COVER SHEET

CS201518815
S.E.C. Registration Number

CEMEX HOLDINGS PHILIPPINES, INC.

34th Floor Petron Mega Plaza
Building, 358 Sen. Gil J. Puyat
Avenue, Makati City

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

JANNETTE VIRATA SEVILLA	**8849-3600**
Contact Person	Company Telephone Number

12	31	CHP's Annual Report (SEC Form 17-A) for 2023	06	05
Month	*Day*	FORM TYPE	*Month*	*Day*

Fiscal Year

First Wednesday of June
Annual Meeting

Issuer of Securities under SEC MSRD Order No. 9 series of 2016
Secondary License Type, If Applicable

MSR
Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the year ended **December 31, 2023**

2. SEC Identification Number **CS201518815** 3. BIR Tax Identification No. **009-133-917-000**

4. Exact name of registrant as specified in its charter **CEMEX HOLDINGS PHILIPPINES, INC.**

5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
Address of principal office Postal Code

8. **+632-8849-3600**
Issuer's telephone number, including area code

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

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

Title of each Class	**Number of shares of common stock outstanding and amount of debt outstanding**
Common Shares	13,489,226,623

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

Yes [X] No [ ]
Stock Exchange: Philippine Stock Exchange (Main Board)
Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

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

Yes [X] No [ ]

13. State the aggregated market value of the voting stock held by non-affiliates of the registrant.

₱ 2,679,853,043.56 (based on the average market price of CHP common shares as at March 22, 2024)

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

Not Applicable
Yes [ ] No [ ]

15. The following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

The audited 2023 consolidated financial statements of the Company which are attached as an exhibit to this Annual Report (SEC Form 17-A) are incorporated by reference in ITEM 1 (2)(viii) of PART I (Transactions with Related Parties), ITEM 2 of PART I (Properties), ITEM 6 of PART II (Management's Discussion and Analysis), ITEM 7 of PART II (Financial Statements), ITEM 8 of PART II (Information on Independent Accountant and other Related Matters) and ITEM 12 of PART III (Certain Relationships and Related Party Transactions):

- ***Audited 2023 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2023 and 2022, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021) and Schedules.***

The Company's Sustainability Report for 2023 which is attached as an integral part of this Annual Report is referred to in ITEM 14 of PART IV (Corporate Governance)

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of the Philippines' securities laws. We intend these forward-looking statements to be covered by the "safe harbor" provisions for forward-looking statements within the meaning of the Philippines' securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "will," "may," "assume," "might," "should," "could," "continue," "would," "can," "consider," "anticipate," "estimate," "expect," "envision," "plan," "believe," "foresee," "predict," "potential," "target," "strategy," "intend" "aimed" or other forward-looking words. These forward-looking statements reflect, as of the date such forward-looking statements are made, unless otherwise indicated, the Parent Company's (as later defined) expectations and projections about future events based on the Parent Company's (as later defined) knowledge of present facts and circumstances and assumptions about future events. These forward-looking statements and information are necessarily subject to risks, uncertainties, and assumptions, including but not limited to statements related to our or the Parent Company's plans, objectives, and expectations (financial or otherwise). Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to be correct, and actual results may vary materially from historical results or results anticipated by forward-looking statements due to various factors. Some of the risks, uncertainties, assumptions, and other important factors that could cause results to differ, or that otherwise could have an impact on the Parent Company (as later defined) and/or the Company (as later defined), include, but are not limited to:

