

CEMEX HOLDINGS PHILIPPINES, INC. (CHP)

SUSTAINABILITY REPORT 2019

COMPANY DETAILS	
Name of Organization	CEMEX HOLDINGS PHILIPPINES, INC. (CHP)
Location of Headquarters	34th Floor Petron Mega Plaza Building 358 Sen. Gil J. Puyat Avenue, Makati City
Location of Operations	CEMEX HOLDINGS PHILIPPINES, INC.¹ 34th Floor Petron Mega Plaza Building 358 Sen. Gil J. Puyat Avenue, Makati City SOLID CEMENT CORPORATION (SOLID) Sitio Tagbac, Barangay San Jose, Antipolo City, Rizal APO CEMENT CORPORATION (APO) Barangay Tina-an, Naga City, Cebu
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	CEMEX HOLDINGS PHILIPPINES, INC. SOLID CEMENT CORPORATION (SUBSIDIARY) APO CEMENT CORPORATION (SUBSIDIARY)
Business Model, including Primary Activities, Brands, Products, and Services	CHP with its two principal operating subsidiaries, i.e., APO CEMENT CORPORATION (“APO Cement”) and SOLID CEMENT CORPORATION (“Solid Cement”), are involved in the production, marketing, distribution and sale of cement and other cement products in the Philippines with well-established brands, such as "APO", "Island", and "Rizal", each of which has a multi-decade history in the Philippines. In the production of cement products, the following are key activities in the supply chain, including pre-manufacturing phase: (a) raw materials extraction (b) manufacturing and packaging (c) sales and marketing. Raw materials extraction and transportation is carried out by suppliers that are owned and controlled by third-party entities or entities that are not a member of the CHP Group of companies.
Reporting Period	January 1, 2019 – December 31, 2019
Highest Ranking Person responsible for this report	CARLOS ALBERTO PALERO CASTRO Vice President for Operations and Technical

¹ The term " Company" refers to CEMEX HOLDINGS PHILIPPINES, INC. (CHP) together with its two principal operating subsidiaries, i.e., APO Cement and Solid Cement. Except as the context otherwise may require, references in this report to “we,” “us” or “our” refer to the Company.

MATERIALITY PROCESS

We went through a series of steps to determine which Sustainability topics are material to our Company. We referred to the material topics of CEMEX as our take-off point. CHP is an indirect subsidiary of CEMEX. We validated and contextualized this by identifying key activities and impacts in our value chain in the Philippines including the operations of our suppliers that are critical to our value creation. We also referred to the stakeholder feedback obtained from our formal and informal channels to gauge our stakeholder's expectations on sustainability. The following specific steps were undertaken:

1. Understanding the Sustainability Context. We looked at the communities where we operate as well as the local and national sustainable development challenges that are impacted by what we do as a Company. We have identified the most relevant issues such as climate change, water scarcity, energy security, materials scarcity, physical hazards to communities from our operations, biodiversity, social inequality, the need for infrastructure, as well as government and regulatory-related uncertainties. With these in mind, we identified which specific activities in our operations affect these topics, and how.

2. Identifying Material Environmental, Social, and Economic Impacts across Supply Chain. For each key activity in the supply chain impactful or relevant to our business and operations, we identified relevant impacts to the economy, environment, and society. We also highlighted key impacts relevant to the sustainable development issues we identified earlier. The key steps in the supply chain we have considered are as follows:

- a. **Quarrying of Raw Material.** Limestone and clay are extracted in a controlled manner designed to minimize the effect to the environment. Blasting is done with the use of the full initiation system, seeking to minimize air blasts and vibrations. In some quarries with medium type of raw materials that do not require blasting, heavy equipment like excavators, back hoes and loaders are used for mining operation.
Note: This activity is carried out by a third-party supplier/s.
- b. **Transporting the Raw Material.** The quarried materials are transported to the crushing plant by dump trucks and fed to the crusher hopper.
Note: This activity is carried out by a third-party supplier/s.
- c. **Crushing.** The quarried materials are fed to the crusher hopper to further reduce its size by crushing to approximately 80 mm diameter size and transported via belt conveyor to the limestone storage.
- d. **Pre-homogenization.** The raw material from the limestone storage are scraped and conveyed to different bins for pre-homogenization. This is the proportional mix of the different types of materials like limestones, clay and any other required material for the raw mix.
- e. **Raw Material Grinding.** This takes places in vertical raw mills, which grinds the material through the pressure exerted by four rollers, which roll over a turning milling table. Fine raw meal is produced in this process.
- f. **Raw Meal Homogenization.** This process takes place in silos equipped with an aeration system to maintain a homogenous mix of fine raw material to be fed to the kiln.
- g. **Calcination.** Calcination is the core portion of the process, in which huge rotary kilns come into play. Inside, at 1400 degrees Celsius, the raw material is transformed into clinker: small, dark gray nodules that are 3-4 centimeters in diameter.

- h. **Cement Milling.** In a horizontal ball mill, the clinker is ground by different-size steel balls while it works its way through the horizontal mill's chambers, with gypsum being added to extend cement setting times. In a vertical cement mill, clinker is ground through the pressure exerted by four rollers, which roll over a turning milling table.
- i. **Cement Packaging and Delivery.** The cement that are stored in a cement silo are extracted thru fluid or to the packhouse rotopackers where it will be packed in 40 kg sacks. For cement in tonner bags packaging and bulk loading, these are extracted directly from the cement silo. In either case, it can be transported via trucks or vessels thru the port facilities.

Any topic related to our key capitals, i.e. the input materials, water, human capital, that are critical to our viability and operability are considered material topics. We also included the impacts of our third-party suppliers that affect the sustainability challenges we earlier identified. We mapped our products and how they contribute to infrastructure development across sectors, such as mobility, energy, agriculture, and built environment.

3. Taking Stakeholders Perspectives. This year, we relied on existing stakeholder feedback that has been collected over the years through our formal channels. The feedback was collected by key actors responsible for engaging our key stakeholders, such as investors, customers, regulators, community members, as well as our employees. We identified which topics are frequently being raised by the stakeholders and included these in our list of material topics. Stakeholder information are provided in Annex A.

4. Defining Performance Metrics. For each material topic, we identified metrics that most effectively capture our sustainability performance. We referred to the Philippines Securities and Exchange Commission (SEC) reporting guidelines, as well as the Global Reporting Initiative standards, which provides universally used metrics for sustainability performance disclosures.

5. Defining Management Approaches. For each material topic, we characterized the risks and opportunities and defined how these are managed. We looked internally at what we have been doing over the years and identified gaps where management approaches have not been clearly defined and documented. In the future, we expect to create a tracking system to better manage these topics and evaluate whether the management approaches that we have put in place have indeed contributed to improve our performance on such topics.

ECONOMIC

ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

Table 1

DISCLOSURE	AMOUNT (in thousands)	CURRENCY
Direct Economic Value Generated (Revenue and Other Income)	23,664,755	PhP
Direct Economic Value Distributed:		
a. Operating Costs and Other Expenses	18,142,460	PhP
b. Employee Wages and Benefits	1,161,048	PhP
c. Interest Payments to Loan Providers	1,163,102	PhP
d. Taxes to Government	357,869	PhP
e. Investments to Community	8,593	PhP

Total Economic Value Distributed = 20.8 B PhP or 88% of Revenue

PROCUREMENT PRACTICES

Proportion of Spending on Local Suppliers

Table 2

DISCLOSURE	QUANTITY	UNITS
Percentage of Procurement Budget used for Significant Locations of Operations that is Spent on Local Suppliers	81%	%

ECONOMIC PERFORMANCE AND PROCUREMENT PRACTICES

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

Impacts. Our impact to local and national economy depends on two factors - our ability to create value and our policies and practices that affect how we distribute economic opportunities to our stakeholders.

Our value creation is key to our ability to flow economic value to society. The revenue that we gain each year represents how our customers value our products, services, and innovative solutions. Our continual product innovation to meet customer expectations and grow our market influences our ability to create value. In 2019, we have created more than 23 B PhP of economic value. A good 20.8 B PhP or 88% of our revenue flows back to different stakeholders creating ripples of economic opportunities, supporting thousands of jobs and other enterprises.

We recognize that the distribution of economic opportunities to our key stakeholders, such as employees and suppliers, impacts their own productivity, viability, and growth. In 2019, around 77% of our revenue (18.1 B PhP) flowed to our suppliers of goods and services, some small and medium sized enterprises, whose economic activities also support their own employees and suppliers. Also, around 81% of payment to suppliers went to businesses who operate in the Philippines. Furthermore, around 5% of our revenue flowed to our employees.

Our payment of taxes to government may affect their ability to provide social services to its citizens. In 2019, we paid 357.9 M PhP in taxes to the government. We also aim to impact the community around us by providing

economic opportunities through activities such as local employment, local sourcing, and corporate social responsibility projects. Lastly, our ability to meet our investor’s expectations and financial services providers may affect our ability to source capital to support our growth. Hence, we seek to ensure that our spending decision making is guided by the highest standards of fairness and equitability.

Risks. Our ability to create value is influenced by various risks. We take an effort to systematically characterize these risks, understand its implications to our business, and ensure that they are adequately managed. These risks include:

Table 3

KEY BUSINESS RISKS	DESCRIPTION (Likelihood and Impact)
<p>High Dependence of Business to Philippine Economic Performance</p>	<p>The Company’s growth prospects are largely dependent upon the economic growth in the Philippines.</p> <p>The Company’s growth will depend partially on whether the Philippine economy can maintain a consistent growth rate, as well as our ability to capitalize on such growth. The Philippines has experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls. There also can be no assurance that an economic slowdown in the Philippines will not recur. Any deterioration of the economic or political environment in the Philippines could adversely affect demand for the Company’s products, business, financial condition, and results of operations.</p>
<p>A Reduction or Delay in Public or Private Construction Projects</p>	<p>The Company’s principal business is reliant on levels of public and private construction activity in the Philippines. Significant interruptions or delays in, or the termination of, public or private construction projects may adversely affect the Company’s business, financial condition, and results of operations. There can be no assurance that the Philippine government will continue to promote public infrastructure spending.</p>
<p>High Debt-to-Operating EBITDA Ratio</p>	<p>The Company’s indebtedness could have significant adverse consequences, including impairing its ability to obtain additional financing for working capital, capital expenditures, or acquisitions. When the indebtedness is high, the Company may be at a disadvantage and may have reduced flexibility in planning for, or responding to, changing conditions in the industry, including increased competition. The Company may also be more vulnerable to general economic downturns and adverse developments in its business.</p>
<p>Price Fluctuations from Oversupply of Cement</p>	<p>Pricing is generally set through competitive negotiation with dealers and is a function of the demand for, and supply of, cement in the relevant market. Demand for cement varies most significantly with construction activity, while supply is determined by domestic production levels and imports. Since 2016, imported cement has substantially increased in the Philippines, which has adversely impacted pricing.</p>
<p>Operability of the Two Cement Plants</p>	<p>The Company is dependent on the continuing operation of the Company’s two cement plants. These plants are subject to normal risks of industrial production, including, but not limited to, equipment breakdowns, labor stoppages, natural disasters, directives from Government agencies and power interruptions. Any prolonged or significant disruption to the cement plants, whether due to repair, maintenance or servicing, industrial accidents, mechanical equipment failure, human error or otherwise, will disrupt and adversely affect the Company’s operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity, the supply of raw materials, fires, flooding, landslides or other natural calamities, communal unrest or acts of terrorism, may</p>

	disrupt our operations, damage our cement plants, inventories and could adversely affect the Company’s business, prospects, financial condition, and results of operations.
Highly Competitive Markets	The Company operates in highly competitive markets. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain or protect their share of the market. The Company primarily competes based on quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image, and pricing. In addition to domestic competition, foreign-based producers are also considered as competitors due to the influx of imported cement in the country.
Fluctuation in Interest Rates	The Company is exposed to interest rate risk primarily in connection with certain long-term loans which are subject to variable interest rate.
Regulatory Risks	New regulatory developments may increase costs of doing business or restrict operations. The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, the Company’s methods of distribution, labor, taxation, antitrust, and health and safety. The Company may also be adversely affected by regulations that affect third-parties that provide the Company with products and services.

Apart from these business risks, we also recognize that inequitable economic value distribution could have implications on creating more inequality in society and reducing the ability of our stakeholders to meet their compromises to us. Inequality drives the poor performance of our suppliers and their employees, which could also affect our long-term viability. The succeeding items provide approaches to how we optimize our economic performance by ensuring an equitable flow of economic value to our stakeholders. The aforementioned risks, as well as the risk factors described under “Section 2 - General Business Description - Major Risks Affecting the Business” included in our annual report for the year ended December 31, 2019 filed to the SEC (the “2019 Annual Report”), are not the only risks we face, and any of the risk described above and in the 2019 Annual Report could significantly and adversely affect our business, liquidity, results of operations or financial condition, as well as, in certain instances, our reputation.

Management Approach for Impacts and Risks

We have put in place a system aimed to ensure we keep our business risks sufficiently managed. It provides a structured approach designed to manage all important risks including environment, health and safety risks that could impact the Company’s objectives. Figure 1 summarizes the key processes.

Figure 1. Risk Management Process



The Enterprise Risk Management (ERM) function provides support to the decision-making process, by anticipating and coordinating management of short-term, medium-term, and long-term risks that could prevent our company from achieving its strategic objectives. We employ tools to gather information from a range of sources, analyze the data, identify and assess potential risks, and respond to them. This process is aligned to the global CEMEX ERM approach as follows:

Risk Identification. ERM team uses several risk identification techniques that focus on both strategic and operational issues. A combined bottom-up and top-down approach is used to try to include risk perspectives from all levels of the company. Other processes within our company, such as internal audits, internal controls, compliance, and financial risk management, complement the surveillance function of ERM.

Risk Assessment. Risks are analyzed and assessed using quantitative and qualitative methods and then prioritized based on their estimated impact and probability of materialization.

Risk Mitigation. A mitigation strategy with specific action plans is defined for each risk and a risk owner who are primarily responsible for risk treatment. Risk and opportunity plans are updated at least on a biannual basis, considering all types of risks, trends, and emerging concerns that could impact our company.

Risk Follow-up. Risk developments are continuously monitored and changes in their status are promptly provided to management.

We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits.

Our ERM process follows and replicates best world standard practices like ISO 31000 “Risk Management Guidelines,” ISO 31010 “Risk Assessment Techniques,” ISO 22301 “Business Continuity Management Systems” and the Business Continuity Institute “Good Practices Guidelines” among other certifications.

Role of the Board in ERM

Based on the Organization for Economic Cooperation and Development (“OECD”) principles of corporate governance, the Board of Directors oversees and monitors CHP’s business objectives and strategy. The Board

of Directors convenes for meetings to discuss various significant matters affecting CHP, including regular quarterly meetings to discuss financial and operational results, risks, and review our business approach.

The Board of Directors reviews and oversees the implementation of (i) the annual budget and business plans including major capital expenditures, (ii) strategies designed to address risks and other challenges or opportunities impacting CHP, and (iii) other initiatives developed to promote plant, logistics and organizational efficiencies and improvements.

Table 4 provides a summary of Risk Assessment processes done to monitor and measure risks, as well as the corresponding control mechanisms.

