Deferred Income Tax

The composition of the Company's net deferred tax assets as at December 31, 2020 and 2019 is as follows:

	Balance, Beginning	Charged to profit or loss	Charged to OCI	Balance, End
		(In Thousands)		
2020				
Deferred Tax Assets				
Allowance for impairment losses	**₱71,250**	**₱ -**	**₱ -**	**₱ 71,250**
Decline in value of inventories	**84,111**	**9,564**	**-**	**93,675**
Retirement benefits liability	**38,511**	**7,976**	**-**	**46,487**
Expected credit losses	**15,591**	**3,205**	**-**	**18,796**
Accrued expenses	**(1,239)**	**3,039**	**-**	**1,800**
Provision for bonus accrual	**41,207**	**(23,135)**	**-**	**18,072**
Unrealized foreign exchange loss	**4,553**	**(4,553)**	**-**	**-**
Leases	**51,148**	**13,983**	**-**	**65,131**
Impairment losses on PPE	**80,381**	**(5,103)**	**-**	**75,278**
Remeasurement in OCI	**84,129**	**-**	**35,051**	**119,180**
Others	**-**	**7**	**-**	**7**
	₱469,642	**₱4,983**	**₱35,051**	**₱509,676**
Deferred Tax Liabilities				
Capitalized cost of property, plant and equipment from insurance proceeds	**(₱ 75,490)**	**₱13,972**	**₱ -**	**(₱ 61,518)**
Unrealized foreign exchange gain	**4,533**	**(22,405)**		**(17,852)**
	(70,937)	**(₱ 8,433)**	**₱ -**	**(₱ 79,370)**
	₱394,152	**₱ 1,133**	**₱35,051**	**₱430,336**
2019				
Deferred Tax Assets				
Allowance for impairment losses	₱ -	₱71,250	₱ -	₱ 71,250
Decline in value of inventories	66,849	17,262	-	84,111
Expected credit losses	69,980	(54,389)	-	15,591
Accrued expenses	11,472	(12,711)	-	(1,239
Unamortized past service costs	144	(144)	-	-
Provision for bonus accrual	61,488	(20,281)	-	41,207
Unrealized foreign exchange loss	(6,198)	10,751	-	4,553
Leases	2,285	48,863	-	51,148
Amortization of past service cost	42,676	(4,165)	-	38,511
Impairment losses on PPE	86,311	(5,930)	-	80,381
Remeasurement in OCI	36,011	-	48,118	84,129
	₱371,018	₱50,506	₱48,118	₱469,642
Deferred Tax Liabilities				
Capitalized cost of property, plant and equipment from insurance proceeds	(₱ 89,625)	₱13,972	₱ -	(₱ 75,653
Others	(1,033)	1,196	-	163
	(₱ 90,658)	₱15,168	₱ -	(₱ 75,490
	₱280,360	₱65,674	₱48,118	₱394,152

30. FINANCIAL RISK MANAGEMENT

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

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

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

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

Market risk

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

Foreign currency risk

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

The Company has foreign exchange exposures, arising primarily from sales and purchases of goods and services in currencies other than the Peso that leads to currency translation effects. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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

The table below summarizes the Company's exposure to foreign currency risk before considering the effect of hedging transactions. Included in the table are the Company's foreign currency-denominated assets and liabilities at carrying amounts:

	2020		2019	
	In USD	**In PhP**	In USD	In PhP
		(In Thousands)		
Financial Assets				
Cash and cash equivalents	**$ 363**	**₱ 17,439**	$10,054	₱510,140
Trade and other receivables	-	-	371	18,825
Other current asset	**362**	**17,398**	-	-
	725	**34,837**	10,425	528,965
Financial Liabilities				
Trade and other payables	**20,262**	**973,972**	1,528	77,531
Lease Liability	**3,091**	**148,498**	-	-
	23,353	**1,122,290**	1,528	77,531
Net Exposure	**($22,628)**	**(₱1,087,453)**	$ 8,897	₱451,434

Converted to US$1.00: ₱48.04 as of December 31, 2020 and US$1.00: P50.74 as of December 31, 2019

The following table demonstrates the sensitivity of the Company's income before income tax (due to changes in fair value of monetary assets and liabilities after considering the impact of hedging transactions) to a reasonably possible change in U.S. dollar exchange rate, with all other variables held constant.