- changes in the Philippines' or other countries', in which we operate, general economic, political, and social conditions, including new governments, elections, changes in inflation, interest and foreign exchange rates, employment levels, population growth, consumer confidence and the liquidity of the financial and capital markets;
- the cyclical activity of the construction sector and reduced construction activity in our end markets;
- exposure to sectors that impact our and our client's business, particularly those operating in the commercial and residential construction sectors, and the infrastructure and energy sectors;
- volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans
- changes in spending levels for residential and commercial construction
- the availability of short-term credit lines or working capital facilities, which can assist us in connection with market cycles;
- the impact of Cemex's (as later defined) not maintaining investment grade debt rating on its and/or the Company's (as later defined) cost of capital and on the cost of the products and services purchased;
- availability of raw materials and related fluctuating prices of raw materials, as well as of goods and services in general, in particular increases in prices as a result of inflation;
- our ability to maintain and expand our distribution network and maintain favorable relationships with third parties who supply us with equipment and essential suppliers
- competition in the markets in which the Company (as later defined) offers its products and services
- the impact of environmental cleanup costs and other remedial actions, and other liabilities relating to existing and/or divested businesses;
- our supplier's ability to secure and permit aggregates reserves in strategically located areas;
- the timing and amount of national and local funding for infrastructure;
- changes in our effective tax rate;
- our ability to comply and implement technologies that aim to reduce CO2 emissions in jurisdictions with carbon regulations in place;
- The legal and regulatory environment, including environmental, energy, tax, antitrust, human rights and labor, welfare and acquisition-related rules and regulations;
- the effects of currency fluctuations on our results of operations and financial conditions;
- the Company's (as later defined) ability to satisfy debt obligations and/or the ability of Cemex (as later defined), the ultimate parent company of the Company's (as later defined) major

stockholder, to satisfy its obligations under its material debt agreements, the indentures that govern its outstanding notes and its other debt instruments and financial obligations, including its subordinated notes with no fixed maturity;
- adverse legal or regulatory proceedings or disputes, such as class actions or enforcement or other proceedings brought by government and regulatory agencies;
- loss of reputation of the Company's (as later defined) and/or the Cemex Group's (as later defined) brands;
- the Company's (as later defined) and/or the Cemex Group's (as later defined) ability to consummate asset sales, fully integrate newly acquired businesses, achieve cost-savings from cost-reduction initiatives, implement pricing initiatives for products and generally meet Cemex's (as later defined) business strategy's goals and failure to achieve cost-savings with cost-reduction initiatives and to implement pricing initiatives for products;
- the increasing reliance on information technology infrastructure for operations, sales in general, sales invoicing, procurement, financial statements and other processes that can adversely affect sales and operations in the event that the infrastructure does not work as intended, experiences technical difficulties, or is subjected to invasion, disruption, or damage caused by circumstances beyond our control, including cyber-attacks, catastrophic events, power outages, natural disasters, computer system or network failures, or other security breaches;
- climate change, in particular reflected in weather conditions, including, but not limited to, excessive rain and snow, and disasters such as earthquakes and floods, that could affect our facilities or the markets in which we offer our products and services or from where we source our raw materials;
- trade barriers, including tariffs or import taxes and changes in existing trade policies or changes to, or withdrawals from, free trade agreements;
- availability and cost of trucks, railcars, barges, and ships, as well as their licensed operators and drivers, for transport of our materials;
- labor shortages and constraints;
- our ability to hire, effectively compensate and retain our key personnel and maintain satisfactory labor relations;
- our ability to detect and prevent money laundering, terrorism financing and corruption, as well as other illegal activities;
- terrorist and organized criminal activities, social unrest, as well as geopolitical events, such as hostilities, war and armed conflicts, including the current war between Russia and Ukraine and conflicts in the Middle East;
- the impact of pandemics, epidemics or outbreaks of infectious diseases and the response of governments and other third parties, which could adversely affect, among other matters, the ability of operating facilities to operate at full or any capacity, supply chains, international operations, availability of liquidity, investor confidence and consumer spending, as well as availability of, and demand for, products and services;
- changes in the economy that affect demand for consumer goods, consequently affecting demand for the Company's (as later defined) products and services;
- the depth and duration of an economic slowdown or recession, instability in the business landscape and lack of availability of credit;
- declarations of insolvency or bankruptcy, or becoming subject to similar proceedings;
- natural disasters and other unforeseen events (including global health hazards such as COVID-19);
- Cemex's (as defined later) ability to implement its Future in Action climate action program and achieve the Cemex Group's (as defined later) sustainability goals and objectives; and
- the other risks and uncertainties described under "Major Risks Affecting the Business" and elsewhere in this Annual Report.