Table 4

KEY BUSINESS RISKS	RISK ASSESSMENT (Monitoring and Measurement)	RISK MANAGEMENT AND CONTROLS (Structures, Procedures, Actions Taken)
High Dependence of Business to Philippines Economic Performance	<ul style="list-style-type: none"> • Scanning of local, regional, and international news and economic information • Monitoring of public and private construction information 	<ul style="list-style-type: none"> • Maximize organic growth by delivering superior customer experience • Capitalize on CEMEX Go digital platform • Drive operational excellence • Monitoring and scenario planning to anticipate potential risks and opportunities
A Reduction or Delay in Public or Private Construction Projects	<ul style="list-style-type: none"> • Scanning of local, regional, and international news and economic information • Monitoring of public and private construction information 	<ul style="list-style-type: none"> • Deliver superior customer experience • Leverage sales through CEMEX Go digital platform • Customer segmentation and customized value propositions • Drive operational excellence
Highly Competitive Markets	<ul style="list-style-type: none"> • Scanning of local, regional, and international news and economic information • Monitoring of public and private construction information • Regular assessment of sales and operations strategy 	<ul style="list-style-type: none"> • Deliver superior customer experience • Leverage sales through CEMEX Go digital platform • Customer segmentation and customized value propositions • Drive operational excellence
Price Fluctuations from Oversupply of Cement	<ul style="list-style-type: none"> • Scanning of regional cement supply and demand dynamics • Monitoring of public and private construction information • Regular assessment of sales and operations strategy 	<ul style="list-style-type: none"> • Deliver superior customer experience • Leverage sales through CEMEX Go digital platform • Customer segmentation and customized value propositions • Drive operational excellence
Operability of the Solid and Apo Plants	<ul style="list-style-type: none"> • Annual external audit and regular internal audit on the plant's Integrated Management System on Health and Safety (ISO 45001), Environment (ISO 14001), and Quality (ISO 9001) • Annual external audit and regular internal audit on the plant's Energy Management System (ISO 50001) • Annual third-party evaluation of the 	<ul style="list-style-type: none"> • Full adherence to high health and safety standard and ensuring nothing comes before the health and safety of our employees, contractors, and the community • Drive operational excellence • Secure supply of required materials through long-term renewable contracts and framework agreements • Monitor inventory and identify critical

	<p>plant's loss prevention systems and equipment maintenance</p> <ul style="list-style-type: none"> • Annual site audit by CEMEX Central's Process Assessment Certification System (PACS) team to ensure standard operational practices are in place • Implementation of monthly system check on Health, Safety and Security performance of the plant • Monthly review and administration of key performance indicators and initiatives • Regular conduct of on-site Continuous Improvement meetings • Regular review, scheduling and execution of plant equipment preventive maintenance, and equipment Capital Expenditures 	<p>levels</p> <ul style="list-style-type: none"> • Investment in equipment to monitor, control and abate emission levels in our kilns • Consistently record and report environmental, health, and safety incidents at every level of our business to identify recurring root causes and to share corrective actions • Adherence to high social responsibility standards • Implementation of sustainable community engagement plans to build mutually beneficial long-term relations with nearby districts and key stakeholders • Have business continuity plans to avoid major disruptions to our business • Insure assets – our main operations and assets are insured against certain adverse events. However, in most cases, the insurance policy does not cover the total impact that an adverse event could have, which limits its effect.
High Debt-to-Operating EBITDA Ratio	<ul style="list-style-type: none"> • Continuous monitoring of company financial condition, ratios, and projections • Regular assessment of sales and operations strategy 	<ul style="list-style-type: none"> • Focus on EBITDA growth • Maintain profitability through cost and operational efficiencies • Drive prudent financial strategy • Manage working capital efficiently
Fluctuation in Interest Rates	<ul style="list-style-type: none"> • Scanning of news and economic information • Continuous monitoring of company financial condition, ratios, and projections 	<ul style="list-style-type: none"> • Focus on EBITDA growth • Maintain profitability through cost and operational efficiencies • Drive prudent financial strategy • Manage working capital efficiently
Regulatory Risks	<ul style="list-style-type: none"> • Monitoring of local, regional, national, and international news and regulations 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Commitment to conduct all business activities with high ethical standards • Enhancement of our Code of Ethics and Business Conduct, which addresses anti-bribery, related-person transactions, health and safety, environmental responsibility, confidentiality, conflicts of interest, financial controls, and preservation of assets • Continued enhancement of the Company's anti-corruption and bribery policies and trainings • Acknowledgement and understanding of our Code of Ethics and Business Conduct by employees

		<ul style="list-style-type: none"> • Secured ETHOSline to submit suggestions, inquiries, and report alleged ethics, compliance or governance violations • Continuous internal audits and internal controls in place to prevent misconduct by our employees and third parties • Incorporate compliance-related initiatives in the management of third parties
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Approaches to Optimize our Economic Impacts

We continue to improve our policies and systems to ensure that the distributed economic value flows to the right stakeholders in an equitable manner. Our policies and monitoring system on governance and anti-corruption help us to achieve this. The anti-corruption section on this document will provide more details.

While we negotiate our contracts with our suppliers and service providers to gain the best price, we put due care aiming to reach a fair price for both parties. This seeks that our suppliers do not compromise important aspects of their operations, which also affects their sustainability and ability to meet our quality standards.

Overall, we track the portion of our revenue that flows back to society to see how our business drives more economic activities across our value chain and in the geographies where we operate. In 2019, 88% of our revenues flowed back to the economy. Most of the value that we retained is reinvested to drive future growth.

Equitable Distribution and Inclusion. In our production facilities, we offer inclusive employment opportunities to local community members. Whenever possible, we source local goods and services from Micro, Small and Medium Enterprises (MSMEs), despite our industry being highly technical and specialized. Hence, part of the work that we do in our locations is to help build more capability for locals to be able to supply what we need in our operations.

Equitable Access to our Products. We continue to strengthen our distribution network around the country to be able to provide those in the far-flung areas access to our products and services. Part of our strategy is to supply directly to hardware stores to better manage the local supply of our products. We also design more competitive products to meet our customer needs at a price that is within their reach.

Fair Compensation to our Employees. We seek to ensure that our level of compensation enables our employees to enjoy quality of life and access basic services. Compared to minimum wage of respective provinces where we have major operations, our lowest paid employee’s rate is 135% higher than the minimum wage. We benchmark with industry standards in the Philippines seeking that our compensation remains competitive and fair for our employees.

Meeting Our Financial Obligations to Government. Our Tax Department’s primary function is aimed to ensure compliance with Philippine tax laws and regulations. Headed by a CPA-Lawyer, the Tax Department also has four (4) certified public accountants who are knowledgeable with the requirements imposed by the Philippine tax authorities, which are the Bureau of Internal Revenue, Bureau of Customs and the various local government units. To help ensure tax compliance particularly in dealing with certain complex and highly technical tax rules, we are also supported by an external tax advisory firm. This combined external and internal tax-related knowledge and capability help ensure that the Company is paying the correct taxes to the government.

On instances when there is a need to discuss with tax authorities new or highly technical tax issues, we may engage qualified tax consultants who expressly abide by our Anti-Bribery policies and who themselves have established their own effective anti-bribery controls. We observe a process designed to ensure that there are no facilitation payments involved in the transactions with the government. Regardless of the engagement of external tax consultant, tax-related discussions with the tax authorities are made with the direct participation of the Head of the Tax Department or by its Tax Manager who is under the direct supervision of the Head of the Tax Department. Also, payments for consultancy fees are consistent with the reasonable time charges agreed with the tax consultants prior to the start of engagement. Finally, there is no success fee-based remuneration for consultants.

Meeting the Needs of our Communities. We conduct an annual stakeholder consultation among community leaders (Department of Environment and Natural Resources (DENR), Local Government Units (LGUs), Non-Governmental Organizations (NGOs), academe, church) to better understand their needs, and prioritize these recommendations based on our available resources. These projects are mostly infrastructure, such as provision of water systems, road repairs, educational learning programs and provision of school supplies, as well as livelihood programs which create economic opportunities for the community.

Opportunities & Management Approach

While we have put in place measures to manage our risks and optimize the value that we create and distribute to our stakeholders, we see an opportunity to assess our suppliers and hold them to the same standards. As a management approach, we will review our supplier accreditation and assessment processes to see opportunities for encouraging them seeking that they distribute economic value to their stakeholders in an equitable way. Specifically, we will assess the effectiveness of our suppliers' anti-corruption measures and their policy and practice on employee compensation and benefits. We see significant benefits to this effort as 77% of our revenue flows to our supplier of goods and services.

Climate-related risks and opportunities

The operability of our two plants are subject to climate change impacts, including, but not limited to, flooding, water shortage, and extreme weather events. These risks may disrupt our operations, damage our cement plants and inventories that could adversely affect the Company's business, prospects, financial condition, and results of operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity, or the supply of raw materials as a result of climate impacts would also have financial implications to our business.

These issues are discussed in both CHP's management and board level along with other risks. Moving forward, we will put more emphasis into these risks to build better understanding of its business implications under various climate scenarios. We will also take the step to estimate the financial implications of these risks to our business in the short, medium, and long-term horizons.

As we gain better understanding of the financial implications, the topic's priority will be elevated even more at the management and board level where specific actions and targets may be drawn.

ANTI-CORRUPTION

Training on Anti-corruption Policies and Procedures

Table 5

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	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	29 ²	%

Incidents of Corruption

Table 6

DISCLOSURE	QUANTITY	UNITS
Number of incidents in which directors were removed or disciplined for corruption	0	Incidents
Number of incidents in which employees were dismissed or disciplined for corruption	0	Incidents
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	Incidents

In 2019, we did not have any incidence of corruption. This was determined by reviewing our records such as internal and/or external incident reports, administrative cases heard, and formally litigated cases of violations of applicable anti-corruption and anti-bribery laws involving the Company, its directors, officers, employees, authorized representatives, agents, and/or contractors.

ANTI-CORRUPTION

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

We recognize how corruption could disrupt the equitable flow of value to our key stakeholders, i.e. suppliers, employees, government, and providers of capital. Corruption could increase the cost of doing business which has gross implications to our competitiveness and long-term viability. The Company considers all business operations that interact with any third-party, including, but not limited to, the government, regulators, suppliers and/or customers, as areas that have corruption risks. Hence, all employees involved in such functions receive intensive training on anti-corruption and anti-bribery policies, including third parties who interact with the Company's employees.

² In 2019, 208 out of 717 employees (29%) underwent training on anti-corruption. These employees were prioritized as their role involves interaction with third-parties or government entities.

Management Approach for Impacts and Risks

Our Policy. Our anti-corruption policy is embedded in our Code of Ethics and Business Conduct. It expressly declared that the organization rejects all forms of corruption. It is designed to govern our relationships with all of CHP's stakeholders, and addresses anti-bribery, antitrust compliance, money laundering prevention, related-person transactions, workplace safety, health, environmental responsibility, confidentiality terms, conflicts of interest, financial controls and records, and preservation of assets.

The Company forbids all its directors, officers, employees, authorized representatives, agents, and/or contractors from promising or providing anything of value to third parties, including, but not limited to, government officials, regulators, suppliers, and/or customers to secure any undue advantage or unduly influence any decisions. It is also forbidden to accept or demand anything of value to influence decision-making on behalf of the Company. "Anything of value" is very broad and can include, but is not limited to, cash, cash equivalents (gift cards), gifts, favors, food, entertainment and opportunities.

The Company, its directors, officers, employees, authorized representatives, agents, and/or contractors cannot offer anything in order to obtain permits or licenses, to keep or obtain any business, to get any sort of advantage, or to try and unduly influence decisions, particularly with government officials. In addition, the Company has a strict policy on not retaining a third-party representative, intermediary or agent that engages in corrupt activities on behalf of the Company. Before dealing with any third party, the Company must first analyze if it is reputable, confirm it has agreed to comply with the Company's Code of Ethics, and that it has signed the Company's Letter of Commitment for Anti-Bribery Compliance Laws.

In general, the following are the guidelines of the Company when it comes to corruption and bribery:

1. The Company, its directors, officers, employees, authorized representatives, agents, and/or contractors may only provide gifts and hospitalities according to the Company's policies.
2. Employees of the Company are required to obtain a written approval from their immediate supervisor, the Company's Legal Department, and the President of the Company before executing any payment or receiving expense reimbursement from any government official.
3. As a rule, the Company requires all contracts and agreements with any third party be reviewed by the Company's Legal Department.
4. The Company shall maintain accurate and truthful books, records, and accounts.
5. The Company verifies the identity and background of the beneficiary or recipient of any charity, donation or sponsorship, and obtains authorization according to applicable policies.
6. The Company does not pay for items that cannot be supported with a receipt and/or invoice.
7. The Company does not permit upfront cash payments or any other type of unusual pay arrangement.

Failure to comply with our Code will be considered misconduct and may subject the erring employee, officer or director to disciplinary action.

Detection and Action. The Code of Ethics and Business Conduct describes the process for investigating violation of the Code, including its implementing policies like the Anti-Bribery and Anti-Corruption Policies.

Administratively, if the person involved in a corruption incident is a director, officer, or employee (the “Respondent”), the Company will issue a Notice to Show Cause. Once the Respondent provides a written reply, the Company will evaluate the same. If the Company determines that further investigation is necessary, the Company will issue a second notice in the form of a Notice of Administrative Hearing. The Respondent is then given another opportunity to be heard in an administrative hearing. Should the Company determine that the Respondent is guilty of corrupt practices, the Company will issue a third notice informing the Respondent about the findings and the sanction to be imposed. The sanction may range from two (2) weeks suspension up to dismissal. For avoidance of doubt, the administrative process is separate and distinct from the possible remedies that the Company may take as provided for in applicable anti-corruption laws.

If the person involved is a third-party acting on behalf of the Company, the Company will conduct investigation and determine if actions must be taken. If the third-party is found to have committed corruption, the Company shall implement actions to possibly terminate its relations with the said third-party and resort to possible remedies provided for in applicable anti-corruption laws.

A full copy of the Code of Ethics and Business Conduct is publicly available at:
<https://www.cemexholdingsphilippines.com/about-us/ethics-and-compliance>

Opportunities and Management Approach

We continue to improve our systems to monitor and detect corruption incidences within the organization, as well as third-party entities acting on behalf of the Company. Beyond pre-screening and policy training, we expect to set-up more proactive ways to detect, report, and investigate corruption cases. We will continue to strengthen our whistle blowing policy platform through the ETHOSline where anyone can anonymously report any incidence of corruption. We will also continue our annual Anti-Corruption and Anti-Trust Seminars to continually put emphasis and importance of this matter.

If there are concerns or suspected ethics, governance or compliance violations, it’s important that our employees, our stakeholders, and the general public have a trusted, secure place to which they can turn. Managed by an autonomous third party, our ETHOSline provides an online portal and phone line for sending comments, requesting advice, and submitting complaints on these topics. Accessible through our company website. This secure, confidential, and independent portal is available 24 hours a day, seven days a week. Open and free for all to use, our ETHOSline records more complaints every quarter, underscoring the growing confidence that people place in this secure, confidential reporting tool.

Ultimately, our main goal is to get to the bottom of every report; all cases are looked at. We carry out a review; then if needed, an investigation to handle it according to our ETHOS Manual; and if applicable, apply consequences if our Code of Ethics is violated.

ENVIRONMENT

CHP SUPPLY CHAIN INPUTS AND IMPACTS

The full supply chain impacting or relevant to the business and operations of the Company is provided in Table 7 to show the different resources the Company requires and the impacts it creates in each step. CHP's owned and controlled operations do not include quarrying and transportation of raw materials which are carried out by CHP's third-party suppliers.

Table 7

INPUT RESOURCES	PROCESSES	ENVIRONMENTAL IMPACT
Materials <ul style="list-style-type: none"> • Limestone • Clay • Pozzolan Energy <ul style="list-style-type: none"> • Liquid Fuel 	1. Quarrying of Raw Materials <i>Note: This process is carried out by a third-party supplier.</i>	<ul style="list-style-type: none"> • Fugitive Dust Emission • Gas Emissions • Noise • Vibration • Heat • Biodiversity impact
	2. Transporting the Raw Materials <i>Note: This process is carried out by a third-party supplier.</i>	<ul style="list-style-type: none"> • Fugitive Dust Emissions from Hauling • Emissions from Truck Exhaust
Materials <ul style="list-style-type: none"> • Limestone • Clay • Pozzolan • Alternative Raw Material Energy <ul style="list-style-type: none"> • Electricity 	3. Crushing	<ul style="list-style-type: none"> • GHG Emission • Dust Emissions • Noise
Materials <ul style="list-style-type: none"> • Mixed Grade Limestone • Pyrite /Iron Concentrate Energy <ul style="list-style-type: none"> • Electricity 	4. Pre-homogenization	
Materials <ul style="list-style-type: none"> • Mixed Grade Limestone • Pyrite /Iron Concentrate • Alternative Raw Material • Water (cooling) Energy <ul style="list-style-type: none"> • Electricity 	5. Raw Material Grinding	
Materials <ul style="list-style-type: none"> • Fine Raw Meal Energy <ul style="list-style-type: none"> • Electricity 	6. Raw meal Homogenization	
Materials <ul style="list-style-type: none"> • Kiln Feed • Water (cooling and dust management) Energy	7. Calcination	<ul style="list-style-type: none"> • GHG Emissions • Dust Emissions • Gas Emissions • Heat • Noise

<ul style="list-style-type: none"> • Primary Fuel • Alternative Fuel • Electricity 		
Material <ul style="list-style-type: none"> • Clinker • Gypsum • Alternative Raw Material • Water (cooling and dust management) Energy <ul style="list-style-type: none"> • Electricity 	8. Cement Milling	<ul style="list-style-type: none"> • GHG Emissions • Dust Emissions • Noise
Materials <ul style="list-style-type: none"> • Cement • Cement Bag Energy <ul style="list-style-type: none"> • Liquid Fuel • Electricity 	9. Cement Packaging 10. Cement Delivery	<ul style="list-style-type: none"> • GHG Emissions • Dust Emissions • Cement Sweeping • Hardened Cement • Cement Bag Wastes

The following sections provide CHP's 2019 performance on managing these material topics.