	US Dollar Appreciates (Depreciates) by	Effect on Profit Before Income Tax
	(In Thousands)	
December 31, 2020		
Sensitivity 1	**10%**	**(₱108,745)**
Sensitivity 2	**(5%)**	**54,373**
December 31, 2019		
Sensitivity 1	10%	₱ 45,138
Sensitivity 2	(5%)	(22,569)

The sensitivity analysis is representative of the inherent foreign exchange risk because the exposure at the end of the reporting period reflects the exposure during the year.

The impact of any change in foreign exchange rate on the embedded currency forwards of the Company is immaterial.

Interest rate risk

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

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

Credit risk

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

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

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset in the Company's balance sheets.

	Gross Maximum Exposure[a]		Net Maximum Exposure[b]	
	2020	2019	**2020**	2019
			(In thousands)	
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**₱1,887,008**	₱2,802,012	**₱1,885,710**	₱2,788,326
Short-term deposits	**-**	-	**-**	-
Trade receivables	**683,461**	1,487,966	**683,461**	537,982
Other financial asset*	**2,149,987**	2,169,559	**2,149,987**	2,169,059
	₱4,720,456	₱6,459,537	**₱4,719,158**	₱5,495,367

(a) Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.
(b) Gross financial assets after taking into account any collateral or other credit enhancements or offsetting arrangements or deposit insurance.
* *Included under "Other non-current assets" account in the Company balance sheets.*

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

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

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available, and, if not available, the credit management committee uses other publicly available financial information and the group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
2020							
Cash in banks	6	N/A	Performing	12m ECL	**₱1,887,008**	**₱ -**	**₱1,887,008**
Trade receivables	7	N/A	(i)	Lifetime ECL (simplified approach)	**683,461**	**(57,550)**	**625,911**
Due from related parties	16	N/A	Performing	12m ECL	**2,850,867**	-	**2,850,867**
Other receivables	7	N/A	Performing	12m ECL	**394,274**	-	**394,274**
	7	N/A	Doubtful	Lifetime ECL	**5,105**	**(5,105)**	-
Advances to subsidiaries	10	N/A	Performing	12m ECL	**971,619**	-	**971,619**
Other financial assets	12	N/A	Performing	12m ECL	**2,149,987**	-	**2,149,987**
Guarantee deposits	12	N/A	Performing	12m ECL	**101,729**	-	**101,729**
Long-term financial receivable	12	N/A	Performing	12m ECL	-	-	-
					₱9,044,050	**(₱62,655)**	**₱8,981,395**
2019							
Cash in banks	6	N/A	Performing	12m ECL	₱2,802,012	₱ -	₱2,802,012
Trade receivables							
Dealers	7	N/A	(i)	Lifetime ECL (simplified approach)	666,973	(22,890)	644,083
Retailers	7	N/A	(i)	Lifetime ECL (simplified approach)	278,995	(21,199)	257,796
Institutional	7	N/A	(i)	Lifetime ECL (simplified approach)	541,998	(1,695)	540,303
AFR/RMX/other	7	N/A	(i)	Lifetime ECL (simplified approach)	79,948	(1,080)	78,868
Due from related parties	16	N/A	Performing	12m ECL	2,673,120	-	2,673,120
Other receivables	7	N/A	Performing	12m ECL	393,137	-	393,137
	7	N/A	Doubtful	Lifetime ECL	5,105	(5,105)	-
Advances to subsidiaries	10	N/A	Performing	12m ECL	964,512	-	964,512
Other financial assets	12	N/A	Performing	12m ECL	2,169,559	-	2,169,559
Guarantee deposits	12	N/A	Performing	12m ECL	110,976	-	110,976
Long-term financial receivable	12	N/A	Performing	12m ECL	992	-	992
					₱10,687,327	(₱51,969)	₱10,635,358

(i) For trade receivables, the Group has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 9 include further details on the loss allowance for these assets, respectively.

Liquidity risk

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

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2020 and 2019, the Company has unutilized credit facilities of ₱12.0 billion and ₱13.6 billion, respectively.

The tables below summarize the maturity profile of the Company's financial assets used to manage liquidity:

	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 years	Total
			(in Thousands)		
2020					
Financial Assets**					
Quoted shares	₱ 145	₱ –	₱ –	₱ –	₱ 145
Unquoted shares	3,153	–	–	–	3,153
Loans and Receivables					
Cash and cash equivalents:					
Cash in banks	1,887,008	–	–	–	1,887,008
Trade receivables	57,550	625,911	–	–	683,461
Other receivables	5,105	–	394,274	–	399,379
Due from related parties			2,850,867	–	2,850,867
Advances to subsidiaries**	–	–	–	971,619	971,619
Guarantee deposit***	–	–	–	101,729	101,729
Other financial asset***	–	–	–	2,149,987	2,149,987
Long-term financial receivable***	–	–	–	–	–
	₱1,952,961	₱ 625,911	₱3,245,141	₱3,223,335	₱9,047,348
2019					
Financial Assets**					
Quoted shares	₱ 145	₱ –	₱ –	₱ –	₱ 145
Unquoted shares	3,153	–	–	–	3,153
Loans and Receivables					
Cash and cash equivalents:					
Cash in banks	2,802,012	–	–	–	2,802,012
Short-term deposits	–	–	–	–	–
Trade and other receivables:					
Trade:					
Dealers	20,015	646,958	–	–	666,973
Retailers	30,290	248,705	–	–	278,995
Institutional	79,156	462,842	–	–	541,998
AFR/RMX/others	38,945	41,003	–	–	79,948
Other receivables	5,105	–	393,137	–	398,242
Due from related parties	–	–	2,673,120	–	2,673,120
Advances to subsidiaries**	–	–	964,512	–	964,512
Guarantee deposits***	–	–	–	110,976	110,976
Other financial asset***	–	–	–	2,169,559	2,169,559
Long-term financial receivable***	–	–	–	992	992
	₱2,978,821	₱1,399,508	₱4,030,769	₱2,281,527	₱10,690,625

* *Included under "Other current assets" in the Company balance sheets.*
** *Included under "Investments and advances" in the Company balance sheets.*
*** *Included under "Other non-current assets" in the Company balance sheets.*

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

	On Demand	Less than one year	>1 to 5 Years	Total
		(In Thousands)		
2020				
Other Financial Liabilities				
Trade and other payables				
Trade	**₱ 2,977,653**	**₱ –**	**₱ –**	**₱ 2,977,653**
Accrued expenses	**3,244,589**	–	–	**3,244,589**
Due to related parties	**4,327,781**	–	–	**4,327,781**
Loans payable	–	–	–	–
Lease liabilities	–	**1,218,146**	**3,240,720**	**4,458,866**
Advances from customers	**1,948,302**	–	–	**1,948,302**
Other payables	**3,870**	–	–	**3,870**
Total	**₱12,502,195**	**₱1,218,146**	**₱3,240,720**	**₱16,961,061**
2019				
Other Financial Liabilities				
Trade and other payables				
Trade	₱ 2,664,957	₱ –	₱ –	₱ 2,664,957
Accrued expenses	1,765,440	–	–	1,765,440
Due to related parties	4,971,405	–	–	4,971,405
Loans payable	3,925,849	–	–	3,925,849
Lease liabilities	–	1,103,960	4,166,593	5,270,553
Advances from customers	2,952,472	–	–	2,952,472
Other payables	487,955	–	–	487,955
Total	₱16,768,078	₱1,103,960	₱4,166,593	₱22,038,631

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

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the Company's statements of financial position as shown in the table below:

	2020	2019
	(In Thousands)	
Loans payable - related parties	**₱ –**	₱ 3,925,849
Customers deposits (Cash bond)*	**296,600**	345,915
Financial debt	**296,600**	4,271,764
Less: Cash and cash equivalents	**1,887,008**	2,802,012
Net financial liability (asset)	**(1,590,408)**	1,469,752
Total equity	**22,883,314**	21,424,518
Gearing ratio	**(0.07)**	0.07

** Included as part of "Trade and other payables"*

Management believes that the above ratios are within the acceptable range.

31. FINANCIAL ASSET AND LIABILITIES

Fair Value of Financial Instruments

Cash and Cash Equivalents, Trade and Other Receivables, Due from Related Parties, Advances to Employees, Advances to Subsidiaries and Associates, Restricted Cash, 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 value as of end of each reporting period.

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. Investments in unquoted equity securities are carried at cost, net of any impairment value.

Guarantee deposits

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

Summary of financial assets and liabilities

	Notes	2020	2019
Financial assets at FVTPL			
Quoted shares	12	₱ **145**	₱ 145
Unquoted shares	12	**3,153**	3,153
		P 3,298	3,298
Financial assets at amortized cost			
Cash in banks	8	**1,887,008**	2,802,012
Trade receivables - net	9	**625,911**	1,521,050
Due from related parties	9	**2,850,867**	2,673,120
Other receivables - net	9	**394,274**	393,137
Advances to subsidiaries	10	**971,619**	964,512
Other financial assets	12	**2,149,987**	2,169,559
Guarantee deposits	12	**101,729**	110,976
Long-term financial receivable from third party	12	-	992
		8,981,395	10,635,358
Financial liabilities at amortized cost			
Trade payables	14	**2,977,653**	2,664,957
Accrued expenses	14	**3,244,589**	1,765,440
Due to related parties	16	**4,327,781**	4,971,405
Loan payable	13	-	3,925,849
Lease liabilities	27	**4,458,866**	5,270,553
Advances from customers	14	**1,948,302**	2,952,472
Other payables	14	**3,870**	487,955
		₱16,961,061	₱22,038,631

Fair Value Hierarchy

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

As at December 31, 2020 and December 31, 2019, the Company 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.

