

REVISED MANUAL OF CORPORATE GOVERNANCE
OF
CEMEX HOLDINGS PHILIPPINES, INC.
(22 March 2018)

Article 1: Definition of Terms

- a) **Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with shareholder value – to the benefit of all stakeholders and society
- b) **Corporation** – CEMEX HOLDINGS PHILIPPINES, INC.
- c) **BSP** - the Bangko Sentral ng Pilipinas
- d) **Board of Directors** or **Board** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all business and controls its properties
- e) **CEMEX** - subsidiaries or affiliates of CEMEX, S.A.B. de C.V, but excluding direct or indirect subsidiaries of the Corporation or entities in respect of which the Corporation exercises management control
- f) **Exchange** - an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities
- g) **Management** – the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation composed of its principal executives
- h) **Independent Director** – a person who, apart from his fees and shareholdings, is independent of Management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director
- i) **Executive director** – a director who has the executive responsibility of day-to-day operations of a part or the whole of the organization
- j) **Non-executive director** – a director who has no executive responsibility and does not perform any work related to the operation of the Corporation
- k) **Non-audit work** – the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor
- l) **Internal control** – a process designed and effected by the Board of Directors, senior management and all levels of personnel to provide reasonable assurance on the achievement of objective through efficient and effective operations; reliable, complete and timely financial and management information, and compliance with applicable laws, regulations and the organization’s policies and procedures
- m) **Internal control system** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed
- n) **Internal audit** – an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes
- o) **Internal audit department** – a department or unit of the corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation’s operations

- p) **Internal auditor** – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results
- q) **Related Party** –the Corporation’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Corporation exerts direct or indirect control over or that exerts direct or indirect control over the Corporation; the Corporation’s directors and officers, stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies; includes such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation. Another criteria recognizes a transaction involving a Related Party, whether or not the ability to control exists, if any of the following conditions applies to an entity: (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others), (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member), (iii) both entities are joint ventures of the same third party, (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity, or (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity (If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity)
- r) **Related Party Transactions** – a transfer of resources, services or obligations between a reporting entity and a Related Party, regardless of whether a price is charged; includes not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party
- s) **Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the Corporation’s strategies, policies, business decisions and operations, in general; includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which the Corporation operates
- t) **SEC** – the Securities and Exchange Commission of the Philippines

Article 2: Rules of Interpretation

- A) All references to the masculine gender in the salient provisions of this Revised Manual shall likewise cover the feminine gender.
- B) All doubts or questions that may arise in the interpretation or application of this Revised Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the corporation.

Article 3: Board Governance

The Board of Directors (the “Board”) is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

A) Composition of the Board

The Board of Directors shall have eight (8) members, at least three (3) of whom shall be Independent Directors, who shall be elected individually by the Corporation’s stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the By-laws of the corporation.

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

The Corporation encourages diversity in the composition of the Board. Diversity shall not be limited to gender diversity but shall include diversity in age, ethnicity, culture, skills, competence and knowledge. The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

If the Chairman of the Board is not an Independent Director, the Board shall, upon the request of the Independent Directors, designate a lead director among the Independent Directors whose functions shall include, among others, serving as an intermediary between the Chairman and other Independent Directors, when necessary, and shall chair the meetings among non-executive directors.

B) Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. The President/Chief Executive Officer (CEO) and other executive directors may be covered by a lower indicative limit for membership in other boards. In any case, any limitation on membership in other boards should not apply to board seats in the subsidiaries, affiliates or other related companies of the Corporation.

C) The Chair and Chief Executive Officer

As much as practicable, the positions of Chairman and President/CEO must not be held by the same individual. The President of the Corporation shall be the CEO.

The duties and responsibilities of the Chairman in relation to the Board include, among others, the following:

- (i) Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- (ii) Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- (iii) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- (iv) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- (v) Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- (vi) Makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on.

D) Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, a director of the corporation shall have the following qualifications:

- (i) College education or equivalent academic degree;
- (ii) Practical understanding of the business of the corporation;
- (iii) Membership in good standing in relevant industry, business or professional organizations; and
- (iv) Previous business experience.

E) Disqualification of Directors

(i) Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, BSP or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if (a) such person is currently the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP, (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d) Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rules, regulations or orders;
- e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- f) Any person judicially declared as insolvent;

- g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above;
- h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- i) Other grounds as the SEC may provide in accordance with its legal mandate.