RESOURCE MANAGEMENT – ENERGY

Energy Consumption Within the Organization

Table 8

DISCLOSURE	USAGE QUANTITY FOR THE YEAR			Where it is used in the process
	Quantity ³	Units	Quantity in GJ	
Energy Consumption (Bunker Fuel)	4,396	K li	174,121	Cement Production, Power Generation
Energy Consumption (Diesel)	312	K li	11,222	Power Generation
Energy Consumption (Special Fuel Oil)	6,423	K li	249,039	Cement Production
Energy Consumption (Primary Fuel)	474,408	t	12,623,667	Cement Production
Energy Consumption (Alternative Fuel)	41,319	t	1,100,808	Cement Production
Energy Consumption (Electricity)	492,447 ⁴	MWh	1,772,809	Cement Production

Reduction of Energy Consumption

In 2019, we implemented several initiatives in our two cement plants to improve our energy efficiency, which resulted to the following reduction in energy consumption.

Table 9

DISCLOSURE	QUANTITY	UNITS
Energy Reduction (Fuels)	82,397	GJ
Energy Reduction (Electricity)	10,333	MWh

The following provides details of these initiatives:

- Monitoring for Optimization and Addressing Energy Deviation.** Energy performance is monitored daily for both electricity consumption and fuel mix. Any energy deviation is analyzed for its root cause and immediately acted upon. Part of monitoring is to identify operation settings that yielded best energy performance for specific product formulation. These operational settings are then applied to succeeding production batches.
- Replacement of the Grinding Table in Raw Mill.** During the maintenance shutdown of Solid Cement Plant in 2019, the said equipment was changed to a new one, resulting in improved energy efficiency of the raw mill. A grinding table is used in reducing the raw materials particles to size that is suitable for the kiln. Through time, a grinding table's efficiency is reduced due to wear and tear in its moving parts that are in contact with the raw mill rollers. This results in longer processing time and more energy consumption to achieve the desired fineness. Replacing it with a more efficient equipment saves energy.
- Replacement of Liner and Diaphragms in Finish Mill.** The liner and diaphragms are parts of a finish mill that come in contact with moving parts of the ball mill. Through time they get worn out which affects their functions resulting to inefficient grinding process. In 2019, we replaced them with a new design in the two finish mills of our Solid Cement Plant ("Solid Plant") to improve the capacity of the

³ This consumption covers operations owned and controlled by CHP and does not include supply chain consumption.

⁴ Out of the 492,447 MWh electricity consumption, 6.8% or 33,547 MWh is generated in our facility by recovering waste heat in our operations. This 6 MW Waste Heat Recovery (WHR) facility is owned and operated by a third party who sells the power to CHP.

mills. This resulted in energy efficiency through a grinding performance and reduced recirculation of materials. The new design of the liners allows a better impact of the grinding balls on the materials and improve the sorting of the grinding balls inside the grinding chamber, which improve the efficiency of the mill. The new design of the diaphragms allows a better sorting of the materials between the two grinding chambers which reduced the recirculation of materials not at the right size which need to be sent back the mill, and a better flow of air and materials inside the grinding chamber, lowering the pressure drop and the consumption of the fans.

Table 10 provides details of savings in energy and in cost generated from energy efficiency initiatives highlighted in this report. It also provides resulting avoidance in greenhouse gas emissions (“GHG Emissions”). The energy we saved accounts for 0.62% of our total energy consumption in 2019.

Table 10

ENERGY REDUCTION INITIATIVES	SAVINGS (in MWh)	SAVINGS (in Million PhP)	EQUIVALENT GHG REDUCTION (in tCO2e)
Monitoring to address Energy Deviation (Fuel)	22,888	20	16,301
Monitoring to address Energy Deviation (Electricity)	8,421	42	5,998
Replacement of the Raw Mill grinding table (Solid Plant)	1,236	2.6	880
Replacement of Finish Mills liner and diaphragms replacement (Solid Plant)	675	1.4	481
TOTAL	33,221	66	23,660

ENERGY CONSUMPTION AND REDUCTION

Impacts and Risks: Where it occurs, Company’s Involvement, Stakeholders Affected

We recognize that cement production is an energy intensive process requiring the use of various types of fuels and a considerable amount of electricity. Therefore, we continue to invest in the best available technology to improve our energy efficiency and pollution control systems that keeps our air emissions to a minimum or even lower than regulatory limits.

Management Approach for Impacts and Risks

We monitor our energy performance and operation parameters daily which are compiled into a weekly report. Monitoring allows better analysis on root causes of energy deviations for operation and maintenance teams. This also provides key data needed to calibrate the operations settings for better performance in every product formulation and production cycle.

Monthly meetings are held to discuss more complex energy deviation and define action plans to address them. Experts from different aspects of the operation brainstorm to determine the root cause of these deviations and come-up with appropriate solutions. Partners such as suppliers and global CEMEX experts are also consulted to provide best practices and ensure our production systems are at par with global standards. Capital expenditure investments are also determined based on the cost-benefit analysis being done by the teams on various system improvement projects identified from this process. We track our progress carefully to determine the impacts of our improvement projects. This process is guided by the ISO 50001 Energy Management System standards. Our compliance to the standards is being audited by a credible third-party

audit firm.

Opportunities and Management Approach

Moving forward, we aim to increase the frequency and extent of data that we will collect through this monitoring process. We are studying the option of continuous monitoring systems for much faster analysis and response in an event of an energy deviation. This system will also provide immediate feedback on operational settings that yields the best energy efficiency level in any production cycle. We are also working on embedding energy consciousness into the mindset and culture of our teams.

RESOURCE MANAGEMENT – MATERIALS

Materials Used by the Organization

Table 11

DISCLOSURE	QUANTITY	UNITS
Materials used by weight or volume		
• Renewable	0	t
• Non-renewable		
Main Raw Materials	6,993,652	t
Additives	244,528	t
Recycled/Alternative Raw Materials ⁵	95,353	t

MATERIALS

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected and Management Approach

Availability of raw materials is critical to our sustainability and operations. Any shortage of materials will limit our ability to meet our production targets and our ability to compete in the market. We constantly assess the material reserves of limestone, silica and pozzolanic materials in areas within the control of our principal raw material suppliers and we continue to explore other sourcing strategies seeking to ensure availability of raw materials for our operations.

While quarrying of raw materials is being done by our suppliers, we continue to track the impacts and risks at the quarrying operations as these could affect the sustainability of supply of the raw materials that we need.

At the quarry sites, we see three major risks affecting their operations:

1. Presence of informal settlers. Their presence in the permitted quarry sites creates a problem as they prevent the suppliers' entry into the sites which disrupts the quarry operations and suppliers' ability to extract minerals. In order to manage this, our suppliers work with the Local Government Units (LGUs) to discourage settlers from erecting structures and help control their expansion.
2. Residential development near the permitted mining areas. The mining sites require buffer areas to ensure that the impacts of their operations do not affect any human settlements. Having developments within the buffer area exposes these settlements to potential impact. Effort is extended to coordinate with the local government to help create better zoning plans seeking to ensure no future developments will be within the buffer zone.
3. Natural disasters and hazards such as landslides, earthquakes, fires, floods, typhoons, and other similar events. We recognize and anticipate risks relevant to these hazards that could disrupt operations and cause damage to the facilities. Detailed procedures on how to deal with these hazards have been put in place by our suppliers in order to mitigate their impacts. Company-wide drills are conducted to ensure employees know what to do in case any of these hazards occur.

We recognize that the extraction of raw materials has inherent negative impacts to the environment and surrounding communities. We have been working with our suppliers to put in place measures to ensure responsible quarry operations on their part. Our major suppliers are certified for their Integrated Management

⁵ Recycled/Alternative Raw Materials accounts for about 1% of the total materials.

System (IMS) and we monitor that their compliance with applicable regulatory requirements are met. Quarry operations are also being monitored quarterly by a Multi-Partite Monitoring Team (MMT) composed of DENR, LGU, NGO's, other relevant government agencies and company representatives to ensure implementation of environmental programs.

As these suppliers move land, soil structures are disrupted, liberating silt could potentially disrupt bodies of water downstream. To manage this, they have put in place siltation ponds, which is regularly maintained, aiming to ensure silt is sufficiently contained and will not be discharged into the bodies of water. On dry days, regular water sprinkling is also being done in the mine sites to manage dust.

Beyond the quarry sites of our third-party suppliers, we find ways to manage the impacts relevant to our use of materials. We seek to ensure that materials are used efficiently. For example, we innovate on product formulations that use less clinker per bag of cement we sell.

Some of the innovation we do to reduce clinker factor includes:

1. Use of CEMEX-patented admixture to substitute 6% of clinker without compromising the strength and quality (Solid Cement plant).
2. Compressive strength optimization. This is done through optimizing the:
 - a. Fineness of blended cement. Compressive strength is maximized at a certain level of fineness of cement particles as it reacts chemically better that increases binding strength.
 - b. Pozzolan type used with good performance in Pozzolan Activity Index (PAI). PAI is a scale used to gauge the performance of pozzolanic materials as far as its reactivity to cement formulation. Higher Pozzolan activity results to better cement quality and strength.
 - c. Clinker convertibility through use of Mineralizer. Mineralizers lower the temperature needed to produce clinker from raw mix and makes clinker more reactive, resulting to improved compressive strength and clinker convertibility. Lower temperature reduces fuel consumption and improves refractory life.
 - d. Admixture Development. This includes innovation in current admixture to increase clinker substitution by enhancing Cement properties such as setting times, air entrainment, and compressive strength. With higher compressive strength, clinker factor can be reduced through clinker substitution.

Opportunities and Management Approach

Moving forward, we continue to coordinate with third-party suppliers looking to ensure sustainability of materials and work with more clients to provide them the products and services that meets their requirements. We will also continue to promote measures designed to ensure the mitigation of our impacts.

ECOSYSTEMS AND BIODIVERSITY (WHETHER IN UPLAND/WATERSHED OR COASTAL/MARINE)

Table 12

DISCLOSURE	QUANTITY	UNITS
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
Site 1: Naga, Cebu. This site has a river downstream that feeds into the sea.	214	Hectares
Site 2: Antipolo, Rizal. Downstream from the mining site is a river.	47	Hectares
Habitats restored Pozzolan Quarry Site	9	Hectares
International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations	None	

Note: Quarry sites are owned and/or controlled by third-party suppliers. They are only presented here to show our approach in managing our impact to biodiversity.

ECOSYSTEM AND BIODIVERSITY

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

The quarry sites where we source our raw materials are not within or adjacent to protected areas and areas of high biodiversity value. However, we recognize that two of these quarry sites are close to rivers downstream that feed into the sea. Hence, we coordinate with our third-party suppliers to take all precautions designed to ensure that there be no harm in the biodiversity in these aquatic ecosystems. As discussed in earlier sections, siltation ponds are in place to contain silt and prevent them from entering the water bodies.

Note: Quarry sites are owned or controlled by our suppliers. They are only presented here to show our approach in managing our impact to biodiversity.

Management Approach for Impacts and Risks

We promote measures seeking that our third-party suppliers allocate resources to restore and rehabilitate mined-out areas. For instance, our third-party suppliers have allocated a total of PhP 35 million to turn two mined-out sites into agroforestry sites. As of October 2019, a total of 560 forest trees and fruit bearing trees have been planted, while more than 2,500 Napier grass stalks have been planted to stabilize the slopes. Before biological rehabilitation, the sites were physically rehabilitated first including 1) stabilization of safety berm and bench slope, 2) installation of silt ponds and silt traps, and 3) installation of comprehensive drainage system at site. We continue to monitor the progress of various projects until biodiversity is restored. We coordinate with our third-party suppliers to make sure that the trees planted are suited to attract and host indigenous flora and fauna in the area.

Note: Quarry sites are owned or controlled by our third-party suppliers. They are only presented here to show our approach in managing our impact to biodiversity.

Opportunities and Management Approach

We continue to explore ways we can contribute to restoration of biodiversity within or adjacent to our spheres of operation. Every two years, we will conduct a biodiversity assessment to measure our progress in bringing back biodiversity in the rehabilitation sites.

Note: Quarry sites are owned or controlled by our third-party suppliers. They are only presented here to show our approach in managing our impact to biodiversity.

RESOURCE MANAGEMENT – WATER

Water Consumption Within the Organization

Table 13

DISCLOSURE	QUANTITY	UNITS
Water Withdrawal	1,498,368	Cubic meters
Water Consumption	1,487,810	Cubic meters
Water Recycled and Reused	20,493	Cubic meters

Effluents

Table 14

DISCLOSURE	QUANTITY	UNITS
Total Volume of Water Discharged	10,588	Cubic meters
Percent of Wastewater Recycled ⁶	1.4	%

WATER CONSUMPTION AND EFFLUENTS

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Water is critical primarily in temperature regulation in the various stages of cement production. Water is injected into the coal mill, raw mill, and finish mill to lower the outlet temperature and attain mills stability. Water is also used in the cooling tower and the close circuit water cooling of the bearings of the kilns.

Water is also important in the Waste Heat Recovery Facility (WHR Facility) in our Solid Plant. The facility recovers excess heat from the cement kiln to convert the same to electricity with the use of a turbine generator. Water is used for steam generation in the boiler and in the cooling tower of the WHR Facility. Water is also used in offices, employees housing or staff houses, fire hydrants, housekeeping, and other ancillary facilities necessary to keep the operations of the plant running.

Our Solid Plant obtains its water from the water utility serving the location, who also sources surface water from Angat Dam. Our Apo Cement Plant (Apo Plant) sources water from five deep wells through a permit granted by the National Water Resources Board (NWRB).

When Manila Water's supply for our industrial use cannot meet our requirements, we may need to extract water from the Tagbac river. We recognize this that this river is also nearby communities such as those in Sitio Tagbac. In our Apo Plant in Cebu, the five deep wells stay within its maximum extraction volume. To meet our communities' needs, we sponsored projects to provide them deep wells as part of our Social Development and Management Programs. For the past 20 years, we have maintained 8.36 hectares of forest around the deep wells to ensure optimal water recharge and water quality.

To reduce our water requirement, we set-up a closed-circuit water system which entails investing in two 150,000-gallon water tanks. Used water from cooling flows into a recovery pond, then it is siphoned again into the water tanks to feed into the cement cooling system. In this plant, we can recycle about 1.4 percent of the water we use.

We use reverse osmosis to purify water needed for our industrial use. This process generates wastewater. Instead of discharging this, we use the same in the spray process in our kilns to cool the clinker before grinding.

⁶ Number is based on Apo Cement plant only as it is the only plant with a water recycling facility.

Recently, we have invested in recycling of water discharged from the WHR Facility in our Solid Plant. Discharged water rate is quite significant at 6 cubic meter per hour. This water is now being reused in cement mill operations. At the end of 2019, in a matter of 2 months, we have saved about 8,640 cubic meters.

Our effluents account for less than 1% of our total water withdrawal. Since our process do not yield water pollutants like Biochemical Oxygen Demand (BOD), we do not have a problem meeting the regulatory requirements for effluent discharges. Even so, our effluents performance is part of the parameters being monitored by the Multi-partite Monitoring Team (MMT) who monitors our overall environmental performance.

Opportunities and Management Approach

Moving forward, we intend to invest in our Apo Cement Plant's rainwater catchment basin which can store a significant amount of water to augment our water needs and reduce our dependence from our deep wells. Reduction of deep well operations saves both electricity and ground water withdrawal.

AIR EMISSION - GREENHOUSE GASES (GHG)

Table 15

DISCLOSURE	QUANTITY	UNITS
Direct (Scope 1) GHG Emissions	3,350,904	tCO ₂ e
Energy indirect (Scope 2) GHG Emissions ⁷	398,182	tCO ₂ e

On Ozone Depleting Substances. We do not use any refrigerant with Ozone Depleting Potential.