32. EARNINGS PER COMMON SHARE (EPS)

Basic/diluted EPS is computed as follows:

	2020	2019
	(In Thousands, except per share amount)	
Profit for the year	**₱1,540,581**	₱2,486,477
Weighted average number of common shares issued and outstanding	**₱6,452,099**	₱6,452,099
Basic/diluted EPS of net income for the year	**₱ 0.24**	₱ 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 of the beginning of the year. Where the 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.

33. ENVIRONMENT AND REGULATORY MATTERS

a. Clean Air Act

The Clean Air Act and the related IRR contain provisions that have an impact on the industry as a whole, and to the Company 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 Company'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

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 Company in particular. Based on the assessment made on the Company'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

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 Company. The company 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 Company 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.

34. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATION NO. 15-2010

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output VAT

Details of the Company's output VAT in 2020 are as follows:

	Sales	Output VAT
Vatable sales/receipts	**₱27,031,675,393**	**₱3,243,801,047**
Sales to government	**26,611,046**	**3,193,326**
Zero-rated sales/receipts	**290,721,667**	**–**
	₱27,349,008,106	**₱3,246,994,373**

Zero-rated sales declared pertain to the Company's sale of goods and services to PEZA-registered entities. Pursuant to Section 4.106-5 (c) of RR No. 16-05, sale of goods or properties to persons or entities who are tax exempt under special laws (i.e. sales to enterprises duly registered and accredited with the PEZA) shall be effectively subject to VAT at zero-rate (0%).

Input VAT

Details of the Company's input VAT claimed in 2020 are as follows:

Balance at January 1	**₱ 167,954,560**
Capital goods not subject to amortization	
Amortization of input VAT on capital goods	**3,572,684**
Goods other than capital goods	**347,877,016**
Domestic purchase of services	**1,018,969,932**
VAT on importations	**529,259,579**
Services rendered by Non-residents (WVAT)	**302,416,372**
Input Tax closed to expense and WVAT on Gov't	**(292,812)**
VAT payments	**877,237,041**
Balance at the end of the year	**₱ –**
Dutiable cost of importation of goods	**₱4,410,496,493**
Taxes on importation of goods	**529,259,579**

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid or accrued in 2020 are as follows:

Lodged under cost of sales	
Real property taxes	**₱214,918,678**
Business taxes and fees	**68,445,645**
Various permit fees	**11,579,976**
Fringe benefit taxes	**6,539,024**
Annual inspection fee	**882,548**
Fire inspection fee	**289,342**
Documentary stamp tax	**69,552**
DTI Fees	**30,900**
BIR annual registration fee	**12,500**
Community tax certificate	**10,500**
Others	**4,205,278**
	₱306,983,943

Lodged under general and administrative, and selling expenses	
Business taxes and fees	**₱34,612,610**
Documentary stamp tax	**38,437,673**
Real property taxes	**4,026,168**
DTI fees	**236,900**
Community tax certificate	**42,000**
BIR annual registration fee	**14,500**
Various permit fee	**544,070**
Others	**1,900,191**
	₱79,814,112

Withholding taxes

Details of the Company's withholding taxes paid or accrued in 2020 is as follows:

Withholding tax on compensation	**₱ 251,645,341**
Expanded withholding tax	**298,839,215**
Final withholding tax	**361,514,497**
Withholding VAT	**302,416,372**
Fringe benefits tax	**9,915,398**
	₱1,224,330,823

35. EVENTS AFTER THE REPORTING PERIOD

In 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.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorized for issuance by the Board of Directors on February 22, 2021.

* * *

NavarroAmper&Co.

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www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-5

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited the financial statements of Holcim Philippines, Inc. (the "Company") 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 unmodified 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 the reconciliation of retained earnings available for dividend declaration as at December 31, 2020, as required by the Securities and Exchange Commission under the SRC Rule 68, as Revised, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are 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

Deloitte.

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**
		(In Thousands)
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, End		**₱7,593,291**

Annex C

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MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS

OF

HOLCIM PHILIPPINES, INC.