(ii) Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- a) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- b) Dismissal or termination for cause as director of a publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- c) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of the subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- d) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

- (iii) All nominations for Directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at the principal office of the corporation not earlier than fifty (50) business days nor later than thirty-two (32) business days prior to the date of the regular or special meeting of stockholders for the election of Directors. Nominations which are not submitted within such period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of Directors shall be qualified to be nominated and elected a Director of the Corporation.

The Nomination Committee shall prepare a list of all nominees for directors which shall be subject to the review and confirmation by the Board of Directors. The list of nominees for Directors as determined by the Nomination Committee, upon confirmation by a majority vote of the Board of Directors, shall be final and binding upon the stockholders and no other nominations shall be entertained or allowed during the annual meeting of the stockholders, provided that no nominee to the Board of Directors shall be disqualified without due process.

The Board of Directors, by majority vote, shall review the qualifications of all nominees to the Board. It may also, in the exercise of its discretion, and by a 3/4 vote of its members, disqualify a nominated shareholder who, in the Board of Directors' judgment represents an interest adverse to or in conflict with those of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- a) If he is an officer, manager or controlling person of, or the owner (either of record or

beneficially) of at least 10% of any outstanding class of shares of any corporation (other than the one in which the corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least $\frac{3}{4}$ vote, determines to be antagonistic to that of the Corporation;

- b) If the Board of Directors, in the exercise of its judgment in good faith, determines by at least $\frac{3}{4}$ vote that he is the nominee of any person set forth in (i) above.

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationships. For the proper implementation of this provision all nominations for election of directors by the stockholders shall be submitted in writing to the Corporate Secretary not earlier than fifty (50) business days nor later than thirty-two (32) business days before the date of the regular/annual or special meeting of stockholders of the Corporation for the election of Directors.

F) Independent Directors

- (i) An Independent Director means a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Corporation and includes, among others, any person who:
 - a) Is not, or has not been in the five years immediately preceding the election as Independent Director, a senior officer or employee of the Corporation, unless there has been a change in the controlling ownership of the Corporation;
 - b) Is not, and has not been in the three years immediately preceding the election, a *non-independent* director of the Corporation; a director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Corporation's substantial shareholders and its related companies;
 - c) Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Director/Officer or Member of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election as Independent Director;
 - d) Does not own more than two percent (2%) of the shares of the Corporation, its subsidiaries, associates, affiliates or related companies;
 - e) Is not related to any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister.
 - f) Is not acting as a nominee or representative of any director of the Corporation or any of its related companies;
 - g) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
 - h) Has not been employed as an executive officer of another company where any of the Corporation's executives serve as directors;
 - i) Is not retained, either personally or through his firm or any similar entity, as professional

- adviser, consultant, agent or counsel of the Corporation, any of its related companies and/or any of its substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election as Independent Director;
- j) Has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial.
 - k) Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial shareholders; and
 - l) Has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years of a violation of the Securities Regulation Code committed within five (5) years prior to the date of the Independent Director's election.
- (ii) Any controversy or issue arising from the selection, nomination or election of independent directors shall be resolved by the SEC by appointing Independent Directors from the list of nominees submitted by the stockholders.
 - (iii) The term "related companies" are those companies which are the Corporation's holding company, its subsidiaries, or a subsidiary of its holding company.
 - (iv) The term "substantial shareholder" is any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of the Corporation's equity security.
 - (v) An Independent Director shall have the following qualifications:
 - a) He shall have at least one (1) share of stock of the corporation;
 - b) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
 - c) He shall possess integrity/probity; and
 - d) He shall be assiduous.
 - (vi) No person shall qualify as an Independent Director under the following circumstances or causes:
 - a) His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Corporation; or
 - b) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings.
 - (vii) Nomination and Election of Independent Directors
 - a) Nomination of Independent Directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
 - b) The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Director/s.
 - c) After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for Independent Directors, which list shall be made available to the SEC and to all stockholders through the information statement. The name of the person or group of persons who recommended the nomination

of the independent director shall be identified in such report including any relationship with the nominee.

- d) Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual meeting.