Table 16

DISCLOSURE	USAGE QUANTITY FOR THE YEAR			GHG (tCO ₂ e)
	Quantity	Units	Emission factor	
Energy Consumption (Bunker Fuel)	4,396	K li	77.4 kg CO ₂ /GJ	13,477
Energy Consumption (Diesel)	312	K li	74.1 kg CO ₂ /GJ	832
Energy Consumption (Special Fuel Oil)	6,423	K li	77.4 kg CO ₂ /GJ	19,276
Energy Consumption (Primary Fuel)	474,408	t	96 kg CO ₂ /GJ	1,211,872
Energy Consumption (Alternative Fuel)	41,319	t	47.8 ⁸ kg CO ₂ /GJ	52,609
Energy Consumption (Electricity)	492,447	MWh	Apo: 0.889 tCO ₂ e/MWh Solid: 0.853 tCO ₂ e/MWh	398,182 ⁹
HFCs Leaked (measured as tap-up volume in AC/chiller systems)	581.3	kg		1,023

GHG EMISSIONS

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

According to the International Energy Agency, the cement industry is responsible for about 7% of global CO₂ emissions. CHP recognizes the scientific evidence that anthropogenic GHG emissions increase the average global temperature which results in extreme climatic conditions that affects all stakeholders. For many years now, CHP has committed to managing its share while also recognizing that GHG emissions is inherent to cement production and cement as it is today cannot be produced without liberating CO₂ from limestone during the calcination process.

Management Approach for Impacts and Risks

CHP considers Climate Change mitigation as a priority and one of our biggest challenges of our time. CHP is fully committed to supporting the transition to a low-carbon circular economy. We believe this transition

⁷ This is based on external power consumption of Apo Cement plant and Solid Cement plant.

⁸ The figure excludes the CO₂ from biomass as this is considered as carbon neutral by the definitions of the CO₂ Protocol. CO₂ from biomass is reported as "memo item" and therefore do not contribute to the total CO₂ emissions of the plants.

⁹ CO₂ emissions stated only includes Scope 2, that is, the CO₂ of the external power consumption.

requires a combination of different pathways. In 2018, CEMEX developed a CO2 reduction roadmap to assess the carbon mitigation potential for each plant while considering local challenges, regulations, materials supply, technical limitations, and market dynamics, among other factors. This roadmap considers seven levers to deliver impact at scale, as follows:

1. New types of clinker and novel cements
2. Energy efficiency
3. Increasing the use of alternative fuels to substitute fossil fuels
4. Maximizing the use of renewable energy as power source
5. Clinker substitutes
6. Expanding and protecting natural carbon sinks
7. Implementing Carbon Capture, Utilization and Storage (CCUS) and other carbon initiative technologies

In the Philippines, we have adopted four out of seven approaches:

1. **Use of Alternative Fuels (AF).** CHP optimizes its fuel mix with available alternative fuels, such as waste rubber tires, waste plastics, rice husk, among others. The use of AF displaces a portion of primary fuels needed to fire its kilns. In 2019, about 19% of the fuel used in Solid Cement Plant kilns is sourced from AF, while in APO, AF used accounts for 2%. On the average, AF use is at 8%. This reduces both cost of fuel as well as the GHG emissions, from the displacement of primary fuels. In 2019, about 53,467 tCO2e have been avoided as a result of AF. This also helped manage 41,319 t of municipal wastes which otherwise would end up in landfills.
2. **Raw Meal Composition Innovation with the Use of Mineralizers.** The use of mineralizer in our Raw Meal composition in Solid Plant lowers the temperature needed to produce clinker. This reduces the fuel required to heat a batch of product which results to energy savings. In addition, mineralizers also increase clinker reactivity which allows us to reduce our clinker factor and able to produce more cement with lower energy and carbon intensity. Through these we were able to save a total of 97,384 GJ of energy and avoided 13,328 tCO2e.
3. **Clinker Substitutes.** We continue to use admixtures to reduce the amount of clinker we use per metric ton of cement we produce. Lowering clinker factor will also reduce the energy and carbon footprint of producing a metric ton of cement. In 2019, we reduced our clinker factor due to the use of our CEMEX-patented admixtures. This resulted to avoidance of 24,322 tCO2e.
4. **Novel Cement.** We developed specialty cements suited for certain applications such as APO Type 1P Cement and Masonry Cement. Because of the nature of the application we increased the clinker substitution by 25-30%. This leads to a significant reduction in energy and carbon emissions needed to produce a metric ton of this type of cement. In 2019, our production of these cement types had an equivalent GHG avoidance of 6,748 tCO2e.

Table 17 provides a summary of GHG avoidance from the initiatives above and those discussed under energy section:

Table 17

ENERGY REDUCTION INITIATIVES	SAVINGS (in MWh)	SAVINGS (in Million PhP)	EQUIVALENT GHG REDUCTION (in tCO2e)
Monitoring to Address Energy Deviation (Fuel)	22,888	20	16,301
Monitoring to Address Energy Deviation (Electricity)	8,421	42	5,998

Replacement of the Raw Mill Grinding Table (Solid Plant)	1,236	2.6	880
Replacement of Finish Mills Liner and Diaphragms Replacement (Solid Plant)	675	1.4	481
Use of Alternative Fuels (AF)	n/a	64.9	53,467
Raw Meal Composition Innovation with the Use of Mineralizers	97,384 GJ	9.6	13,328
Clinker Substitutes	103,504 GJ	38.6	24,322
Novel Cements	27,221 GJ	11.6	6,748

Opportunities and Management Approach

One of the challenges we face to increase the production of lower-carbon cement is the demand for and specification of such product by the market. We will continue to work with our customers to offer them better and lower-carbon cement that will meet their requirements at a much lower environmental impact. We aim to produce and sell more than 60% in lower-carbon cement in 2020. We will also continue to increase our use of alternative fuels that are sourced mostly from biomass to displace more primary fuels in our fuel mix.

AIR EMISSION – POLLUTANTS

Table 18

DISCLOSURE	QUANTITY (Concentration)	UNITS	ABSOLUTE QUANTITY	UNITS
NO _x	336	mg/Nm ³	2,248.35	t
SO _x	47.64	mg/ Nm ³	406.34	t
Persistent organic pollutants (POPs) – Dioxins and Furans	0.0008	mg/ Nm ³	0.00	t
Volatile organic compounds (VOCs)	29.61	mg/ Nm ³	2.21	t
Hazardous air pollutants (HAPs) - Benzenes	0.1736	mg/ Nm ³	0.00	t
Particulate matter (PM)	45	mg/ Nm ³	325.73	t

Note: The values provided are the average of 3 cement kilns.

AIR POLLUTANTS

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

Air pollutants such as NO_x, SO_x, and VOCs are inherent by-products of fuel burning to achieve temperatures necessary for chemical reactions to take place in the production of cement compounds. Fine dust or particulate matter is also emitted from our grinding and storage facilities as they tend to be extremely light. We recognize that air pollutants are among our important environmental impacts as they have the potential to affect our people in the plant and those in surrounding communities. Hence, we take this impact very seriously, and we work to make sure our emissions are kept well within the regulatory limits.

Management Approach for Impacts and Risks

Both our plants are fitted with electrostatic precipitators (EPs) and bag house dust collectors to contain these air pollutants. We have also made innovations on converting EPs into hybrid bag filters for the cement kilns to further reduce emission levels of the kilns as additional layer of containment. Baghouses or Fabric Filters are air pollution control devices that work by removing particles from the gas stream of industrial processes by collecting them on the surface of filter bags, in which about USD 6.7 million were invested. We aim for our gas emissions to remain within the regulatory limits through a Continuous Emissions Monitoring System (CEMS) which monitors air pollutant parameters and sends real-time data to government regulatory offices.

There are few approaches that we regularly do to keep air pollutants within acceptable range. These include:

1. Operating the plant efficiently at optimal levels to keep pollutants at the lowest level of concentration
2. Maintaining operational controls such as timely adjustment of operation parameters if readings are approaching the regulatory limits.
3. Conducting routine inspection at the Kiln preheater cyclones and feed end to ensure that there is no material build up that may cause oxygen restriction in the system that could result to poor fuel combustion.
4. Keeping optimal raw meal and clinker burnability as well as stable coating profile to reduce Nitrogen Dioxide and Sulfur content.

5. Consuming low-sulfur primary fuels and ensure enough oxygen in the system for efficient combustion and lower SO_x emission.

The Company targets emission limits lower than those imposed by local regulation as CEMEX as a global company seeks to ensure that the limits are compliant with the most stringent existing regulations across its global operations. The Company observes a protocol to shut-down operations and immediately implement corrective action in cases of exceedance.

Opportunities and Management Approach

We continue to strengthen our commitment to better our environmental performance. Maintaining operational efficiency is key and continuous monitoring and immediate action are vital to ensure this impact is effectively managed. We also keep an eye for better technologies and systems that will further improve our ability to contain air pollutants.

SOLID AND HAZARDOUS WASTE

Solid Waste

Table 19

DISCLOSURE	QUANTITY	UNITS	% SHARE
Total solid waste generated	1,693,916	kg	100%
• Reusable / Recyclable	774,657	kg	45.7%
• Composted	2,259	kg	0.1%
• Co-processed	113,000	kg	6.7%
• Residuals/Landfilled	804,000	kg	47.5%

Hazardous Waste

Table 20

DISCLOSURE		QUANTITY (in kg)		
HW No.	Hazardous Waste Generated in 2019	APO	SOLID	TOTAL
I101	Used Oil	42,544	96,243	138,787
I101	Sludge (Oil/Water Mixture)	38,222	20,296	58,518
I102	Used Vegetable Oil	5,003	-	5,003
I104	Oily Rags	582	3,000	3,582
D402	LED Fluorescent Bulbs / Tubes	241	-	241
D406	Used Lead Acid Batteries	711	90	801
D407	Fluorescent Bulbs / Tubes	216	128	344
F601	Solvent	-	335	335
G704	Free Lime Washings / Filter Paper from Free Lime	1,043	-	1,043
H802	Used Grease	6,720	1,500	8,220
J201	Contaminated Containers (Empty IBCs/ Empty Chemical Gallons / Paint Cans)	11,229	30,118	41,347
M501	Pathological Waste (Clinic Waste)	16	3	19
M506	Waste Electrical/Electronic Equipment	-	1,000	1,000
Total weight of Hazardous Waste Generated		106,527	152,713	259,240
Total weight of Hazardous Waste Transported¹⁰		12,397	232,603	245,000
Total weight of Hazardous Waste Co-processed		94,114	0	94,114
Total weight of Hazardous Waste on Storage		16	0	16

SOLID AND HAZARDOUS WASTE

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

Solid Wastes. Most of our solid wastes are generated during annual shutdown and periodic maintenance activities. Solid wastes generated include scrap metals, wood, and packaging materials of large spare parts. Other wastes are generated from day-to-day activities of employees and contractors, such as in canteens, offices, and plant premises. These includes food wastes, packaging wastes, cutleries, food trays and boxes, and used paper. In our packhouses, cement bag wastes are also being generated, though we have made sure the waste volume stays within 0.2% of the total cement bags used.

¹⁰ Some of the hazardous wastes that have not yet been transported are stored in a storage facility in accordance to regulatory standards provided in DENR Administrative Order No. 2013-22. Inventory, storage, transport, and treatment followed the procedural manual of the DAO 2013-22.

Hazardous Wastes. Operating massive equipment in cement plants require large volumes of lubricants such as oils and grease, as well as electrical equipment and batteries. During maintenance schedules, these are replaced hence hazardous wastes are generated.

We are fully aware of the risks to the people and environment if these materials are poorly managed and end up in nature. Hence, we take all precautions to ensure that they are properly handled, stored, transported, and treated.

Management Approach for Impacts and Risks

In compliance with RA 9003, RA 6969, and subsequent LGU ordinances, our solid and hazardous wastes are disposed of through third-party DENR accredited haulers.

Solid Waste Management. We employ several approaches to effectively manage different types of wastes generated in our facilities, as follows:

Table 21

SOURCE	WASTE TYPES	MANAGEMENT APPROACH
Periodic Maintenance and Annual Shutdown	<ul style="list-style-type: none"> • Scrap Metals • Scrap Wood • Packaging Materials • Paper • Cardboards • Plastic Wrappers 	<ul style="list-style-type: none"> • Paper, cardboards, and plastics are used as alternative fuel • The rest are being recovered by accredited scrap buyers for recycling and further use
Offices and Canteen	<ul style="list-style-type: none"> • Food Wastes • Packaging Wastes • Cutleries • Food Trays and Boxes • Used Paper • Other office-related wastes 	<ul style="list-style-type: none"> • “Green Days” program was implemented among employees and contractors where they use their own personal food containers and drinking bottles and other reusable containers to reduce the use of disposables • Shifted to online and digital platforms to reduce use of paper in offices • Recyclables are sold to junk shops while residuals are sent to landfills
Packhouses	<ul style="list-style-type: none"> • Cement Bags 	<ul style="list-style-type: none"> • Used as alternative fuels for our kilns

Transport and Treatment of Hazardous Wastes. We have a system which requires transporters and treatment facilities we engage to obtain a Transporters Registration and Treatment, Storage, and Disposal (TSD) permits by the Environmental Management Bureau (EMB) of DENR. Upon accreditation of Transporters and treaters, our teams conduct Environmental, Safety, Health Management System Audit which includes site inspections of their facilities.

Once a year, the Audit Team conducts random site inspection to check the treatment facilities to ensure our wastes are being treated. Our system requires that a Certificate of Treatment (COT) is submitted to Environmental Management Bureau while a copy is being furnished to us as proof that our wastes are treated and disposed within a prescribed duration, in accordance with DENR Administrative Order No.2013 -22.

Some hazardous wastes are permitted to be used as alternative fuel in our cement kilns. These are listed in the TSD permits issued by EMB to our cement plants. These includes, used oil, grease, oil sludge, contaminated

materials, vegetable oil from canteen, filter papers from free lime and free lime washings. Generated wastes in our facilities under this category are co-processed in our kilns.

Opportunities and Management Approach

We see an opportunity for the reduction and better management of our solid wastes particularly those produced in offices and in our canteens. We will continue to encourage our employees to use more reusable items and stay away from disposables. We will also study how to shift to recyclable packaging to reduce the residual component of our wastes that end up in landfills. Increasing use of recyclables will be coupled with ensuring that these recyclables are being collected and recovered by junk shops and recycling value chains.

ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations

Table 22

DISCLOSURE	QUANTITY	UNITS
Total Amount of Monetary Fines for Non-compliance with Environmental Laws and/or Regulations	0	PhP
Number of Non-Monetary Sanctions for Non-compliance with Environmental Laws and/or Regulations	0	Sanctions
Number of Cases Resolved through Dispute Resolution Mechanism	0	Cases

In 2019, no Notice of Violation (NOV) was received from regulating agencies. We also checked our matrix of compliance obligations and permit conditions which show that all compliance obligations have been met.

ENVIRONMENTAL COMPLIANCE
Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Compliance is fundamental to our operations. We are fully aware of the financial implications to our company for failure to comply with these requirements. Non-compliance could also lead to significant harm to our employees, communities, and the environment. Hence, we have put in place a set of procedures covering different areas of our operations designed to ensure that our practices are in accordance with the applicable laws and regulations. These procedures are designed to ensure conformity to conditions contained in leases, pollution control permits and licenses, planning and development approvals and consents, agreements, official notices and orders, correspondence and other documents issued by regulatory authorities.

The company's Integrated Management System provides for a code of practice that makes compliance activities a regular aspect of the company's operations. The code of practice provides for:

1. A Matrix of Compliance Obligations. This covers all sections of the applicable laws and regulations to the company which is reviewed and updated every May and November of the year.
2. A Matrix of Permit Conditions. This covers all conditions provided in permits which are reviewed twice a year along with the matrix of compliance obligations.
3. Compliance Monitoring Report and Self-Monitoring Report. These are mandatory reports that cover compliance to conditions of the company's Environmental Compliance Certificate. Review is being done quarterly seeking to ensure compliance.
4. Incidence, Non-Conformity and Corrective Actions Procedure. During the compliance reviews, the reviewer will issue a Non-Conformity report if any incidence of non-compliance is found. The report contains a list of corrective actions, specific time frames, and responsible persons. Once corrected, the matrix related to the nonconformity will be updated.
5. Integrated Management Systems Internal Audit. The company has an internal audit team that monitors the compliance to legal and other requirements twice a year.

Compliance is an important function of the Quality, Environment, Energy, Health and Safety (QEEHS) team, which is composed of Pollution Control Officer, Safety Officer, Energy Manager, Quality Assurance Manager. The Legal Department also provides support in identifying and evaluating legal requirements including the interpretation of the applicable laws.

Opportunities and Management Approach

Moving forward, we continue to strengthen our compliance procedures, seeking that all new personnel receive appropriate training on the subject. We also continue to monitor new regulations that affect our operations. We will also work towards making compliance an integral part of the company culture not just for the compliance teams but for everyone else in the Company.