Conducted via Remote Communication
July 22, 2020 at 10:00 a.m.

I. CALL TO ORDER

The President and CEO, Mr. John William Stull, acted as chairman, called the meeting to order and presided over the same. He informed the stockholders that the Chairman, Mr. Tomas I. Alcantara, will not be able to attend the meeting due to technical difficulties.

He acknowledged the presence of the other members of the Board of Directors (Mr. Martin Kriegner, Ms. Rajani Kesari, Mr. Leandro Javier and Sr. Thomas Aquino), the Chief Financial Officer, Ms, Jesusa Natividad L. Rojas, and the other members of the Company's Executive Committee.

The Chairman informed the stockholders that 2019 is the final term of Mr. Yasuo Kitamoto as the Company's Independent Director. He thanked Mr. Kitamoto for his service to the Company and his valuable insights throughout the years that have been instrumental in shaping Holcim Philippines, Inc. into the strong company that it is today.

II. PROOF OF NOTICE OF MEETING AND PRESENCE OF A QUORUM

Proof of notice was certified by the Corporate Secretary, Ms. Belinda E. Dugan. She further certified the following:

1. The Notice and Agenda of the meeting together with the Definitive Information statement which also contains the "Requirements and Procedure for Registration, Participation and Voting in Absentia were posted on the Company's website www.holcim.ph and disclosed in the PSE Edge.
2. The Notice and Agenda were published in Manila Times and Business Mirror on June 30 and July 1, 2020, both in print and online formats.
3. There exists a quorum for the meeting being represented in person or by proxy, stockholders owning 6,143,164,292 shares representing 95.21% of the total issued and outstanding shares of the Company.
4. The Chairman of the Meeting is holding votes for 1,174,946,826 shares representing 18.21 % of the total issued and outstanding shares of the Company.

The Corporate Secretary explained that the rules of conduct and voting procedures are set forth in the published Definitive Information Statement. She reminded the stockholders of the following:

- Shareholders who registered and signified their intention to vote in absentia may vote by proxy - by sending the signed copy of the proxy form not later than July 17, 2020 to HPI-Investor-Relations@lafargeholcim.com or (ii) in absentia by filling in the online voting form sent to the shareholders' email upon confirmation of valid registration.
- Shareholders present at this meeting may cast their votes by filling in the online

voting form sent to their e-mail addresses or by sending their votes to HPI-Investor-Relations@lafargeholcim.com. The voting poll will be open until the adjournment of this meeting.

- The votes received as of the last day of receiving the proxies or on July 17, 2020, after the proxy validation process have been tabulated. The preliminary tabulation will be referred to when votes are reported during the meeting and that the results of the final tabulation will be reflected in the minutes of the meeting.
- Everyone was encouraged to send their questions to HPI-Investor-relations@ lafargeholcim.com. These questions will be read by the Vice President, Head of Communications, Ms. Ann Claire Ramirez, during the Q&A. Shareholders attending this meeting may still send their questions by sending an e-mail to HPI-Investor-Relations@lafargeholcim.com. However, due to time and technological challenges, not all questions may be read aloud during the meeting. Management will endeavour to reply to all questions via e-mail.

III. APPROVAL OF THE MINUTES OF PREVIOUS STOCKHOLDERS' MEETING

The Chairman of the Meeting proceeded with the next item on the agenda which is the approval of the minutes of the Annual Stockholders' Meeting held on May 24, 2019, a copy of which was posted in the Company's website.

The Corporate Secretary reported that shareholders owning 6,131,180,017 shares or 99.805% of total number of shares represented in the meeting have voted in favor of the approval of the said Minutes. Thus, the minutes of the Annual Stockholders' Meeting held on May 24, 2019 has been approved.

IV. APPROVAL OF ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE CORPORATION AS OF DECEMBER 31, 2019

MESSAGE OF THE CHAIRMAN

The pre-recorded message of the Company's Chairman, Mr. Tomas I. Alcantara, was played.

Mr. Alcantara reported that in 2019, the Company grew Operating EBITDA year-on-year by 36.7% to Php 6.7 billion on higher efficiencies and improved costs across all areas of the business which helped the Company grow its full-year net income by 41.0% to Php 3.6 billion. He also reported the completion of capacity expansion projects across sites to raise annual production to 10 million metric tons and the efficiency of industrial and logistics operations.

In closing, the Chairman assured the shareholders that the Company's Board of Directors, Executive Committee and Leadership Team along with the more than a thousand-strong workforce are ready to double their efforts and work with the Company's various stakeholders to overcome the current crisis and ensure the Company's success in the years ahead.