- (viii) In case of resignation, disqualification, or cessation of independent directorship and only after notice has been made to the SEC within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee. Otherwise, the vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

- (ix) The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years; after which, the individual serving as Independent Director shall be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. Should the Corporation decide to retain in the same capacity an Independent Director who has served for nine (9) years, the Board should provide meritorious justification and seek shareholders' approval during the annual shareholders' meeting.

G) Responsibilities, Duties and Functions of the Board

(i) General Responsibility

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board shall formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

(ii) Duties and Functions

To ensure a high standard of best practice for the corporation, its stockholders and other stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, appoint competent, professional, honest and highly-motivated management officers, and adopt an effective succession planning program for Management
- b) Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- c) Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the Corporation's

President/CEO or chief financial officer shall exercise oversight responsibility over this program.

- e) Identify the corporation's stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely, and effective communication with them.
- f) Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- g) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- i) Constitute an Audit Committee, Nomination Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- j) Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- k) Meet at such times or frequency as needed, and at least as often as required in the By-laws. The minutes of such meetings should be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.
- l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and By-laws, and in accordance with existing laws, rules and regulations.
- m) Appoint a Compliance Officer who shall have the rank of at least a senior Vice President or an equivalent position or designation with adequate stature and authority in the Corporation. In the absence of such appointment, the Corporate Secretary, who shall be a lawyer, shall act as Compliance Officer.
- n) Cause the Corporation to participate in the Corporate Governance Survey using the ASEAN Corporate Governance Scorecard as an instrument.
- o) The Board is primarily responsible to the stockholders and other stakeholders for financial reporting and control, and should provide to all stockholders and stakeholders relevant and timely information about the Corporation, including but not limited to an annual report of the Corporation's performance, position and prospects through publicly available reports submitted to the Commission.

(iii) Training

All Directors shall be appropriately apprised of their duties and responsibilities as member of the Board of Directors of the Corporation and shall be provided access to the Corporation's Articles of Incorporation, By-laws, Code of Ethics and Business Conduct and company policies including those impacting on corporate governance. Annual continuing seminar or workshop programs for at least four (4) hours involving courses on corporate governance and other topics relevant to the Corporation shall be provided to Directors.

H) Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

- (i) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

- (ii) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of, and knowledgeable with, the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

- (iii) Act judiciously

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- (iv) Exercise independent judgment

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.

- (v) Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director shall keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

- (vi) Observe confidentiality

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

I) Internal Control Responsibilities of the Board

The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- (i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility include:
 - a) The definition of the duties and responsibilities of the President/CEO who is ultimately accountable for the corporation's organizational and operational controls;
 - b) Selection of the person who possesses the ability, integrity and expertise essential for the position of President/CEO;
 - c) Evaluation of proposed senior management appointments;
 - d) Selection and appointment of qualified and competent management officers; and
 - e) Review of the corporation's human resource program for employees, and management succession plan.
- (ii) An internal audit system shall be created by the Board that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and shall require him to make periodic reports. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

J) Board Meetings and Quorum Requirements

- (i) Members of the Board should attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by the SEC;
- (ii) The Board may, to promote transparency, require the presence of at least one (1) Independent Director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirement if he is duly notified of the meeting but notwithstanding such notice fails to attend.
- (iii) The Board shall meet at least 4 times each calendar year. It shall hold a meeting before the start of the financial year, immediately after the annual meeting of the stockholders, at least once every quarter, and on such other days that it may designate. Meetings may be convened by the Chairman or at least upon the request of three (3) directors.
- (iv) Quorum for the transaction of corporate business shall be dependent on the current articles of incorporation of the corporation, but in no case shall be less than a majority of the directors.
- (v) A sworn certification on the directors' record of attendance in Board meetings shall be submitted to the Commission on or before 30 January of the following year.

K) Remuneration of Directors and Officers

- (i) The Board of Directors shall have the sole authority, in accordance with the By-laws, to determine the amount, form and structure of the fees and other compensation of the directors.
- (ii) In no case shall the total yearly compensation of directors received for the discharge of duties as members of the Board of Directors or adhoc members of Committees of the corporation exceed the maximum threshold if any applicable under relevant law or regulation.

- (iii) From the effective date of this Revised Manual, no director shall be involved in deciding his own remuneration during his incumbent term.
- (iv) To ensure effectiveness of holding directors accountable and to attract competent persons as directors, the corporation may purchase at its own expense liability insurance coverage for its directors.
- (v) The corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly to its directors and top four (4) Management officers during the preceding fiscal year.
- (vi) The corporation understands that the Commission may, in exceptional cases such as receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

L) Board Committees

The Board may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-laws of the Corporation and to aid in good governance.