SOCIAL

EMPLOYEE HIRING AND BENEFITS, DIVERSITY AND EQUAL OPPORTUNITY

Employee Data

Table 23

DISCLOSURE	QUANTITY	UNITS
Total Number of Employees	717	Employees
<ul style="list-style-type: none"> • Number of Female Employees (20%) 	147	Employees
<ul style="list-style-type: none"> • Number of Male Employees (80%) 	570	Employees
Attrition Rate ¹¹	10.74%	Rate
Ratio of Lowest Paid Employee Against Minimum Wage ¹²		Rate
<ul style="list-style-type: none"> • Antipolo • Cebu • Metro Manila 	154% 142% 135%	

Employee Benefits

Table 24

LIST OF BENEFITS	Y/N	AVAILMENT Female Employees	AVAILMENT Male Employees	REMARKS
Social Security System (SSS)	Y			All employees are covered as provided by law
Sickness Availment		0.00%	0.53%	SSS sick leave credits can only be availed of when company sick leave credits have been exhausted. Low availment shows that sick leave credits provided by company is sufficient to cover sick days.
Maternity Availment		6.12%	n/a	Female employees are covered by this benefit upon pregnancy regardless of type of delivery (miscarriage, normal or caesarian).
Calamity Loans Availment		0.68%	0.88%	Only employees whose barangay has been declared under calamity can apply for this type of loan. The number indicates that only few employees were affected by a calamity.
Loans Availment		28.57%	33.16%	
PhilHealth	Y	12.93%	18.25%	All employees are covered as provided by law. Only employees who undergo a procedure or gets admitted can avail of this benefit.

¹¹ Attrition rate = no of turnover for the year / total headcount at the end of the year

¹² The lowest paid employees account for an exceedingly small fraction of the total employee population. Antipolo = 1/129; Cebu = 2/250; Metro Manila: 1/182

				The number indicates only few employees and/or dependents underwent a procedure or were admitted in 2019.
Pag-IBIG Contribution	Y	100.00%	98.77%	Certain employees are exempted from paying Pag-IBIG Premium.
Loans Availment		14.97%	25.09%	
Parental Leaves	Y			All relevant employees are covered.
Solo Parent Leave		0.00%	0.00%	This is on top of vacation and sick leaves. There is no availment because vacation leave credits were sufficient to cover leaves pertaining to childcare.
Maternity Leave		6.12%	n/a	Female employees can apply for this benefit upon pregnancy regardless of type of delivery (miscarriage, normal or caesarian).
Paternity Leave		n/a	0.35%	Male employees whose spouse has given birth can apply for this benefit.
Vacation Leaves	Y	73.47%	84.56%	Unutilized vacation leave credits at the end of the year can be carried over up to the 1 st quarter of the following year.
Sick Leaves Availment	Y	55.78%	25.09%	Cash conversion is provided for those who do not need to avail of sick leaves.
Medical Benefits (aside from PhilHealth)	Y			
HMO		89.80%	73.51%	All employees are enrolled upon hiring; their dependents are enrolled upon regularization.
Critical Illness		0.00%	0.18%	All employees and their dependents are enrolled upon regularization. The number indicates that only a small percentage contracted a critical illness.
Housing Assistance (aside from Pag-ibig)	Y	10.88%	42.46%	Housing are offered for Luzon and Visayas-Mindanao -based employees.
Retirement Benefit Availment (aside from SSS)	Y	1.36%	3.33%	This covers voluntary separation beginning 10 years of service, early retirement for employees who are at least 55 years old with 10 years of service and normal retirement for employees at least 60 years old. The number indicates that only a small percentage of the population has left the company under this scheme.
Further Education Support	N	n/a	n/a	
Company Stock Options Granted	N	n/a	n/a	
Telecommuting	Y	53.74%	11.05%	This is available to all Makati office-based employees (except for Sales).
Flexible-Working Hours	Y	100.00%	100.00%	Makati-based employees have the option to choose their work schedule, while

				Luzon and Visayas-Mindanao employees are on a compressed work week.
Group Life, Accident and Disability Insurance Availment	Y	0.00%	0.18%	All employees are enrolled upon hiring. The number indicates minimal availment.
Transportation Benefit	Y	30.61%	25.61%	This is available for certain employee levels.
Meal Allowance	Y	100.00%	98.77%	Certain employees are not covered.
Rice Allowance	Y	100.00%	98.77%	Certain employees are not covered.
Medicine Allowance	Y	100.00%	98.77%	Certain employees are not covered.
Uniform Allowance	Y	91.84%	93.33%	Managerial level and up are not covered.

Diversity and Equal Opportunity

Table 25

DISCLOSURE	QUANTITY	UNITS
% of Female Workers in the Workforce ¹³	21	%
% of Male Workers in the Workforce	79	%
Employees from Indigenous Communities and/or Vulnerable Sectors	6	Employees

EMPLOYEE HIRING AND BENEFITS, DIVERSITY AND EQUAL OPPORTUNITY

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

As an employer, we recognize our ability and influence to contribute to addressing inequality and discrimination in our society. We see that inequality and discrimination drive conflicts in society which could disrupt our business activities and create an environment that is less conducive for business to thrive. Hence, we remain committed to provide equal opportunities to workers regardless of their orientation, age, gender, ethnicity, and social standing. Our hiring policies are designed to ensure that we hire based on skills, capabilities, and compatibility to the requirements of the job and workplace conditions. In 2019, we employed six individuals coming from a vulnerable sector.

We also recognize that workforce diversity fosters broader perspectives and richer exchange of ideas, which are critical to our ability to meet our customer's diverse expectations. While overall female headcount is only 21%, females make up 49% in our main offices and support areas. In our cement plants, there is an observed lower number of women who prefer to work in such workplace environments.

We compensate our employees sufficiently aiming to ensure they meet at least their basic needs. Internally, we conduct a compensation analysis to compare rates per department and per level seeking that rates are fair and appropriate for everyone. Externally, we participate in Mercer's Total Remuneration survey annually to help set the benchmarks for compensation and to gauge how our compensation compares with the industry benchmarks.

Our lowest paid employees are receiving much higher rate than minimum wage at 154% in Antipolo, 142% in Cebu, and 135% in Metro Manila. We also compare our rates with the family living wage published by Ibon Foundation, Inc., a development institution that undertakes the study of socio-economic issues in the

¹³ This percent is based on total headcount covering plant-based employees and corporate office employees. For corporate office and support areas, females comprise 49%.

Philippines. In 2019, living wage for a family of five in NCR is Php 26,271 per month. Overall, the compensation of 632 of 717 employees or 88% is at par or above this family living wage.

We also seek that our benefit structure responds to the individual and collective needs of our employees by conducting periodic sessions with employee representatives. We recognize the importance of providing social safeguards in case of health emergencies as this affects the overall financial wellness and productivity of our employees. Hence, we aim to ensure that upon hiring, all employees are provided an HMO coverage and their dependents are also enrolled upon regularization. We also provide them opportunities to acquire their own home, which is fundamental to their family's security.

In 2019, we launched the Employee Net Promoter Score (eNPS) to assess the engagement level of the employees on matters such as work environment and empowerment.

We fully understand the importance of competitive compensation and benefits packages in improving employee experience, and in managing attrition and its relevant costs.

Opportunities and Management Approach

Moving forward, we aim to improve our approach in evaluating the effectiveness of our benefit structure. We will relaunch our Employee Benefits Pulse Survey, to regularly monitor the availment of benefits, evaluate its compatibility to our employees' needs, and identify other benefits that may matter more to them.

EMPLOYEE TRAINING AND DEVELOPMENT

Table 26

DISCLOSURE	QUANTITY	UNITS
Total Training Hours Provided to Employees		
• Female Employees	3,740	Hours
• Male Employees	20,515	Hours
Average Training Hours Provided to Employees		
• Female Employees ¹⁴	25.44	Hours/employee
• Male Employees	35.99	Hours/employee

EMPLOYEE TRAINING AND DEVELOPMENT

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Training and development are fundamental to our employee management. It seeks that our people are competent to perform their tasks and able to progress through their career paths. Trainings are also provided to strengthen our culture, values, and general organizational capabilities which are critical in our success. We understand the risks relevant to poorly trained employees, especially in operations like ours where small deviations to standard processes could have significant financial implications, pose risks to our people, and cause damage to property. Hence, we seek to ensure that all employees receive the training that they need.

Training needs are assessed based on carefully laid out competency-based development plan for each employee. Employee development plans are built through a consultative process looking at strengths of individual employees, their career aspirations, and the areas where they can build additional competencies. The immediate supervisor evaluates the performance and current competencies of their staff and discuss the findings with them to co-develop the training plan for the year. The individualized approach to training plan development is designed to ensure that training is made available to everyone regardless of gender, age, orientation, and other diversity parameters.

Training plans are implemented in three ways: classroom training, learning from colleagues, and on-the-job training. Monitoring of progress is being done by HR and the immediate supervisor. Digital learning, either self-paced or in virtual learning groups from different locations are also available for all employees. Training programs available for employees include Safety, Health & Wellness, Company Values & Code of Ethics, a whole range of technical & functional topics, as well as soft skills such as leadership, customer focus, innovation, among others.

After every training, feedback is collected and analyzed to determine its effectiveness and define areas for improvement. Consultations are also conducted at least twice per year per department to gather the feedback of employees on training effectiveness and assess the learning progress of the employees.

Opportunities and Management Approach

In the coming year, we expect to build more opportunities for experiential learning since recent studies indicate that this approach is more effective. This will be complemented by cross-learning or by allowing our

¹⁴ At the head office, average training hours for male and female employees is at 27.48 and 27.55, respectively. We recognize the challenges in delivering a gender-balanced training hours for employees at the Cement Plant, Terminals, and Warehouses. This is work in progress and we will continue to improve our performance on this area in the coming years.

employees to learn from each other. We also aim to continuously improve our performance on providing equal training opportunities for all employees.

LABOR-MANAGEMENT RELATIONS

Table 27

DISCLOSURE	QUANTITY	UNITS
% of Employees Covered with Collective Bargaining Agreements	29%	%
Number of Consultations Conducted with Employees Concerning Employee-related Policies	17	#

LABOR-MANAGEMENT RELATIONS

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

A harmonious and stable relationship between labor and management is key to bringing everyone together towards a common goal. We adhere to fair negotiation practices and proper implementation of the collective bargaining agreement both by the unions and by the management. We aim to ensure that all matters around employment conditions, salary increase, benefits package enhancement, and signing bonuses among others are fair for both parties. This fosters trust and transparent communication which is fundamental to maintaining a harmonious Union-Management relationship.

We understand the risks of possible labor action from any unresolved disputes or delays in resolution of issues especially those arising from differences in interpretation or implementation of CBA provisions. These do not only affect the employees but may also affect the continuity of our operations. Hence, we conduct monthly Labor-Management Council (LMC) meetings with each of the unions. In these meetings, each party is given opportunity to present items they wish to discuss. LMC is attended by union officers, and our plant management team including the VP for Human Capital and Organization (HCO). Normally, discussions revolve around support needed for their work, safety concerns, engagement activities such as sports, CBA benefits, clarifications or policy improvements. Issues that are beyond the authority of the HCO Department are elevated to top management and their decision are discussed in the next LMC. Minor concerns at the plant level are acted upon quickly by the plant management.

Full collective bargaining agreements (CBA) negotiation happens every 5 years. Economic provisions are amended every 3rd year of the CBA.

Opportunities and Management Approach

Given occasional changes in leadership, our work to build trust and strengthen our partnership is a continuing process. We expect to continue to implement the approaches that work and find better approaches on areas that need improvement. We also continue to strengthen our culture and values to align all our stakeholders to a common goal. We will also find ways to better see each other's points of view and resolve problems in a collaborative approach.

WORKPLACE CONDITIONS

Occupational Health and Safety

Table 28

DISCLOSURE	QUANTITY	UNITS
Employee Safe Man-Hours	1.4 M	Man-hours
Number of Employee Work-related Injuries	0	#
Number of Employee Work-related Fatalities	0	#
Number of Employee Work-related Ill-health	0	#
Number of Safety Drills	18	#

OCCUPATIONAL HEALTH AND SAFETY

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Health and safety of our people remains a top priority at CHP. Nothing is more important than the health and safety of our employees, contractors, and the communities around our plants. We recognize that our operations, from sourcing of raw materials, to cement manufacturing, and distribution, have inherent risks to the health and safety of the workers on site. This is the main reason why we continue to seek that health and safety become a way of life for our employees, not just on site but everywhere they go. This is the essence of our commitment to Zero4Life.

Our CEMEX Health & Safety Management System (HSMS) provides the guiding principles and mechanisms for the effective implementation of Safety Programs in all our operations. HSMS has been created in consultation with stakeholders across CEMEX, to provide a practical, risk-based management system. It is used to support sites and businesses across CEMEX to implement, document, maintain and continuously improve healthy, safe, reliable and efficient operations.

HSMS is anchored in the Occupational Health and Safety Management Systems or OHSAS 18001, for better appreciation by both internal and external audiences. Part of the system are regular gap analyses to make sure that all requirements are consistently complied with.

The company has established programs to address key health and safety risks and achieve our overall health and safety objectives towards zero harm for people. These programs include leadership in health and safety, root cause incident investigation, implementation of good practices in driving and contractor safety, health and safety training for leaders, employees and contractors, and consistent implementation of the 14 elements of the HSMS.

In 2019, the following activities and trainings were undertaken:

1. Visible-felt Leadership
2. Health & Safety Academy Training for Managers and Leaders
3. Training on Risk Assessment for Employees and Contractors' Supervisors
4. Health & Safety Awards and Recognition
5. Property Damage Reduction Plan
6. Campaign for Vulnerable Road Users
7. Pro-active Health Programs, like Sports and Recreation Activities
8. Quarterly Health Checks
9. Near-miss and Hazard Alert Reporting

Based on our evaluation, these activities have resulted to increased health and safety-based leadership and accountability. It has also improved the awareness of our people on risk assessment processes including road safety and vulnerabilities of road users. The total number of damages to property were reduced in 2019 compared to 2018. For this good performance, workers were recognized to further motivate them to continue acting safely.

Opportunities and Management Approach

In 2019, we had zero employee work-related injuries. Moving forward, we will continue to improve our hazard detection and near-miss reporting systems to address issues to prevent injury. More education and safety culture building activities will also be implemented. We expect to continue to find opportunities to fulfill our goal of zero injuries to achieve Zero4Life.

LABOR LAWS AND HUMAN RIGHTS

Table 29

DISCLOSURE	QUANTITY	UNITS
Number of Legal Actions or Employee Grievances involving Forced or Child Labor	0	#

We have an ETHOSline which allows any employee to report a violation anonymously. The line is managed by a third-party vendor and reports are classified and escalated accordingly. All reports are acted upon by the assigned committee. Processes are in place to carry out investigations until a decision is made and implemented for disciplinary actions. Based on our records, we do not have any legal actions or employee grievances involving forced or child labor.

Policy on Forced Labor, Child Labor and Human Rights

Table 30

TOPIC	Y/N	IF YES, CITE REFERENCE IN THE COMPANY POLICY
Forced labor	Y	https://www.cemexholdingsphilippines.com/about-us/ethics-and-compliance
Child labor	Y	
Human rights	Y	

LABOR LAWS AND HUMAN RIGHTS

Impacts and Risks: Where it occurs, Company's Involvement, and Stakeholders Affected

Adhering to high ethical standards and complying to regulations in all our business undertakings help strengthen our culture and reputation. By aligning our business practices with a set of core principles, we promote a culture of ethics and compliance based on trust, which is fundamental to our company's ability to succeed.

A focus on ethics and business conduct can aid us in avoiding pitfalls. Misconduct has consequences for our company and third parties that can include serious fines, criminal penalties, and legal and disciplinary action.

Management Approach for Impacts and Risks

Respecting human rights is embedded in the way we do business. We support and respect the protection of international human rights principles, as expressed in the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

As a company that believes in the power of acting with integrity, we continue to uphold and respect human rights. We do not tolerate any violation of human rights in our business, our supply chain, or partnerships. We also take seriously any allegations that human rights are not properly respected by us.

We are committed to upholding the fundamental human rights of our people by complying with child and forced labor prohibitions, and never discriminating against others based on their legally protected traits. We are also committed to follow all applicable wage and hour laws that govern our work. We make employment decisions based solely on merit, and not on any legally protected traits such as age, race, ethnicity, religion, disability, marital status or sexual orientation, among other factors.

We have put in place three approaches, designed to ensure compliance to these policies across our operations, that inform our stakeholders and guide them on what to do in cases of violation while at the same inspiring them to adhere to our values and principles.

We Adhere

We understand and always follow our Code, the company policies and applicable laws. While our Code covers many subjects, it cannot address every issue that may arise or every ethical decision that should be made. For situations not specifically covered by this code, we follow other CEMEX policies or the law, and keep our values in mind when making decisions.