Many factors could cause our expectations, expected results, and/or projections expressed in this Annual Report not being reached and/or not producing the expected benefits and/or results, as any such benefits or results are subject to uncertainties, costs, performance, and rate of implementation of technologies, some of which are not yet proven. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from historical results, performance, or achievements and/or results, performance or achievements expressly or implicitly anticipated by the forward-looking statements, or otherwise could have an impact on us. Forward looking statements should not be considered guarantees of future performance, nor the results or developments are indicative of results or developments in subsequent periods. Actual results of our operations and the development of market conditions in which we operate, or other circumstances or assumptions suggested by such statements may differ materially from those described in, or suggested by, the forward-looking statements contained herein. Any or all of our forward-looking statements may turn out to be inaccurate and the factors identified above are not exhaustive. Accordingly, undue reliance on forward-looking statements should not be placed, as such forward-looking statements speak only as of the dates on which they are made. The information contained in this Annual Report speaks only as of the date of this Annual Report and is subject to change without notice, and except to the extent legally required, the Parent Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statements in this Annual Report, whether to reflect any change in its expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise. You should review future reports we file with the Securities and Exchange Commission of the Philippines.

There is currently no single globally recognized or accepted, consistent and comparable set of definitions or standards (legal, regulatory or otherwise) of, nor widespread cross-market consensus (a) as to what constitutes, a ‘green’, ‘social’ or ‘sustainable’ or having equivalent-labelled activity, product or asset; or (b) as to what precise attributes are required for a particular activity, product or asset to be defined as ‘green’, ‘social’ or ‘sustainable’ or such other equivalent label; or (c) as to climate and sustainable activities and their classification and reporting. Therefore, there is little certainty, and no assurance or representation is given that such activities and / or reporting of those activities will meet any present or future expectations or requirements for describing or classifying our activities as ‘green’, ‘social’ or ‘sustainable’ or attributing similar labels. We expect policies, regulatory requirements, standards, and definitions to be developed and continuously evolve over time.

Readers are urged to read this Annual Report and carefully consider the risks, uncertainties and other factors that affect the Company’s (as later defined) business and operations. This Annual Report also includes statistical data regarding, but not limited to, the production, distribution, marketing and sale of cement and other related products and services. Unless the context indicates otherwise, all references to pricing initiatives, price increases or decreases refer to the Company’s prices for its products. Some of this data was generated internally, and some was obtained from independent industry publications and reports, available at the date of this Annual Report, that the Parent Company (as later defined) believes to be reliable sources. The Parent Company (as later defined) has not independently verified this data nor sought the consent of any organizations to refer to their reports in this Annual Report. Unless the context indicates otherwise, all references to pricing initiatives, price increases or decreases, refer to the Company’s (as later defined) prices for products sold or distributed by the Company (as later defined).

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) History and Business Development

(a) Organization

CEMEX HOLDINGS PHILIPPINES, INC., a subsidiary of CEMEX ASIAN SOUTH EAST CORPORATION ("CASEC"), was incorporated as a stock corporation on September 17, 2015 under the laws of the Republic of the Philippines primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that it shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

CASEC is a wholly-owned indirect subsidiary of Cemex España, S.A., of which substantially all shares are indirectly owned by CEMEX, S.A.B. de C.V. ("Cemex"), a publicly traded variable stock corporation (*sociedad anónima bursátil de capital variable*) incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, México. Cemex is one of the largest cement companies in the world based on annual installed cement production capacity. Cemex's Ordinary Participation Certificates (Certificados de Participación Ordinarios) ("CPOs"), each of which currently represents two "Series A" shares and one "Series B" share, are listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*) and trade under the symbol "CEMEX.CPO." Cemex's American Depositary Shares, each of which currently represents ten CPOs, are listed on the New York Stock Exchange ("NYSE") and trade under the symbol "CX".