MESSAGE OF THE PRESIDENT AND THE CEO

The President and CEO, Mr. John William Stull, expressed his confidence that the Company will overcome the unprecedented challenges brought about by the COVID-19 Pandemic.

He reported the Company's key actions to help the Company's business

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partners manage the disruption caused by the pandemic as well as the Company's available solutions in support of the government's goal of reviving the economy. The President affirmed the Company's commitment to grow while being respectful of the environment and supportive of communities and people.

He acknowledged that being a member of the LafargeHolcim Group (the "Group") is a source of strength for Holcim Philippines, Inc. and will help the Company in its mission to help build a healthier and better Philippines.

VOTING RESULTS

The chairman informed the shareholders that copies of the Company's 2019 Audited Financial Statements may be viewed and downloaded from the Company's website and PSE Edge.

Upon the request of the Chairman of the Meeting, the Corporate Secretary reported that shareholders owning 6,129,604,627 shares or 99.779 % of total number of shares represented in this meeting have voted for the approval of the annual report and the Audited Financial Statements for the period ended December 31, 2019. Thus, the 2019 Annual Report and Audited Financial Statements have been approved.

V. APPROVAL AND RATIFICATION OF ALL ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of the meeting proceeded to the next item in the agenda which is the approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management.

The Corporate Secretary reported that shareholders owning 6,141,493,896 shares or 99.973 % of the total number of shares represented in this meeting have voted for the approval and ratification of all the acts, contracts, investments, and resolutions of the Board of Directors, the Board Committees, and Management since the last annual stockholders' meeting.

Based on the votes received, the Chairman of the meeting declared the approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual stockholders' meeting.

VI. ELECTION OF DIRECTORS

The Chairman asked the Corporate Secretary to read the names of the persons nominated as directors of the Company. The Corporate Secretary then proceeded to read the names of the following persons who were nominated in accordance with the provisions of the By-Laws:

1. Tomas I. Alcantara
2. Martin Kriegner
3. Rajani Kesari
4. John William Stull

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5. Leandro David Javier – Independent Director
6. Thomas Aquino - Independent Director

The Corporate Secretary confirmed that the Corporate Governance Committee has duly ascertained that the six nominees are qualified to serve as Directors of the Company and that all the nominees have given their consent to their respective nominations.

Upon the request of the Chairman, the Corporate Secretary certified that based on the preliminary tabulation of votes, each of the nominees have received at least 6,131,355,633 votes. Based on such certification, the Chairman of the Meeting declared all the nominees as duly elected members of the Board of Directors for the ensuing year.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The next item on the agenda was the appointment of the Company's external Auditor. It was explained that the Audit Committee recommends the appointment of Navarro Amper & Co. as the External Auditor of the Company for the year 2020.

On the voting results, the Corporate Secretary reported that shareholders owning 6,143,069,286 shares or 99.998 % of total number of shares represented in this meeting have voted in favor of the appointment of Navarro Amper & Co. as the Company's external auditor for the year 2020. Having received sufficient number of votes, the auditing firm of Navarro Amper & Co. was appointed the as the Company's external auditor of year 2020.

VIII. OTHER MATTERS

The Chairman of the meeting requested the Company's Vice-President, Head of Communications, Ms. Ann Claire Ramirez, to read aloud the questions received via email.

Below are the questions read and the corresponding response of the Company's President and CEO:

1. Does the LafargeHolcim Group still intend to divest its stake in Holcim Philippines?

   The President and CEO explained that with the lapse of the agreement in May 2020 between the Company's shareholders and First Stronghold Cement Industries, Inc. without obtaining the approval of the Philippine Competition Commission, Holcim Philippines, Inc. is no longer in the sale process and will remain a part of the LafargeHolcim Group.

2. May we know your actions to strengthen the Holcim business despite the COVID-19 crisis?

   In reply, Mr. John Stull explained that Health and Safety being an important part of the Holcim culture even prior to the pandemic was an advantage for the Company. When the crisis arose, the Company immediately complied with the requirements concerning its operations. He explained that the Company drew from experiences of members of the LafargeHolcim Group from around the wold and are currently working closely with local communities and customers in order to comply with all the rules and keep everyone healthy and safe. He assured the shareholders that so far, the Company is operating effectively and is able to serve its customers through the pandemic.

3. How has Holcim helped communities during this crisis?

"Holcim Helps", which is the Company's community relations campaign, was used as a vehicle to provide help to communities. The Company was able to help around 80,000 families by providing food, personal protective equipment and disinfecting materials. He also thanked the Holcim employees who participated in the *Holcim Helps* campaign.