We provide our stakeholders copies of our Code and policies and conduct trainings to ensure they understand these topics and they make appropriate decisions. These resources are made available through our intranet and external official websites.

We Report

Our first line of support is our immediate supervisor. Supervisors keep an open-door policy and serve as resource persons to answer questions or provide support and guidance on when and how to report. In case employees do not feel comfortable discussing a concern with their supervisor, we encourage them to use the following channels for asking questions or reporting misbehaviors or suspicions, but always done so in good faith.

- **ETHOSline.** An automated channel managed by a third-party provider. This channel allows for anonymous reporting of ethics violations and/or complaints for all employees.
- **ETHOS Committees.** This country committee serves as the managing committee of all Ethics topics. They support communication efforts, and processes of case management.
- **Audit Committee.** As part of its responsibilities, CHPs Audit Committee assists the Board of Directors in the performance of its oversight responsibility for the company's system of internal control, its audit process, and the monitoring of compliance with applicable laws, rules and regulations.
- **Associated Departments (Legal, Human Resources, Process Assessment, and Internal Control).** These departments are also available to receive employee reports on code of ethics violations or complaints. These departments will submit the report to the correct responsible teams to facilitate the process of cases management and resolution.

When employees contact one of these channels, their report will be treated with confidentiality to the extent possible, and the company will properly and promptly address any questions or issues they raise. CEMEX and the Company has made it a strict policy to prohibit retaliation against anyone for reporting misconduct or unethical activity in good faith.

We Inspire

At the Company, our people are our greatest assets, and we aim to provide a great place to work. We expect employees to work together in an open and respectful manner, contributing to the creation of a safe and healthy working environment. We foster a culture that provides professional stimulation, recognizes personal talent and merit, values diversity, respects privacy, and helps everyone achieve a better balance between their professional and personal life.

We encourage an atmosphere of openness, courage, generosity, and respect, so that all employees feel free to come forward with their questions, ideas, and concerns. We believe this is a lasting way to encourage our personnel and third parties to comply with our Code, our policies, and the law at all times.

Opportunities and Management Approach

Moving forward, we will continue to inspire compliance while seeking that violations are appropriately acted upon. We will also work towards encouraging more transparency and mutual respect inside and outside the workplace. We will also evaluate the effectiveness of our approaches, identify areas of improvement, and understand our stakeholders more to develop creative ways to inspire them to abide by our policies at all times.

SUPPLY CHAIN MANAGEMENT

Supplier Accreditation Policy can be found in Annex B.

Evaluation for Supplier Accreditation

Table 31

CONSIDERATION	Y/N	IF YES, CITE REFERENCE IN THE SUPPLIER POLICY ¹
Environmental Performance	Y	These topics are covered in the GENERAL TERMS AND CONDITIONS which is part of our agreement with our suppliers. The specific provisions are provided below.
Forced Labor	Y	
Child Labor	Y	
Human Rights	Y	
Bribery and Corruption	Y	

The General Terms and Conditions with our suppliers outlines the following provisions:

9. COMPLIANCE OF LAWS

In accepting this P.O., Supplier represents that it has complied and will continue at all time during the performance of this P.O. to comply with the provisions of all applicable laws, regulations, rules, legislation, guidelines and directives (including without limitation, the receipt of any relevant licenses, consents, approvals and permits) in respect of the conduct of its business.

18. ANTI-BRIBERY

Each party represents and warrants that, in connection with this Agreement, it has not (i) paid or received, nor promised or accepted a promise to receive, a bribe or any other type of improper payment; and (ii) made or promised any payment in violation of international anti-bribery laws (including without limitation the United States Foreign Corrupt Practices Act and any applicable implementing legislation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions). Each party agrees that it will not, and shall procure that its affiliates and their respective employees will not, make, cause to be made, or promise or offer to make, in connection with this Agreement, any improper payment, loan, gift or transfer of anything of value, directly or indirectly: (i) to or for the use or benefit of any government official or government employee (including employees of government-owned or –controlled entities or corporations); (ii) to or for the use of any political party, official of a political party or candidate; (iii) to or for the use of any public international organization, or (iv) to an intermediary for payment to any of the foregoing, in order to obtain or retain business or to secure any advantage.

19. HUMAN RIGHTS

Each party represents and warrants that it abides and will continue to abide by all internationally recognized human rights (including without limitation the Universal Declaration of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights of Work) and ensures present and future non-complicity in any direct or indirect abuse of any and all human rights, regardless if they are carried out by a government or any other actor, whether the party knew or should have known of its contribution to such abuse. Each party will take the necessary action to assure direct and indirect compliance with the aforesaid.

20. LABOR

Each party represents and warrants that, in connection to this Agreement, it has not and will not directly or indirectly (i) make use of slave, forced or compulsory labor in any form, and/or (ii) engage children under the corresponding minimum age for employment, as defined in all international labor standards and applicable national legislation on child labor, whether the party knew or should have known of its contribution to such behaviors. Each party will take the necessary action to assure direct and indirect compliance with the aforesaid.

21. ENVIRONMENT

In the execution of all activities connected to this Agreement, each party represents and warrants to comply with all applicable laws relating to the environment, the disposal of materials, the discharge of chemicals, gases or other substances or materials into the environment, or the presence of such materials, chemicals, gases or other substances in or on its facilities and/or its affiliates’ facilities when having an actual or potential material effect on any activities related

to this Agreement. The parties acknowledge and agree that they will not be in breach of the terms hereof when any such breach can be and is cured within 30 days from the date in which any such breach occurs.

22. HEALTH AND SAFETY

Supplier and all its subcontractors represent and warrant to comply with all applicable laws, CEMEX requirements, approved codes of practice and industry guidance relating to health and safety. A Health and Safety program is in place which sets out arrangements for; the identification, management and control of hazards and risks associated with the activities/services to be provided, training and certification of personnel, formal induction and permit processes before work commences, reporting of all incidents and near misses, periodic auditing for compliance to health and safety rules and the effectiveness of health and safety arrangements.

SUPPLY CHAIN MANAGEMENT

Impacts and Risks: Where it occurs, Company's Involvement, and Stakeholders Affected

More than 18 B PhP or 77% of our 23.6 B PhP Revenue in 2019 was paid to suppliers. Their role in our value creation and distribution is highly significant, which is why it is particularly important that they adhere to the same environmental, social, and governance standards and policies that we observe at CHP. Many of the risk that could compromise our assets and affect our ability to meet our stakeholder's expectations are within the direct control of our suppliers.

For these reasons, we continually work to engage and align our suppliers with our core values, including our enduring emphasis on health and safety, our unwavering pursuit of excellence, and our steadfast focus on integrity. We further integrate sustainability into our supplier engagement and procurement processes, while considering the predicament of local suppliers. Aligned with our company's principles, policies, and values, we are committed to ensuring our suppliers' compliance with the CEMEX Code of Ethics and Business Conduct and Suppliers Code of Conduct.

Management Approach for Impacts and Risks

To seek that the suppliers we engage meet our minimum standards, we have put in place specific procedures, both at the accreditation process for new suppliers and during the monitoring processes for already accredited suppliers. See Annex B for details of accreditation process.

Table 32

RISKS/SUSTAINABILITY TOPICS	MANAGEMENT APPROACH UPON ACCREDITATION	MANAGEMENT APPROACH FOR ACCREDITED SUPPLIERS
Environmental Performance / Pollution Control	Environment performance is currently not part of the current accreditation process. They are assessed once suppliers are accredited.	A third-party assessor evaluates the Sustainability Programs including environmental performance once they have been accredited. A detailed report is provided to CHP and is reviewed and discussed with suppliers for potential areas for improvement.
Forced Labor	Legal documents, such as Business Permits and SEC and Articles of Incorporation, are required. These documents require the company to comply with all existing laws.	Contractors are required to have a CEMEX Passport, which requires holders of this document to commit to comply with policies and provide evidence that they are of legal age, such as Birth Certificate.
Child Labor		
Human Rights		

Bribery and Corruption	Suppliers are required to sign a “Letter of Commitment” for Anti-Bribery.	Tracking of already accredited suppliers is an area of opportunity for the company.
Compliance to Fiscal Policies and Payment of Right Taxes	Legal documents, such as Business Permits and SEC and Articles of Incorporation, are required. These documents require the company to comply with all existing Laws.	Tracking of already accredited suppliers is an area of opportunity for the company.
Workplace Conditions	Contractors / Haulers workplace conditions are evaluated prior to accreditation for large and/or frequent transactions.	Regular visits from various teams to conduct primarily health and safety inspection.
Labor Standards, Health and Safety	Legal documents, such as Business Permits and SEC and Articles of Incorporation, are required. These documents require the company to comply with all existing Laws.	A third-party assessor, evaluates the health and safety policies of the vendors and submits to CHP a detailed report of their findings.
Business Ethics and Governance	Legal documents, such as Business Permits and SEC and Articles of Incorporation, are required. These documents require the company to comply with all existing Laws.	Tracking of already accredited suppliers is an area of opportunity for the company.

Opportunities and Management Approach

This process has enabled us to identify gaps and areas for improvement to seek that our suppliers meet the environmental, social, and governance standards that we adhere to. Moving forward, we plan to set-up more control measures on the following areas, particularly for those suppliers that are already accredited:

1. Environmental Impacts
 - a. Resources used (i.e. materials and water) and resource efficiency of their operations
 - b. Waste management towards zero waste to landfill
2. Bribery and corruption – trainings provided to their employees and cases filed against their company
3. Business Ethics and Governance – to demonstrate that they have put in place the same standards and monitoring system that we use at CHP

We also expect look into our suppliers’ ability to build capacity to prepare their own sustainability scorecards, which can be part of the requirements for the renewal of their accreditation.

RELATIONSHIP WITH THE COMMUNITY

Significant Impacts on Local Communities

OPERATIONS WITH SIGNIFICANT IMPACTS ON LOCAL COMMUNITIES: APO CEMENT PLANT

General Description of our Operations:

Apo Cement Corporation produces both the pozzolanic and the Portland cement types operating two (2) cement lines, a jetty and a power plant. It has an installed cement grinding annual capacity of 3.8 million tons and mainly serves our customers in the Visayas and Mindanao regions through our extensive marine and land distribution network.

The plant's operations contribute to the economic development of the City of Naga through increased local revenue and employment of its residents. Additionally, APO Cement's operations provide programs on education, health and safety, livelihood and infrastructure which helps improve the general development and sustainability of the city and the people therein. Programs implemented in the community are mainly through the Annual Social Development and Management Program (SDMP) of APO Cement Corporation. This SDMP provides budget and direction for the implementation of various projects to enable the residents to be more self-sufficient.

Location: City of Naga, Cebu

Vulnerable groups: There are vulnerable groups in the surrounding areas of our operations, namely residents of Barangays Tina-an, Inoburan, Langtad, Pangdan, Naalad Mainit South Poblacion and Uling. We provide employment opportunities for the women and solo parents, while other vulnerable sectors such as children and the differently abled persons benefit from the programs of the company, among others include:

1. Human or community resource development and institutional building and enhancement.
2. Development of enterprise ability.
3. Educational capability of existing public schools within the host community.
4. Delivery of health services for the host and neighboring communities.

Impact on Indigenous peoples: There are no indigenous people's communities or ancestral domains within and around our facilities.

Community Rights and Concerns of Communities: The main concern of the surrounding communities is the occasional dust emission, particularly during equipment start-up.

Mitigating Measures: Negative impacts, specifically on the dust issues, are being managed by continual improvement of our operational processes. This includes the efforts of our operations team in monitoring processes and equipment, seeking to ensure that these are in perfect working conditions. We provide street sweepers in various areas to help minimize dust. We also engage our stakeholders by providing regular information and education campaigns for our barangay leaders so they better understand our operations and we can directly address their concerns. There is also a multi-sectoral monitoring team that regularly assesses company compliance with government regulations.

OPERATIONS WITH SIGNIFICANT IMPACTS ON LOCAL COMMUNITIES: SOLID CEMENT PLANT

Brief Description of our Operations:

Solid Cement plant has an installed annual cement grinding capacity of 1.9 million tons and in the pipeline is a new integrated cement production line that is expected to provide approximately 1.5 million tons of additional annual capacity once completed.

Location: Sitio Tagbac, Barangay San Jose, Antipolo City, Rizal

Vulnerable Groups: There are vulnerable groups in Barangay San Jose, the biggest barangay in the country. There are employment opportunities available for some of them, while others benefit from our various programs on education and livelihood training.

Impact on Indigenous peoples: There are no indigenous people's communities or ancestral domains within and around our facilities.

Community Rights and Concerns of Communities: Community concerns include road safety which the company addresses through its road safety programs both for drivers and residents.

Mitigating Measures: Solid Cement closely collaborates with the local government leaders to get feedback on community concerns looking that they are systematically addressed. Additionally, multi-sectoral monitoring teams conducts regular visits and audits seeking to ensure that Solid Cement complies with government policies. Any deviation from the standards are immediately addressed through investments on equipment and process optimization.

Disclosure on Free and Prior Informed Consent (FPIC) is not material given that there are no operations that are within or adjacent to ancestral domains of indigenous peoples.

RELATIONSHIP WITH COMMUNITIES

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Social acceptance to operate is critical to our plants' continued operation. Any concern of the community that remains unaddressed has the potential to cause disruption in our operations. Hence, we have put in place systems to thoroughly track any valid concern from communities regarding our operations in the area. Besides regular meetings with local government officials, our community relations officers are regularly in touch with leaders of the communities to better understand their needs and concerns. These concerns are consolidated and elevated to the right functional heads in our operations for immediate action.

Understanding their needs helps us design better programs that will truly improve their quality of life. These programs are implemented under CEMEX Philippines Foundation, Inc., a foundation in which APO Cement and Solid Cement are among its active members.

In partnership with various socio-civic organizations and the Philippine government, CEMEX Philippines Foundation, Inc. empowers communities and uplifts the lives of its beneficiaries through sustainable programs for society and the environment. A summary of these projects is presented Table 33, and details are provided in Annex C:

Table 33

PROGRAMS	OUTPUTS / OUTCOMES	NUMBER OF BENEFICIARIES
Build Education	Brigada Eskwela – school supplies distribution for community schools in Rizal and Naga	Brigada Eskwela Rizal (1,230 students); Brigada Eskwela Naga (682 students)
	Masters of Disaster (MOD) Training of Trainers (TOT) in Cebu	MOD TOT (682 students)
	Donation for school building in Marawi	GMA Kapuso Foundation (1 institution)
Build Volunteerism	Christmas Wish in Antipolo and Naga (Volunteerism activity in impact communities)	Christmas Wish in Antipolo (152 beneficiaries) and Naga (144 beneficiaries)
Build Environment	TSEK (waste segregation) program implemented in various localities in the Rizal Province	4 Towns in Rizal (Baras, Cardona, Morong, Tanay)
	Bamboo Tree Planting Initiative in the City of Naga, Cebu	City of Naga – 1,250 seedlings
Build Sustainable Partnerships	Ronald McDonald House Charities (RMHC) Bahay Bulilit in Imus, Cavite CSR Mapping with League of Corporate Foundations (LCF)	RMHC Bahay Bulilit Imus (est. 70 children)
Build Communities	Barangay Alerto Disaster Preparedness Workshop for Communities – Naga	Barangay Alerto (112 participants)
	Charter Day Celebration of the City of Naga (participation in medical and dental mission of City LGU)	Charter Day Celebration (est. 1000 beneficiaries)
	Brgy. Tibungco, Davao City Medical Mission (medical assistance and medical services)	Davao City Medical Mission (301 beneficiaries)

Opportunities and Management Approach

We remain open to supporting the needs of the communities around us. Given the health crisis we are facing in 2020, our approach to community development could grossly change. We are working on redesigning our strategies to better respond to the needs of our communities.

CUSTOMER MANAGEMENT – CUSTOMER SATISFACTION

DISCLOSURE	SCORE	DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY (Y/N)?
Customer Satisfaction	56	Yes

Customer satisfaction survey was conducted among all active clients in our contact list. The customer population is divided into two. The first half is surveyed first and third quarter of the year, while the other half is surveyed second and fourth quarter of the year. This is designed to ensure that we capture their overall pulse of our customers throughout the year. Our score in 2019 (56) is a good accomplishment for the team and we aim to achieve a score of 60 moving forward.

CUSTOMER SATISFACTION

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Customer centricity is one of our strategic pillars. We are aiming to become the most customer-oriented building materials solutions company by providing our customers with targeted products and services to stay ahead in this rapidly changing market.

From the findings of our customer surveys, we learned that there are five strongest drivers for customer satisfaction, including (1) Service & support from Sales Team, (2) Truck schedule availability, (3) Technical support, (4) Loading pick-up time and (5) on-time delivery. We continue to innovate to improve our performance on these areas.