The terms "Parent Company" or "CHP" used in this Annual Report (SEC Form 17-A) refers to CEMEX HOLDINGS PHILIPPINES, INC. without its subsidiaries. Unless the context clearly indicates otherwise, any reference in this Annual Report (SEC Form 17-A) to "the Company", "we", "us", or "our" refers to CEMEX HOLDINGS PHILIPPINES, INC. together with its consolidated subsidiaries. Unless otherwise indicated or the context otherwise requires, all references in this Annual Report (SEC Form 17-A) to "Cemex Group" refer to Cemex and its consolidated subsidiaries (other than the Company).

The Parent Company's 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 building materials in the Philippines with well-established brands, such as "APO", "Island", and "Rizal", each of which has a multi-decade history in the Philippines.

On January 1, 2016, the Parent Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement and APO Cement as a result of the following acquisitions:

(a) 1,112,934,284 preferred shares of APO Cement representing 40% of the outstanding capital stock of APO Cement from Cemex Asia Holdings, Ltd;

(b) 500,000 common shares of Solid Cement representing 10% of the outstanding capital stock of Solid Cement from Cemex Asia Pacific Investments B.V.;

(c) 1,500,000 common shares of Solid Cement, representing a 30% equity interest in Solid, from Cemex Asia, B.V. ("CABV") (in addition to CABV's minority interest in two shares that it owned jointly with Sandstone Strategic Holdings, Inc.);

(d) 458,500 common shares of Edgewater Ventures Corporation representing 100% of the outstanding capital stock of Edgewater Ventures Corporation from Cemex Asia Holdings, Ltd.;

(e) 2,360,000 common shares of Triple Dime Holdings, Inc. representing 39.85% of the outstanding capital stock of Triple Dime Holdings, Inc. from Cemex Asia Holdings, Ltd.;

(f) 120,000 common shares of Bedrock Holdings, Inc. representing 100% of the outstanding capital stock of Bedrock Holdings, Inc. from Cemex Asia Holdings, Ltd.; and

(g) 4,660,966 common shares of Sandstone Strategic Holdings, Inc. representing 45% of the outstanding capital stock of Sandstone Strategic Holdings, Inc. from Cemex Asia Holdings, Ltd.

On June 17, 2016, the Securities and Exchange Commission of the Philippines ("SEC") issued a Pre-effective Clearance for Registration covering 5,195,395,454 common shares of the Parent Company broken down as follows: (a) 2,337,927,954 common shares that shall be offered and sold to the public by way of primary offering ("IPO") and (b) 2,857,467,500 issued and outstanding shares which shall not be included in the offer. In view of the SEC Pre-effective Clearance for Registration and the Parent Company's compliance with other conditions imposed by the Board of the Philippine Stock Exchange ("PSE"), the PSE approved on June 17, 2016 the initial listing of up to 5,195,395,454 common shares under the Main Board of the Exchange.

On June 30, 2016, the SEC resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the total outstanding shares of the Parent Company consisting of 5,195,395,454 common shares were listed on the Main Board of the Philippine Stock Exchange.

On April 2, 2019, the Board of Directors approved the increase in the Parent Company's authorized capital stock ("ACS") from P5,195,395,454 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395,454 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was then authorized by the Parent Company's stockholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders' meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering ("Stock Rights Offering" or "SRO") for the purpose of raising the equivalent in Philippine Peso of up to US$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company's application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC's approval of the increase in the Parent Company's ACS.