- (i) Nomination Committee
 - a) The nomination committee shall be composed of at least three (3) directors, at least one of whom shall be an Independent Director. The Board may from time to time increase the membership of the committee, and appoint additional members therein, who may or may not be directors of the corporation.

The Board shall designate one (1) member of the committee, who must be an Independent Director, as its chairman.
 - b) The committee shall have the following functions:
 1. Review and monitor the structure, size and composition of the Board and make recommendations to ensure compliance with applicable laws, rules and regulations as well as the corporation's By-laws and this Revised Manual.
 2. Install and maintain a process to ensure that all directors to be nominated for election at the next annual stockholders meeting have the qualifications and none of the disqualifications.
 3. Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
 4. Review and evaluate the qualifications of persons nominated to positions which require appointment by the Board, and provide guidance and advice as necessary for such appointments.
 5. Review succession plans for members of the Board and other officers, as required.
 6. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Board members and in appointing officers or advisers, and develop, update and recommend to the Board policies for considering nominees for directors and officers, and
 7. Perform such other duties and responsibilities that may be delegated by the Board from time to time.

- c) The committee shall hold meetings at least [twice] a year at a time and place determined by its chairman.

(ii) Audit Committee

- a) There shall be an Audit Committee composed of at least three (3) members, at least two (2) of whom shall be Independent Directors and at least one (1) of whom shall have accounting and finance background. The Independent Director shall chair the committee and shall be responsible for ensuring the effective interaction among the committee members, with management, and the internal and external auditors. Each member shall have an adequate understanding of accounting and auditing principles in general and of the corporation's business, including the financial management systems and environment in particular.
- b) The committee shall have the following functions:
1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
 2. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.
 3. Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
 4. Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it.
 5. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
 6. Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.
 7. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security.
 8. Review the reports submitted by the internal and external auditors.
 9. Review and approve the quarterly, half-year and annual financial statements before their submission to the Boards, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised by Management
 - Significant adjustments resulting from the audit
 - Going concern assumptions

- Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
10. Coordinate, monitor and facilitate compliance with laws, rules and regulations.
11. Evaluate and monitor material Related Party Transactions to ensure compliance with relevant company policy and procedures, and recommend to the Board changes or improvements in policy and procedures. Review must take the following into consideration:
- the nature of the parties' interest in the transaction;
 - the essential terms of the transactions, including the amount involved and the type of transactions;
 - the importance of the transaction for the Corporation and the Related Party;
 - whether the transaction could affect the impartiality of any of the Corporation's directors with respect to the interest of the Corporation and any of its shareholders;
 - fair treatment of shareholders; and
 - any other circumstance deemed relevant by the Audit Committee
12. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non –audit work, if allowed, should be disclosed in the corporation's annual report.
13. Establish and identify the reporting line of the internal Auditor to enable him to properly fulfil his duties and responsibilities. He shall functionally report directly to the Audit Committee.
- The Audit Committee shall ensure that, in the performance of the work of the internal Auditor, he shall be free from interference by outside parties.
- The Internal Auditor must be independent of the Philippine operations. For administrative purposes only, the Internal Auditor shall report to the President/CEO of the Corporation..

M) Corporate Secretary

The Corporate Secretary must be a Filipino citizen and a resident of the Philippines. As an officer of the Corporation, he must:

- (i) Assist the Board and its committees of the Board in the conduct of their respective meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the respective chairpersons of the Board and its committees to set agendas for those meetings;
- (ii) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- (iii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- (iv) Advise on the establishment of board committees and their terms of reference;
- (v) If he is not at the same time the Corporation's legal counsel, he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vi) Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

- (vii) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- (viii) Perform required administrative functions;
- (ix) Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements;
- (x) If he is also the Compliance Officer, perform all the duties and responsibilities as such officer; and
- (xi) Perform such other duties and responsibilities as may be required by the SEC in accordance with its legal mandate.