In October 2018, we launched the CEMEX Go digital platform, an end-to-end integrated platform, which caters to the full customer journey. It includes all products and services and is compatible with all devices. CEMEX Go can be accessed from a laptop or any mobile device to give customers access to view the placement process, including ordering, delivery, and invoicing. Once an order is placed, the customer can track its delivery path in real-time. Supplemental documents like contracts and terms of reference per project can also be accessed and viewed. Through CEMEX Go's Order and Product Catalogue, customers have complete control over their orders. Common transactions, such as ordering and delivery status queries, can all be done anytime.

Across the different markets where this application was launched by CEMEX, the Philippines has had one of the fastest adoption rates within the CEMEX group. In 2019, more than 90% of orders from on-boarded clients were placed using this digital platform.

In our Net Promoter Score (NPS) evaluation, our customers rate the likelihood of recommending us based on their customer experience. According to the results of this assessment, we improved our customer experience by 21 percentage points in 2019 compared to 2018. We attribute this increase to the successful roll-out of our CEMEX Go digital platform. Our NPS specifically for CEMEX Go is ~80%, which reflects the willingness of our customers to recommend this feature to their friends and colleagues. Our customers specifically mentioned that they appreciate features on order history, invoices, and monitoring of their deliveries.

Key to customer satisfaction is our complaints management. We maintain several channels for customer feedback and complaints through phone, digital and other platforms. All complaints are monitored by our customer service center. Once filed, the complaint is assigned to a department based on the type of complaint. The type of complaints and responsible department/s leads are pre-evaluated based on past experiences. For new types of complaints, the customer experience team determines the responsible department to be assigned to address the complaint. All complaint types have Service Level Agreements for how long a complaint must be resolved. All progress of complaints is monitored on a weekly basis with updates sent to

department heads on the progress and duration. This is also discussed in the weekly Executive Committee meetings every Monday.

Complaints are addressed directly to the clients and to the internal parties concerned. A root cause analysis is done and programs and process improvements are implemented ASAP without disruption to other services provided. Full transparency is given to the clients on the progress.

Opportunities and Management Approach

We continue to conduct daily alignment with all departments that have high impact on our Customer Satisfaction, which include the Customer Experience, Supply Chain, Procurement, Commercial, and Business Service Organization back-office teams. These departments continue to collaborate and innovate on ways to improve customer satisfaction, particularly on our performance on (1) Service & Support from Sales Team, (2) Truck schedule availability, (3) Technical support, (4) Loading pick up time and (5) On-time delivery as well as address day-to-day operational and client concerns. Amid the COVID-19 sanitary crisis we are experiencing in 2020, we anticipate changes in the preferences of our customers. We expect to quickly study these changes, and quickly adapt to them. We will also leverage our CEMEX Go digital platform for a more low-touch or low-contact experience for our customers.

CUSTOMER MANAGEMENT – HEALTH AND SAFETY

Table 34

DISCLOSURE	QUANTITY	UNITS
Number of Substantiated Complaint on Products or Service Health and Safety	0	#
Number of Complaints Addressed	0	#

HEALTH & SAFETY

Impacts and Risks: Where it occurs, Company's Involvement, and Stakeholders Affected

There is minimal risk in terms of health and safety in using cement and premix concrete. At the initial mixing of the product with aggregates, small particulate dust may be emitted but it immediately dissipates once water is added. We continue to monitor customer feedback on any health issues of our products through different channels such as service center, sales managers, our landlines, and through digital platforms.

So far, we have not received any complaint regarding the possible negative impact of our products to our customer's health and safety.

Management Approach for Impacts and Risks

CHP takes effort to promote the use of basic personal protective equipment (PPEs), such as dust mask, goggles and gloves to its product users. Compliance and importance of health and safety is emphasized and highly promoted in trainings related to products, technical or health and safety that are conducted to front liners. In 2019, we have conducted 68 training hours to 272 workers.

Opportunities and Management Approach

We expect to assess the level of compliance among our customers and their workers on the use of PPEs and determine opportunities to improve their uptake. We will consider and evaluate factors that prevents workers from using PPEs in their workplaces, determine root causes, and offer solutions to improve adoption of PPEs by the workers.

CUSTOMER MANAGEMENT – MARKETING AND LABELING

Table 35

DISCLOSURE	QUANTITY	UNITS
Number of Substantiated Complaints on Products or Service Marketing and Labelling	0	#
Number of Complaints Addressed	0	#

MARKETING & LABELING

Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected, and Management Approach

Using the wrong cement for a specific structure or type of structure can pose an extremely high risk to safety. It can lead to litigation which has potentially high financial impact to our business and our reputation. It may also result to potential loss of life of anyone exposed to structures built with the wrong cement type.

Hence, our system is built and designed to ensure correct labelling of our products. All cement bags we use strictly complies to the requirements of the Department of Trade and Industry (DTI) for Cement Bag Markings which includes the Type of Cement in the bag and where it can be used. Bag markings such as logos, pantones, trademarks, Philippine Standard license numbers, product descriptions, manufacturing details, and product use-related marks are reviewed by Marketing, Legal, and Procurement teams to ensure they are complete and accurate. Bags deemed as non-compliant are rejected. We also print traceability codes in our cement bags. This is a 11-digit number to trace each bag to provide details, such as when cement was packed at the plant and which line. The 11 digit is printed on each bag as it runs on the conveyor belt prior to truck loading.

Looking into our customer feedback channels, we did not receive any complaints in 2019 relating to faulty or inaccurate labels or non-compliant labels based on standards set by DTI.

Opportunities and Management Approach

Moving forward, we will continue to monitor any future regulations on labelling to comply with required standards. We will also evaluate and consider new and better technology that will help improve tracking of labels of our different products.

CUSTOMER PRIVACY

Table 36

DISCLOSURE	QUANTITY	UNITS
Number of Substantiated Complaints on Customer Privacy	0	#
Number of Complaints Addressed	0	#
Number of Customers, Users and Account Holders whose Information is Used for Secondary Purposes	0	#

DATA SECURITY

Table 37

DISCLOSURE	QUANTITY	UNITS
Number of Data Breaches, including Leaks, Thefts and Losses of Data	0	#

Customer Privacy and Data Security

Impacts and Risks: Where it occurs, Company's Involvement, and Stakeholders Affected

With the transition to digital economy, risks relevant to privacy of personal information and data security has emerged to be among the most important risks. This is consistent with the data presented in the Global risk report, published in 2020 by the World Economic Forum.

At CHP, we increasingly rely on a variety of information technology and automated operating systems to manage and support our operations, as well as to offer our products to our customers. Our systems and technology, as well as those provided by our third-party service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access, and cyber-attacks. In particular, the use of digital platform CEMEX Go has inherent risks on potential breach in confidential information relevant to our transactions with our clients.

Any significant disruption to our systems, information leakages or theft of information could affect our compliance with data privacy laws, damage our relationships with employees, customers, and suppliers, and have a material adverse impact on our financial condition, operations and reputation.

Hence, we take this matter very seriously which is why we have put in place the best available security measures and frequently test its vulnerability to any potential cyberattacks. Furthermore, we safeguard our systems and electronic information through a set of cyber-security controls, processes and a proactive monitoring service to attend to potential breaches. As of December 31, 2019, our 13-month insurance program, which expires on June 25, 2020, includes insurance coverage that, subject to its terms and conditions, is intended to address certain costs associated with cyber incidents, network failures and data privacy-related concerns.

So far, we have not had any incidence of breaches, thefts and losses of data, as well as customer complaints as a result of these.

Data Privacy and Security at CHP Policies and Measures

1. Appointment of a Data Protection Officer (DPO) by the Board of Directors

The DPO is the officer of the Company who is concurrently serving as the Legal Director of the Company.

2. Functions of DPO unit and how accountability is established

Among the functions and responsibilities of the DPO are:

- a. Monitor the organization's compliance with the Data Privacy Act (DPA), its implementing rules and regulations, issuances by the National Privacy Commission (NPC) and other applicable laws and policies. For this purpose, he or she may:
 - collect information to identify the processing operations, activities, measures, projects, programs, or systems, and maintain a record thereof;
 - analyze and check the compliance of processing activities, including the issuance of security clearances to and compliance by third-party service providers;
 - ascertain renewal of accreditations or certifications necessary to maintain the required standards in personal data processing; and
 - advice management as regards to the necessity of executing a data sharing agreement with third parties, and seeking to ensure its compliance with the law;
- b. Monitor the conduct of internal audits and review adequate implementation of the Company's data privacy policies;
- c. Advise the Company regarding complaints and/or the exercise by Data Subjects of their rights (e.g., requests for information, clarifications, rectification or deletion of Personal Data);
- d. Preparation and submission to the NPC of required reports on Personal data breach and Security incident management within the prescribed period;
- e. Inform and cultivate awareness on privacy and data protection within the organization, including all relevant laws, rules and regulations and issuances of the NPC;
- f. Advocate for the development, review and/or revision of policies, guidelines, projects and/or programs relating to information privacy and data protection;
- g. Serve as the contact person of the Company vis-à-vis Data Subjects, the NPC and other authorities in all matters concerning data privacy or security issues or concerns;
- h. Cooperate, coordinate and seek advice of the NPC regarding matters concerning data privacy and security; and
- i. Perform other duties and tasks that will further the interest of data privacy and security and uphold the rights of the Data Subjects.

3. Independence of DPO

The DPO shall act independently in the performance of his or her functions and shall enjoy sufficient degree of autonomy. For this purpose, he or she must not receive instructions from the Personal Information Controller or Personal Information Processor regarding the exercise of his or her tasks.

4. Protocols to prevent breach, during breach, after breach

A data breach response team comprising of representatives of key departments of the organization (including, but need not be limited to, human resources, legal, process and information technology departments) shall be responsible for coordinating immediate action in the event of a Personal data breach or Security incident. The team shall conduct an initial assessment of the incident or breach in order to ascertain the nature and extent thereof. It shall also execute measures to mitigate the adverse effects of the incident or breach.

At CHP, we have put in place the following measures to manage risks around Customer Privacy and Data Security.

1. Enforce Information Security Policy and culture

All IT devices specially user workstations have installed anti-virus programs and tools to protect from viruses, malwares and other malicious codes. Security devices like Intrusion prevention systems, firewalls, etc. are in place to ensure information are protected and secure. End user computers have installed Multi Factor Authentication (MFA) and Drive encryption tools making it difficult for intruders to take control of devices.

2. Have cybersecurity controls and monitoring services in place

We conduct regular check on the capability and preparedness of 3rd party IT partners ensuring that vulnerabilities are identified and addressed. Our systems and electronic information are protected through a set of cyber- security controls, processes and proactive monitoring service to attend to potential breaches

3. Have disaster recovery plans and rapid response teams in place

Disaster recovery plans are regularly reviewed and updated to reflect and adjust to ever changing situations. Regular drills are also performed on critical systems as part of compliance and to guarantee prompt recovery in case needed.

4. Insurance coverage

We increasingly rely on a variety of information technology, on a fully digital customer integration platform, such as CEMEX Go, and on automated operating systems to manage and support our operations, as well as to offer our products to our customers. Our systems and technology, as well as those provided by our third-party service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access, and cyber-attacks. Any significant disruption to our systems, information leakages or theft of information could affect our compliance with data privacy laws, damage our relationships with employees, customers, and suppliers, and have a material adverse impact on our business, financial condition, results of operations and reputation.

Among the measures taken by the Company which are designed to mitigate risks are the enforcement

of the Information Security Policy and culture, the maintenance of cybersecurity controls and monitoring services and process for the mobilization of an internal rapid response team, and the enhancement of insurance coverage to include cyber liability insurance. Provided under the Company's cyber liability insurance policy is, depending on the circumstances, the deployment of an independent third-party service provider to assist the Company in case of a breach of data privacy or cybersecurity controls.

Opportunities and Management Approach

To strengthen our management system, we will continue to learn from the security lapses of other companies who experienced security breach. We will also conduct regular trainings, briefings, and information campaign among direct or indirect workers on the importance of keeping corporate information secure and protected. We will take needed steps to keep ourselves apprised on advancements in cybersecurity technologies and methods.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Product: Gray Ordinary Portland

Brand: APO Portland Cement

Description: General-purpose Type I Portland cement made for high performance applications. It passes the specifications of Type II cement as moderately sulfate resistant and is suitable for applications near bodies of water. This meets PNS 07:2018 and ASTM C150:2018 standards.

Table 38

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
<ul style="list-style-type: none"> Higher early days strength (3 and 7 days) vs Type IP or Blended Cements Complies to two Portland Types I/II. High Compatibility to most Chemical Admixture in the market. Longer workability retention allowing for ease of transport, pumping and placement of Concrete 	<p>This product reduces the use of virgin materials, and increased use of recycled materials such as Fly-Ash, Slag, and Silica Fume. Reduction of use of clinker also reduces energy and GHG intensity per quantity of product used in the market.</p> <p>When used in concrete hollow blocks, more can be produced per bag, contributing to materials efficiency and cost savings for consumers.</p> <p>Infrastructure built with this cement that are exposed to aggressive chemical environments also last better, improving the life span of structures.</p>	<p>SDG 12 SDG 13</p>

Potential Negative Impact of Contribution

We noted no negative impact to any SDG resulting from the use of this product.

Product: Gray Ordinary Portland

Brand: Island Portland Cement

Description: General-purpose Portland cement made for high performance applications. Achieves higher compressive strength in less time compared to other Portland cement. This meets PNS 07:2018 ASTM C150:2018 standards.

Table 39

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
<ul style="list-style-type: none"> Higher early days strength (3 and 7 days) vs Type IP or Blended Cements High Compatibility to most Chemical Admixture in the market. Highly Suitable for Pre-Cast Concrete structures 	<p>This product reduces the use of virgin materials, and increased use of recycled materials such as Fly-Ash, Slag, and Silica Fume. Reduction of use of clinker also reduces energy and GHG intensity per quantity of product used in the market.</p> <p>When used in concrete hollow blocks, more can be produced per bag, contributing to materials efficiency and cost savings for consumers.</p>	<p>SDG 12 SDG 13</p>

Potential Negative Impact of Contribution

We noted no negative impact to any SDG resulting from the use of this product.

Product: Masonry Cement

Brands: Rizal Masonry Cement and APO Masonry Cement

Description: Type M masonry cements. It allows better moisture retention and adhesion strength. This meets PNS ASTM C91/C91M:2019 standards.

Table 40

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
<ul style="list-style-type: none"> • Better workability retention versus Type I OPC and Blended Cement. • Lower shrinkage rate versus Portland Cement and Blended Cements, reducing risks of delamination and cracking of Mortar/Plastering or Topping 	<p>This has lower product energy and carbon intensity by about one-third when compared to Portland cement due to lower clinker factor.</p> <p>Because of its properties, use of this product requires less cement per square meter coverage compared to Portland and Blended Cements, resulting to savings in material use.</p>	<p>SDG 12 SDG 13</p>

Potential Negative Impact of Contribution

We noted no negative impact to any SDG resulting from the use of this product.

Product: Blended Cement

Brand: Rizal Portland Super:

Description: All-purpose Type 1P cement formulated with minerals that add beneficial properties, such as increased strength and durability over time. Used for general construction applications where structures are exposed to moderate sulfate environments. This meets PNS 63:2019 and ASTM C595:2018 standards.

Table 41

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
<ul style="list-style-type: none"> • Higher later days strengths • Requires less water to hydrate all cement particles <ul style="list-style-type: none"> ○ Better workability vs Portland Cement. ○ More cohesive concrete mix. ○ Less Risk of Segregation 	<p>This has lower clinker factor compared to Portland cements hence has lower energy and carbon intensity.</p> <p>This has longer-term durability versus Portland Cements as it yields a denser concrete.</p>	<p>SDG 12 SDG 13</p>

Potential Negative Impact of Contribution

We noted no negative impact to any SDG resulting from the use of this product.

Annex A. Stakeholder Concerns and Actions Taken

The following stakeholder concerns and management approaches are presented below as supplementary information to this report. These concerns served as important basis for defining the material sustainability topics that are being disclosed in this report.

EMPLOYEES

We engage with our employees through the following channels:

1. Internal surveys
2. Townhall Sessions
3. Labor-Management Council meetings
4. Health and Safety meetings
5. Continuous Improvement meetings

Table 42 shows their concerns and the corresponding actions we have taken to address them.