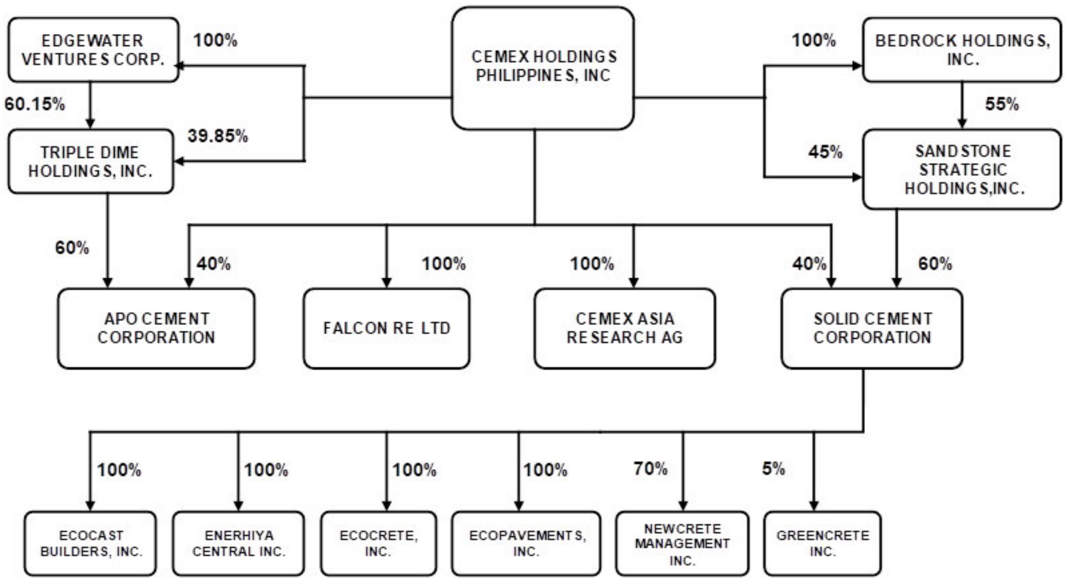
On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of ₱1.00 per share (the "Rights Shares") at an offer price of ₱1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The proceeds from the Stock Rights Offering would be used primarily (i) to fund the expansion of Solid Cement's plant in Antipolo City, Rizal, involving the construction and installation of a 1.5 million metric tons per year new integrated cement production line (the "Solid New Line Project"), including to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and CABV, as the lender (the "Solid Expansion Facility Agreement"), which facility agreement had been used primarily but not exclusively to fund the Solid New Line Project, and (ii) for other general corporate purposes, including to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (as assignee to Cemex Hungary KFT) (the "APO Operational Facility Agreement"[1]).

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to ₱12,772,500,000.26. On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange. As a consequence of the Stock Rights Offering, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares at ₱1.00 par value per share.

In 2022, CASEC increased its shareholdings in the Parent Company from 10,500,624,662 to 10,507,954,662 shares (inclusive of 5 shares beneficially owned by CASEC) which corresponded to 77.9% of the total issued and outstanding shares of the Parent Company, respectively. In 2023, CASEC launched a voluntary tender offer exercise for the common shares of the Parent Company which concluded in March 2023 and as a result thereof, CASEC acquired an additional 1,614,000,000 common shares at the tender offer price of ₱1.30 with a total transaction price of ₱2,098,200,000.

As of December 31, 2023, CASEC owns and controls 12,121,954,662 common shares of the Parent Company (inclusive of 5 shares held by individuals), which is approximately 89.86% of the issued and outstanding common shares of the Parent Company.

The following diagram provides a summary of the Company's organizational and ownership structure as of December 31, 2023:



[1] On October 1, 2014, APO Cement, as borrower, entered into a master loan agreement with Cemex Hungary KFT, as lender, with a principal amount of up to US$40.0 million, which was assigned by Cemex Hungary KFT to CABV on January 2016. In September 2017, the parties amended the APO Operational Facility Agreement to change the denomination of the outstanding principal of the loan to ₱2,046.8 million and to revise the prescribed interest rate to a fixed annual rate equal to 7.68%. On October 1, 2019, the APO Operational Facility Agreement was further amended to extend the maturity date to April 1, 2020 and changed the interest rate to 8.43% annually. On March 5, 2020, APO Cement fully paid and settled the balances under the APO Operational Facility Agreement which amounted to ₱1,090 million. The APO Operational Facility Agreement was not extended or renewed by the parties. Cemex Hungary K.F.T. was merged into Cemex España, S.A. effective 31 October 2017. As a result of the merger, Cemex Hungary K.F.T. ceased to exist.