N) The Compliance Officer

The Board shall appoint a Compliance Officer, who should have a rank of senior Vice President or an equivalent position or designation with adequate stature and authority in the corporation, and who shall report directly to the Chairman of the Board. He shall perform the following duties:

- (i) Ensures proper on-boarding of new directors, specifically orientation on the Corporation's business, articles of incorporation and by-laws, among others);
- (ii) Monitors, reviews, evaluates and ensures the compliance by the corporation, its members of the Board and its officers with this Revised Manual, the relevant laws, , rules and regulations and all governance issuances of regulatory agencies;
- (iii) Reports to the Board in case violations of the matters referred to in sub-clause (ii) above are found and recommends to the Board the imposition of appropriate disciplinary action on the responsible parties;
- (iv) Ensures the integrity and accuracy of all documentary submissions to regulators;
- (v) Appears before the SEC when summoned in relation to compliance with this Revised Manual;
- (vi) Collaborates with other departments of the Corporation to properly address compliance issues, which may be subject to investigation;
- (vii) Identifies possible areas of compliance issues and works towards the resolution of the same;
- (viii) Ensures the attendance by members of the Board and principal officers to relevant trainings; and
- (ix) Performs such other duties and responsibilities as may be required by the SEC in accordance with its legal mandate.

Article 4: Related Party Transactions and Reserved Matters

Transactions with a Related Party shall be entered into on terms and conditions that are arm's-length, with sufficient documentation and coursed through the appropriate levels of approval authority. The Corporation may obtain transfer pricing studies when market prices and/or market conditions under comparable circumstances are not readily available to assure compliance with relevant regulations applicable to transactions between Related Parties.

Any amendment, revision, extension or supplement to the following material terms and conditions of the Corporation's license agreements involving the trademark and other intellectual properties of, and service agreements with, CEMEX shall require the affirmative vote of at least two independent directors:

- a) royalty/license fee or service fee, as applicable, payable to CEMEX; and
- b) term of the agreement.

Article 5: Adequate and Timely Information

The Corporation should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information, including media and analysts' briefings.

To enable the members of the Board to properly fulfil their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management is insufficient in all circumstances and further inquiries must be made by a member of the Board to enable him to properly perform his duties and responsibilities. Members of the Board are given independent access to Management and the Corporate Secretary.

The information provided should, as applicable, include a background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

Article 6: Accountability and Audit

A) The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders.
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- (iv) The Corporation shall consistently comply with the financial reporting requirements of the SEC;
- (v) The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with said standards.

B) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit

services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the report shall be given by the corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

Article 7: Stockholders' Rights and Protection of Minority Stockholders' Interests

- A) The Board shall respect the rights of the stockholders as the same are provided for in the Corporation Code, namely:
- (i) Right to vote on all matters that require their consent or approval;
 - (ii) Right to inspect corporate books and records;
 - (iii) Right to information;
 - (iv) Right to dividends; and
 - (v) Appraisal right.
- B) The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

- C) The Investor Relations Office (IRO) of the Corporation shall ensure constant engagement with stockholders including liaising with stockholders at every stockholders' meetings.

Article 8: Governance Self-Rating System

The Board may by resolution create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in this Revised Manual.

The creation and implementation of such self-rating system, if applicable, including its salient features, shall be disclosed in the Corporation's SEC Form 17-A (Annual Report).

Article 9: Disclosure and Transparency

The essence of corporate governance is transparency. Thus, all material information about the corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders.

Article 10: Commitment to Good Corporate Governance

The Corporation shall establish and implement its corporate governance rules in accordance with this Revised Manual, the Corporation Code, the Securities Regulation Code and its Implementing Rules and Regulations, and the various issuances of the SEC. This Revised Manual shall be made available for inspection by any stockholder at reasonable hours on business days.

Article 11: Regular Review of the Manual and Scorecard

An annual scorecard on the scope, nature and extent of the actions taken by the Corporation to meet the principles and recommendations of the SEC Code of Corporate Governance for Publicly-Listed Companies which took effect on January 1, 2017, and this Revised Manual, shall be accomplished and submitted to the SEC.

This Revised Manual shall be subject to review as the need arises in order to take into account the Corporation's changing needs, business, technological and environmental conditions, and regulatory requirements. Any recommended changes to the Manual shall be subject to approval by the Board.

Article 12: Effectivity

This Revised Manual is approved by the Audit Committee and the Board of Directors on March 22, 2018, and takes effect immediately.

[signed]
Joaquin Miguel Estrada Suarez
Chairman of the Board

[signed]
Jannette Virata Sevilla
Compliance Officer