Table 42

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
Training Opportunities	Improved training courses and programs	Increase in training completions
Facilities Improvement	CAPEX projects and budgeted repairs	Investments on new plant equipment, plant facilities repairs
Benefits Improvement	Review of Retirement packages and benchmarking	On-going review

COMMUNITY

We engage with our community through the following channels:

1. Regular meetings of our community relations officers with barangay captains
2. Annual stakeholders meeting
3. Quarterly multi-partite monitoring meetings
4. Social media

Table 43 shows their concerns and the corresponding actions we have taken to address them.

Table 43

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
Request for Assistance through Livelihood Programs	Conduct Livelihood and Skills Training (food processing and traffic enforcers training)	Increased employability and business opportunities among community stakeholders
Plant-related Concerns	Improvement in operations, additional housekeeping measures, regular sprinkling of water on the roads	Improvements in the monitoring plant operations and its impacts, with strengthened coordination efforts with local government offices

CUSTOMERS

We obtain feedback from our customers through the following channels:

1. Net Promoter Score surveys (quarterly)
2. Service Centers
3. Customer Journey Experiences by Managers (customer visits)
4. Sales Team Activities

Table 44 shows their concerns and the corresponding actions we have taken to address them.

Table 44

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
Rating on the question: <i>"How likely is that you would recommend <Brand Name> to a colleague or business partner"</i>	Close the Loop Process with Detractor Clients	Action plan from responsible unit on issues/concerns raised by said Detractors. Can be process improvement or a project/initiative
Comments on the question "What can we improve?"	Comments are addressed by concerned departments	Action plan from responsible unit on issues/concerns raised by said Detractors. Can be process improvement or a project/initiative
Rating from 1-10 on the different Customer Centric Action Drivers	Comments are addressed by concerned departments	Action plan from responsible unit on issues/concerns raised by said Detractors. Can be process improvement or a project/initiative
Various complaints (price, delivery, documentation, payment, etc)	Get details of complaint from client and send to the concerned Department for appropriate action.	Root Cause Analysis Report. Monitor complaint resolution identified. Call client if complaint has been sufficiently addressed.
Other "Customer Pains" - issues not addressed and still affecting customer's way of doing business with the Company. Look for best practices and process improvements	Comments are addressed by concerned departments	Action plan from responsible unit on issues/concerns raised by said Detractors. Can be process improvement or a project/initiative

INVESTORS

We obtain feedback from our investors through the following channels:

1. Regular meetings, webcasts, and conference calls
2. Quarterly financial updates and guidance
3. Annual report, and mandatory filings
4. Sustainability Report
5. Ongoing website updates and press releases

Table 45 shows their concerns and the corresponding actions we have taken to address them.

Table 45

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
Company's capital structure, expansion project funding, balance sheet	Stock rights offering	Improved capital structure Additional funding for expansion project Healthier balance sheet
Company's economic performance in mid and long term	Communications through abovementioned channels	Understanding of the Company's financial position, performance, business perspectives, and risks
Corporate Governance	Communications through abovementioned channels	Understanding of management and corporate ESG practices Golden Arrow Recognition by the Institute of Corporate Directors (ICD) under the ASEAN ¹⁵ Corporate Governance Scorecard (ACGS) based on the results of the 2018 assessment of the corporate governance practices of listed companies.
Environmental, Social, and Governance (ESG) disclosure and performance	Communications through abovementioned channels	Understanding of management and corporate ESG practices

¹⁵ Association of Southeast Asian Nations

REGULATORS

We obtain feedback from our regulators through the following channels:

1. Government websites and publications
2. Formal notices and letters via mail
3. Meetings, both face-to-face and via telephone calls
4. Public hearings

Table 46 shows their concerns and the corresponding actions we have taken to address them.

Table 46

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
Compliance with environmental laws and regulations on air emissions, clean water, and waste	Implementation of the Online Transmission of Data from Continuous Emission Monitoring System (CEMS) and Closed-Circuit Television (CCTV) to monitor compliance with emission standards	Compliance with air emission standards
	Work together with local and national government on clean-up and rehabilitation of rivers	Adopt-a-River Program
	Endorse and implement waste management solutions	TSeK or Tamang Segregasyon Para Sa Kalikasan program
	Co-processing method to recover or reuse waste materials to manufacture cement	Reduction of waste diverted from landfills and to the environment
Compliance with competition laws	Company-wide information and education campaign on antitrust policies and Philippine competition laws	Annual Antitrust Training
Participation in the government's infrastructure development program	Capacity expansion to increase production volume	Solid Expansion Project
Tax assessment results	Confirmation of information through meeting. Settlement in the form of payment or refund	Compliance and sustainability of permit

 <p>SOLID CEMENT CORPORATION Tagbac, Antipolo City</p>	IMS PROCEDURES MANUAL		
	Doc. Title	PROCEDURE FOR ACCREDITATION OF SUPPLIERS & CONTRACTORS	
	Doc. No.	IMS-PM-PRC-001	
	Effectivity	June 25, 2018	
	Revision	4	Page 3 of 4
	Revision Date	May 24, 2019	

Note: Prior to perform activity, accomplished Work Safe Pre-Job Assessment form. Refer to F-SCC-211

DETAILS:

NO.	ACTIVITY	RESPONSIBILITY
2.	<p>Conduct inspection and evaluate prospective suppliers</p> <p>2.1 Whenever practical or upon instruction of the Procurement Manager, Concerned negotiator and end-user will conduct an ocular inspection of the prospective supplier's business establishment (only supplier of goods and services with direct impact to Plant performance and product quality) through the following:</p> <p>1.1.1 Take pictures of facilities, stocks, and office. Conduct personnel interviews. Review pertinent policies, and documents related to quality products and services supplied. After the actual visit, prepare report of the inspection and make recommendation, refer to Quality & Capability Evaluation Form Document No. F-PRC-008</p>	Negotiator/End Users/ CEHSM AUDIT TEAM
3.	<p>Health and Safety Requirements for Suppliers of Services (Contractors)</p> <p>Service Suppliers must provide the following documents for EHS Assessment Audit</p> <p>3.1 A copy of your Environmental and/or Health & Safety policies.</p> <p>3.2 Statistics on safety performance (fatalities/work injuries/property damage/near-misses/etc)</p> <p>3.3 A copy of your Organizational chart (Updated resume of Field Key Personnel, such as, Site Engineer, Safety Officer, Foreman, etc.)</p> <p>3.4 Details of your insurance policies</p> <p>3.5 A copy of your management system or plan that covers health & safety</p> <p>3.6 Safety meeting minutes</p> <p>3.7 Registers/records that you maintain of:</p> <p>3.7.1. Equipment / tools</p> <p>3.7.2. Employees / Working Personnel (names/age/length of service/qualifications, license expiry dates)</p> <p>3.7.3. Employee training (required/received)</p> <p>3.8 Equipment maintenance checklist (completed only)</p> <p>3.9 Emergency Response Plan related to industrial incidents</p> <p>3.10 Employee handbook or similar documents</p> <p>3.11 Employee Training syllabus</p> <p>3.12 A sample of Accident reports and the related investigation documents</p> <p>3.13 Any reports of Audits similar to this by others that you wish to share with the Team</p> <p>3.14 Other documentation related to EHS regulatory compliance</p> <p>New service suppliers will only be accredited upon adherence to above safety requirements and assessment by EHS team</p>	CEHSM AUDIT TEAM
4.	<p>Evaluate and determine if all requirements are met and endorse to Tax</p> <p>Team as supplier evaluator responsible</p> <p>4.1 After passing all the tax requirements criteria for accreditation, Tax evaluator will advice in writing the Accounts Payable department, Asia-Vendor Master team and the Negotiator.</p> <p>4.1.1. For Service Supplier/Contractor, endorsement from Safety department regarding submitted safety documents is necessary.</p> <p>4.2. Negotiator will seek also the approval of accreditation from the Procurement Manager</p> <p>This document shall not be copied or reproduced without approval from the Quality, Environmental, Health and Safety and Energy Management Representatives It shall be the responsibility of the user to verify if this printed document is the latest version</p>	Negotiator/Tax Department/ Asia-Vendor Master Team

 <p>SOLID CEMENT CORPORATION Tagbac, Antipolo City</p>	IMS PROCEDURES MANUAL			
	Doc. Title	PROCEDURE FOR ACCREDITATION OF SUPPLIERS & CONTRACTORS		
	Doc. No.	IMS-PM-PRC-001		
	Effectivity	June 25, 2018		
	Revision	4	Page	2 of 4
	Revision Date	May 24, 2019		

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- OBJECTIVE** : To assure the Company of the performance and reliability of prospective supplier of parts, materials and services which have a direct impact to plant performance and product quality.
- SCOPE** : All prospective suppliers.
- REQUIRED PPE** : Hard Hat, Safety Shoes, Safety Gloves, Visibility Vest
- DEFINITION OF TERMS** :
1. Negotiator - Refers to buyer.
 2. Goods and Services with Direct Impact to Plant Performance and Product Quality – Bulk Materials (raw materials, Kraft/WPP/Black Bottom empty bags major plant equipment (unit, parts, services) calibration equipment and instruments (unit, spares, services), heavy equipment (unit, spares, services), fabrication of replaceable parts of plant equipment, laboratory equipment and instruments (unit, spares, services), mill supplies and office equipment.
 3. Supplier/Contractors – with recurrent transactions with have a direct impact to plant performance and quality of the final product.

Note: Prior to perform activity, accomplished Work Safe Pre-Job Assessment form. Refer to F-SCC-211

DETAILS:

NO.	ACTIVITY	RESPONSIBILITY
1.	<p>Acquire necessary information from prospective suppliers</p> <p>1.1 Require all prospective suppliers of goods and services which have direct impact to the plant performance and quality of the final product to submit an accomplished "Supplier Application Form for Registration" Document No. F-PRC-001, Letter of Commitment for Anti-Bribery Compliance Laws, and CEMEX Credit Policy together with the following documents:</p> <p>1.1.1 Latest audited financial statement.</p> <p>1.1.2 Certificate of Distributorship of a particular brand.</p> <p>1.1.3 VAT certificate/Tax Identification Number BIR Form 2303.</p> <p>1.1.4 Photocopy of Blank Official Receipt & Sales Invoice/ SOA</p> <p>1.1.5 Updated Business Permit/ Mayor's Permit</p> <p>1.1.6 For Single Proprietorship:</p> <p>1.1.6.1 Certificate of Registration of business name with the Bureau of Domestic Trade.</p> <p>1.1.7 For Partnership/Corporation:</p> <p>1.1.7.1 Certificate of Registration with SEC.</p> <p>1.1.7.2 Articles of Incorporation/Partnership.</p> <p>1.1.8 For Contractors:</p> <p>1.1.8.1 DOLE Certificate of Registration/PCAB License (Philippine Contractor's Accreditation Board)</p> <p>1.1.9 Proof of Address – Utility Bill (no more than three months old and show the current fiscal address of the supplier)</p>	Negotiator

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DETAILS:

NO.	ACTIVITY	RESPONSIBILITY
	<p>4.2.1 Negotiator will seek approval of accreditation from the Procurement Department Head if the payment terms is in 30/60 days</p> <p>4.3. After passing all the criteria, the applicant will be accredited and may now be included in the SAP Vendor's Master List.</p> <p>4.4. Suppliers will be informed in writing</p>	
	<p>F-PRC-001 – Supplier Application Form for Registration F-PRC-008 – Quality & Capability Evaluation Form</p>	

FORM

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Annex C. Community Programs of CEMEX Philippines Foundation, Inc. (“Foundation”)

Build Education

The Foundation supports the Department of Education (DepEd) in building a bright future for the next leaders and changemakers of the country. We have an on-going Adopt-a-School program nationwide, particularly in Antipolo and Cebu. In 2019, we again participated in DepEd’s Brigada Eskwela events in Naga, Cebu and Antipolo, Rizal.

Build Volunteerism

The Foundation enjoys putting its collective efforts to get involved. H.E.R.O. (Help. Engage. Reach. Out.) is the banner program of all our employee volunteerism activities. Some of our supported groups and initiatives are the Futkalero Project (“Football sa Kalye”), STEP Kids, DepEd’s Brigada Eskwela, and other relief and rehabilitation mission. In 2019, employee-volunteers from CEMEX Philippines participated in various government-led social programs such as DepEd’s *Brigada Eskwela* and the *Isang Milyong Sipilyo* dental health program of the Department of Health. Likewise, in December 2019, CEMEX held a ‘Christmas Wish’ gift-giving activity for young kids in Naga City in Cebu and Antipolo City in Rizal.

Build Environment

The Foundation strives to maintain our strong multi-sectoral resolve to keep a cleaner land, ocean, and air. Our Adopt-a-Species is a science-based and community-focused framework for long-term conservation of the ecology. Our adopted species are the Butanding (whale shark), Philippine tarsier, Negros bleeding heart pigeon, and Philippine eagle. We also conduct regular coastal clean-up and tree planting. We also promote proper waste segregation among our chosen communities through Tamang Segregasyon para sa Kalikasan or TSEK. In 2019, to do our part in saving crucial water systems that are essential to life, CEMEX Philippines participated in the “Manila BAYanihan para sa Kalikasan” – a multi-stakeholder initiative that promotes the Filipino tradition of “bayanihan” in working towards the simultaneous cleanup and restoration of waterways in Metro Manila.

Build Sustainable Partnerships

The Foundation taps into the vast knowledge and capability of both government and non-government organizations to widen the impact of its programs. Our collaboration with different agencies such as the Department of Environment and Natural Resources (DENR), Department of Trade and Industry (DTI), Department of Public Works and Highways (DPWH), and Department of Education (DepEd) helps us in our grassroots implementation of our sustainability projects.

In 2019, the Foundation partnered with reputable institutions such as Ronald McDonald House Charities, GMA Kapuso Foundation, Unilever and City Government of Manila. CEMEX helped build two Ronald McDonald Bahay Bulilit Learning Centers in Imus City, Cavite and in Lapu-Lapu City, Cebu. Likewise, the Foundation helped GMA Kapuso Foundation build a 50-meter cable-suspended steel bridge in the remote district of Paquibato in Davao City. The Foundation also partnered with Unilever and the City Government of Manila in the collection and recycling of plastic wastes in the City of Manila.

Build Communities

Our goal is not only to be the efficient global builder of future cities but also to be the builder of self-sustaining communities. Our efforts to help the communities on livelihood and skills development in San Jose, Antipolo and Naga, Cebu have seen a promising move towards sustainability by enabling every individual to succeed. Our community programs are named as “Lingap San Jose” for Antipolo, Rizal and “Amoma Naga” for City of Naga, Cebu.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which reflect our expectations. Certain words, including, but not limited to, “plan”, “expect”, “budget”, “forecast”, “foresee”, “strategy”, “project”, “predict”, “anticipate”, “believe”, “intend”, “target”, “continue” and similar expressions or statements that certain actions, events or results “may”, “can”, “assume”, “could”, “would”, “might”, “should” or “will” be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this report reflect our current beliefs based upon information currently available to management and what management believes to be reasonable assumptions, we cannot be certain that our actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause our actual future growth, results of operations, performance, business prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, uncertainties relating to:

- the impact of pandemics, epidemics or outbreaks of infectious diseases and the response of governments and other third parties, including with respect to COVID-19, which have affected and may continue to adversely affect, among other matters, supply chains, international operations, availability of liquidity, investor confidence and consumer spending, as well as availability of, and demand for, our products and services;
- the cyclical activity of the construction sector and levels of public and private construction activity;
- changes in the economy that affect demand for consumer goods in the Philippines, consequently affecting demand for our products;
- competition;
- general political, social, economic and business conditions;
- terrorist and organized criminal activities as well as geopolitical events;
- the regulatory environment, including, but not limited to environmental, tax, anti-trust and acquisition-related rules and regulations;
- the determination on the imposition of safeguard measures on the importation of cement from various countries and other trade barriers, and changes in existing trade policies or changes to, or withdrawals from, free trade agreements, to which the Philippines is a party or may become a party to;
- our exposure to other sectors that impact our business, such as but not limited to the energy sector;
- the availability and cost of fuel, electricity and raw materials;
- distribution costs;
- weather conditions;
- loss of reputation of our brands;
- risks related to our relationship with CEMEX, including our ability to satisfy our obligations under our indebtedness owed to CEMEX and CEMEX’s ability to satisfy its financial obligations;

- our ability to achieve cost-savings from our cost-reduction initiatives and implement our pricing plans for our products;
- our ability to implement successfully our planned expansion of our Solid Cement plant;
- the increasing reliance on information technology infrastructure for our sales, invoicing, procurement, financial statements and other processes that can adversely affect operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subject to cyber-attacks;
- natural disasters and other unforeseen events, such as the Landslide (as defined herein), and our ability to satisfy any liabilities or other obligations that may result therefrom; and
- our ability to satisfy our obligations related to our indebtedness owed to BDO.