(b) Subsidiaries and Associates

The following are brief descriptions of the Company's operating subsidiaries:

- ***APO Cement Corporation***. APO Cement was incorporated in the Philippines on December 27, 1961 primarily to engage in the production and marketing of cement. The Parent Company owns a direct 40% equity interest in APO Cement as well as an indirect 60% equity interest through its equity interest in Triple Dime Holdings, Inc. APO Cement owns and operates the APO Cement plant and primarily produces products which carry the APO cement brand.

- ***Solid Cement Corporation* and its subsidiaries**. Solid Cement was incorporated in the Philippines on September 14, 1987. The Parent Company owns a direct 40% equity interest in Solid Cement as well as an indirect 60% equity interest through its equity interest in Sandstone Strategic Holdings, Inc. Solid Cement owns and operates the Solid Cement plant and primarily produces products which carry the Island and Rizal cement brands. The following are Solid Cement's subsidiaries:

  - ***Ecocast Builders, Inc.*** Ecocast Builders, Inc. ("Ecocast") was incorporated in the Philippines on October 16, 2014 to primarily provide its customers with materials and solutions for cement-intensive housing and other structures. Solid Cement owns a 100% equity interest in Ecocast.

  - ***Ecopavements, Inc.*** Ecopavements Inc. ("Ecopavements") was incorporated in the Philippines on October 16, 2014 to primarily provide its customers with materials and solutions for cement-intensive primarily provide its customers with materials and solutions for pavement, road and other pathway projects. Solid Cement owns a 100% equity interest in Ecopavements. The company officially closed its business operations on December 31, 2017

  - ***Ecocrete, Inc.*** Ecocrete, Inc. ("Ecocrete") was incorporated in the Philippines on February 13, 2013 to primarily manufacture, develop and sell ready-mix concrete and other construction related products materials. Solid Cement owns a 100% equity interest in Ecocrete. The company officially closed its business operations on December 31, 2017.

  - ***Enerhiya Central Inc.*** Enerhiya Central Inc. ("Enerhiya") was incorporated in the Philippines on February 26, 2013, to primarily sell, broker market and/or aggregate electricity to industrial, commercial and institutional clients. Solid Cement owns a 100% equity interest in Enerhiya. Enerhiya has not yet started commercial operations.

  - ***Newcrete Management Inc.*** Newcrete Management Inc. ("Newcrete") was incorporated in the Philippines on November 14, 2012, to provide management services related to technical support, concrete sales, concrete products, special building materials and other related products and services. Newcrete Management Inc. has not yet started commercial operations. Solid Cement owns a 70% equity interest in Newcrete.

- ***Falcon Re Ltd***. – Falcon Re Ltd. ("Falcon") was incorporated in Barbados on May 9, 2016. The Parent Company owns a direct 100% equity interest in Falcon, which reinsures third-party insurers of the Company covering risks associated with property insurance coverage, with political violence and non-damage business interruption ("NDBI") programs, professional liability program and cyber risks.

- ***Cemex Asia Research A.G***. – Cemex Asia Research AG ("CAR") was incorporated in Switzerland on December 18, 2015. The Parent Company owns a direct 100% equity interest in CAR, which is the licensee for the certain licensed trademarks and intangible assets to which the Company has access through several agreements with the Cemex Group.

The following are brief descriptions of the Company's investment holding company subsidiaries:

- ***Edgewater Ventures Corporation*** and ***Triple Dime Holdings, Inc.*** Edgewater Ventures Corporation ("Edgewater") was incorporated in the Philippines on April 23, 1998 and Triple Dime Holdings, Inc. ("Triple Dime") was incorporated in the Philippines on May 13, 1998. The Parent Company owns a 100% equity interest in Edgewater, which is an investment holding company that owns a direct 60.15% equity interest in Triple Dime which is also an investment holding company. The Parent Company owns directly the remaining 39.85% equity interest in Triple Dime. Triple Dime owns a direct 60% equity interest in APO Cement.