4. What digital innovations have Holcim implemented in response to the current business challenges?

It was explained that the Company has been accelerating its digital initiatives to keep everyone safe as part of the new normal. As part of its digital initiatives, the Company launched EasyBuild where the customers can place their orders, check their accounts and pay bills. The Chairman of the Meeting noted that currently, 91% of all its transactions are being done through EasyBuild. Another digital initiative is Pinoy Builders which is a digital information platform where people in the building materials sector and construction industry can exchange information and ideas.

5. What product and material innovations have the company introduced to the market to help builders amid the pandemic?

The Chairman of the meeting replied that in 2019, the Company launched Solido which now comprises a major part of its product portfolio. He explained that Solido is a more environmentally responsible product than the OPC as it uses less clinker. Also, the company launched SFCrete which is being used in a lot of road construction projects in Greater Metro Manila. He expressed the Company's hopes to expand SFCrete to support the DPWH in order to ensure that the government stays on schedule and meet their requirements during this pandemic.

6. Are you still considering possible capacity investments to grow the business?

It was explained that the Company is working on projects in its La Union plant and Geocycle. It was mentioned that the Company is studying projects for the longer term to increase capacity for its Luzon and Mindanao plants.

IX. ADJOURNMENT

Upon confirmation by the Corporate Secretary that there were no other items in the agenda for the consideration of the stockholders, the meeting was adjourned.

BELINDA E. DUGAN
Corporate Secretary

ATTEST:

JOHN WILLIAM STULL
Chairman of the Meeting

ANNEX D

HOLCIM PHILIPPINES, INC.
FORM OF PROXY

PROXY

The undersigned stockholder of Holcim Philippines, Inc. (the "Corporation") hereby appoints:

[NAME OF AUTHORIZED REPRESENTATIVE]
or in his absence,
the
Chairman of the Meeting

as my proxy to represent and vote on my behalf all of my shares in the Corporation at the Annual Stockholders Meeting of the Corporation to be held on May 27, 2021, 1:30 P.M., and at any adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Approval of minutes of previous annual stockholders' meeting

   ___ Yes ___ No ___ Abstain

2. Approval of the Operations Report

   ___ Yes ___ No ___ Abstain

3. Approval and Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting

   ___ Yes ___ No ___ Abstain

4. Election of Directors

   ___ a) Vote equally for all nominees or distribute or cumulate my shares to nominee/s listed below:

   i. Tomas I. Alcantara ________ shares
   ii. Martin Kriegner ________ shares
   iii. Horia-Ciprian Adrian ________ shares
   iv. Tan Then Hwee ________ shares

   <u>Independent Directors</u>

   v. Thomas G. Aquino ________ shares
   vi. Leandro D. Javier ________ shares
   vii. Medel T. Nera ________ shares

   __ b) Withhold authority to vote for all nominees listed above

   __ c) Withhold authority to vote for nominees listed below:

   ____
   ____
   ____
   ____
   ____
   ____

5. Appointment of External Auditor for 2021

   ___ Yes ___ No ___ Abstain

6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting

   ___ Yes ___ No ___ Abstain

Signed this __ day of ________ 2021 in ____________________.

[SIGNATURE OVER PRINTED NAME OF STOCKHOLDER]

Stockholder

ANNEX E

ANNUAL STOCKHOLDERS' MEETING
May 27, 2021 at 1:30 pm

Requirements and Procedure for Registration, Participation and Voting in Absentia

Given the current circumstances and taking into consideration the safety of everyone, Holcim Philippines, Inc. (**HPI** or the **Company**) will be conducting its Annual Stockholders Meeting (**Annual Meeting**) scheduled on May 27, 2021 at 1:30 PM virtually. There will be no physical venue for the Annual Meeting. The Chairman of the Annual Meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located.

Only stockholders of record as of April 27, 2021 are entitled to participate and vote in the Annual Meeting.

I. Registration and Participation/Attendance Procedure:

1. The platform for participation through webcast/ video conferencing (**Remote Communication**) for the Annual Meeting is via *Zoom*.

2. Only stockholders of record as of April 27, 2021 and who have complied with the registration and validation process as outlined in this document may participate and vote in absentia in the Annual Meeting.

3. Stockholders who intend to participate in the Annual Meeting may register by filling up the form that can be found at **www.conveneagm.com/ph/HLCM**. Online registration will be open from May 4, 2021 at 8:00 A.M. to May 20, 2021 at 5:00 P.M.