- ***Bedrock Holdings, Inc.*** and ***Sandstone Strategic Holdings, Inc.*** Bedrock Holdings, Inc. ("Bedrock") was incorporated in the Philippines on October 30, 1998 and Sandstone Strategic Holdings, Inc. ("Sandstone") was incorporated in the Philippines on November 12, 1998. The Parent Company owns a direct 100% equity interest in Bedrock which is an investment holding company that owns a direct 55% equity interest in Sandstone which is also an investment holding company. The Parent Company directly owns the remaining 45% equity interest in Sandstone. Sandstone owns a direct 60% equity interest in Solid Cement.

The following is a brief description of the company in which Solid Cement has a minority investment[2]:

- ***Greencrete Inc.*** Greencrete Inc. ("Greencrete") was incorporated in the Philippines on November 14, 2012. The Parent Company owns an indirect 5% equity interest in Greencrete through its 100% equity interest in Solid Cement. Greencrete has not yet started commercial operations. On November 20, 2023, the SEC approved the amendment of Greencrete's articles of incorporation to reflect the company's shortened corporate term which is valid until November 30, 2024.

(c) Material Reclassification, Merger and Consolidation

There was no material reclassification, merger or consolidation undertaken by the Company in 2023.

(2) General Business Description

The Company has two cement plants with aggregate installed annual capacity[3] of 5.7 million tonnes of cement as of December 31, 2023. APO Cement's cement production plant is located in Naga City, Cebu and, as of the date of this report, has three grinding lines and has an installed annual capacity of 3.8 million tonnes of cement, and serves its customers in the Visayas and Mindanao regions through its marine and land distribution network. Solid Cement's cement production plant is located in Antipolo City, Rizal and currently has three grinding lines and an installed annual capacity of 1.9 million tonnes of cement. Solid Cement's plant principally serves the Luzon Region. The Solid New Line Project, consisting of the procurement, construction and installation of a 1.5 million metric tons per year new integrated cement production line at Solid Cement's plant, is ongoing. The Company currently estimates that the construction of the new production line should be completed by the third quarter of 2024 and the start of its operations could commence in the fourth quarter of 2024. A further discussion on developments regarding the Solid New Line Project is found under ITEM 2 of PART 1 of this Annual Report (SEC Form 17-A) (Properties) on pages 33 to 35.

The Company is dedicated to a customer-–focused approach in the cement industry in the Philippines and is committed to providing building materials solutions that are convenient, sustainable, reliable and

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[2] Calabar Aggregates Corporation is a company in which the Parent Company owned an indirect 40% equity interest through its 100% equity interest in Solid Cement. Its corporate term expired on December 31, 2022 and therefore is not included in this Annual Report.

[3] "Installed annual capacity" refers to cement grinding capacity.

efficient for our customers. Following a customer-centric direct sales model, we have established an extensive distribution system with a view to ensuring that our products are offered and made available close to our customers. With our customers at the core of our continuous innovation and improvement, we are making an effort to adapt a digital-first mindset to keep up with industry changes, and to embed sustainability at the heart of our business strategies and practices to deliver seamless customer experience, while driving positive environmental impact. We utilize various electronic or digital platforms and automated operating systems to improve overall efficiency in managing and supporting our operations.

2023 marked a significant milestone as we celebrated the 5th year of CEMEX Go in the Philippines. Since its launch, CEMEX Go, an end-to-end digital platform developed by Cemex, provided accessible and integrated experience for order placement, payment, live tracking of shipments and managing invoices for the Company's main products, empowering our customers to have complete control over their orders. Across the different markets where this application was launched by Cemex, the Company has had one of the fastest adoption rates among the subsidiaries of Cemex.

As of December 31, 2023, more than 95% of orders from the Company's on-boarded customer were placed using this digital platform.