4. Stockholders should complete the online registration and submit/ upload the following for validation:

   a. For individual stockholders:

      i. Scanned copy of any valid government-issued ID showing stockholder's personal details and photo;
      ii. Active contact number, either landline or mobile.

   b. For stockholders with joint accounts:

      i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the Annual Meeting;
      ii. Documents required under items 4.a (i) and (ii) for the authorized stockholder.

   c. For individual stockholders under PCD or a Brokers Account or "Scripless Shares":

      i. Broker's certification on the stockholder's number of shareholdings (in PDF format). To facilitate the verification of your account, please copy HPI (**HPI-Investor-Relations@lafargeholcim.com**) and its stock transfer agent, Stock Transfer Services, Inc. (**STSI**) (**rdregala@stocktransfer.com.ph**) in all your email correspondence with your broker for the request for certification;

ii. Documents required under items 4.a (i) and (ii).

d. For corporate stockholders:

i. Duly accomplished and signed proxy
ii. Secretary's Certificate attesting to the authority of the person signing the proxy representative to participate and / or vote in the Annual Meeting;
iii. Documents required under items 4.a (i) and (ii) for the authorized representative;
iv. Valid and active email address and contact number of the representative
v. Scanned copy of the valid government-issued ID of the person signing the proxy

5. Please note that HPI will request for your consent to process your personal information in accordance with the Data Privacy Act.

6. HPI's Office of the Corporate Secretary and STSI will validate the registration requirements submitted by the stockholders. Incomplete or inconsistent information provided in the registration form will result to a rejection of the registration.

7. Upon successful registration and validation of the registration and documents submitted, the stockholder will receive an email confirmation with the link to log in and participate in the Annual Meeting on May 27, 2021 at 1:30 P.M.

8. Only those stockholders who have successfully registered following the procedure above and stockholders who have voted by providing their executed Proxy Form shall be included for purposes of determining the existence of a quorum.

9. HPI reserves the right to request for additional information, and the submission of the originally signed copies of the documents forming part of the registration requirements at a later time.

10. For the Question and Answer portion during the SSM, stockholders may send their questions related to the agenda by email to **HPI-Investor-Relations@lafargeholcim.com**. While HPI will accept questions during the virtual meeting sent via email, we encourage everyone to send their questions related to the agenda on or before May 20, 2021, 5:00 P.M. Please note that due to time and technological limitations, only relevant questions will be answered during the Annual Meeting. HPI will endeavor to answer all other questions via e-mail at a later time.

11. As required by the Securities and Exchange Commission, the proceedings during the Annual Meeting will be recorded. A link to the recorded virtual website will be made available on HPI's website after the meeting.

II. Voting Procedure:

Stockholders may vote during the Annual Meeting either (1) by Proxy or (2) by voting *in absentia* through our Digital Ballot/ Online Stockholder Voting System.

1. Voting by Proxy:

a. Download and fill up the Proxy Form at **www.conveneagm.com/ph/HLCM**.
b. Send a scanned copy of the executed Proxy Form by email to **HPI-Investor-Relations@lafargeholcim.com** not later than May 20, 2021. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five (5) days after the Proxy Form was sent via email.
c. Alternatively, should you wish to appoint the Chairman of the meeting as proxy, you may use the digital proxy form available at **www.conveneagm.com/ph/HLCM.** The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.

2. Voting in absentia through the Digital Ballot/ Online Stockholder Voting System:

   a. Follow the Registration and Participation/Attendance Procedure set forth above.
   b. Signify your intention to vote in absentia through the online form not later than May 20, 2021.
   c. Upon validation, the Company will send an email to the stockholder containing the link for the Digital Ballot/ Online Stockholder Voting System and the instructions for casting online votes. Registered stockholders shall have until 5:00 PM of May 20, 2021 to cast their votes.
   d. All agenda items indicated in the Notice of Meeting will be included in the Digital Ballot and the registered stockholder may vote as follows:

      i. For items other than election of the Directors, the stockholder may vote: “For”, “Against”, or “Abstain”. The vote shall be considered as cast for all the stockholder’s shares.
      ii. For the election of Directors, the stockholder may vote for vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.

   e. Once voting is completed in the Digital Ballot/ Online Stockholder Voting System, the stockholder shall proceed to click on the “Submit” button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. HPI’s Office of the Corporate Secretary shall tabulate all votes cast in absentia together with the votes cast by proxy. The votes cast *in absentia* will have equal effect as votes cast by proxy.

For any questions or clarification, you may contact us through HPI-Investor-Relations@lafargeholcim.com or our stock transfer agent, Stock Transfer Service, Inc. through their telephone number 8403-3798.