We strive to encourage our customers to participate in our vision for a sustainable future. The *paperless invoicing* through CEMEX Go eliminates paper consumption and enables our customers to be notified on the availability of their commercial documents such as sales invoices, debit memos, credit memos and acknowledgement receipts. In addition, we provide our customers with a Customer Sustainability Review, which gives visibility on their respective contributions to the Company's sustainability commitments through a summary report of the estimated reduction in CO2 emissions corresponding to the customer's purchase of the Company's Vertua® line of products. This spreads awareness on the environmental impact of their business with us and encourages them to promote eco-friendly products to their end-users.

The Company's customer-centric direct sales approach is also supported by a customer service center and our customer information system. Our customer service center is responsible for overall customer relationship management activities, such as order-taking and fulfillment, inquiries and complaint management. Based on the information provided by a customer upon completing an order form, we are able to see the order type, quantity and delivery preferences that are typical of each of our customers over time. We monitor specific key performance indicators, including service quality, handling time, first call resolution, and interaction accuracy. The Company's in-house Service Center is located in the head office in Makati City, Metro Manila. This Service Center enhances our capacity to better serve our customers across multiple communication channels.

(i) Products

Principal Product – Cement

Cement is a binding agent that, when mixed with sand, stone or other aggregates and water, produces either ready-mix concrete or mortar. The Company provides its customers with high-quality branded cement products and services in both bagged and bulk formats. The Company relies on professional knowledge and experience to develop customized products that fulfill its customers' specific requirements and foster efficient and sustainable construction. In 2023, the Company sold a large proportion of its cement in bags which accounted for 74% of our total cement sales volume. Sales of cement and cement products accounted for 88.7% of consolidated net sales for 2023 before eliminations. The principal groups of related products and services are gray ordinary Portland cement, blended cement and masonry cement. The Company delivers its bagged, branded product to a large number of distribution outlets or retailers such as hardware stores so that its cement is available to end-users in a point of sale near to where the product will be used.

Product	Brands	Description	Product Specifications and National Standards Met
Gray Ordinary Portland	APO Portland Cement	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.	PNS 07:2022 ASTM C150:2022
	Island Portland Cement	General-purpose Portland cement made for high performance applications. Achieves higher compressive strength in less time compared to other Portland cement.	PNS 07:2022 ASTM C150:2022
Masonry	Rizal Masonry Cement APO Masonry Cement	Type M masonry cement minimizes the carbon footprint of regular Portland cement by up to 32% and allows better moisture retention and adhesion strength.	PNS ASTM C91/ C91M:2019
	Cemex Palitada King (Vertua Ultra)	Type N masonry cement minimizes the carbon footprint of regular Portland cement by up to 40% and allows better moisture retention and adhesion strength.	PNS ASTM C91/ C91M:2019
Blended	Rizal Portland Super/Rizal Portland (Vertua Plus) APO Portland Premium/APO Portland (Vertua Plus)	All-purpose Type 1P cement formulated with natural 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.	PNS 63:2019 ASTM C595: 2020
	Rizal High Strength (Vertua Plus)	All-purpose General Cement Type 1P, formulated with natural minerals that add beneficial properties, such as increased early strength, suitable for high performance concrete requirements, and durability overtime. Used for general construction applications.	PNS 63:2019 ASTM C595: 2020
	APO High Strength (Vertua Plus)	All-purpose General Cement Type 1P, formulated with natural minerals that add beneficial properties, such as increased early strength, suitable for high performance concrete requirements, and durability overtime. Used for general construction applications and for structures requiring moderate sulfate resistance.	PNS 63:2019 ASTM C595: 2020
	Rizal Portland (Vertua Ultra)	All-purpose General Cement Type 1T (Ternary Blended Cement), formulated with natural minerals that add beneficial properties, such as increased strength and durability overtime. Use for general construction applications.	PNS 63:2019 ASTM C595: 2021
	APO Portland (Vertua Ultra)	All-purpose General Cement Type 1T (Ternary Blended Cement), formulated with natural minerals that add beneficial properties, such as increased strength and durability overtime. Use for general construction applications and for structures requiring moderate sulfate resistance.	PNS 63:2019 ASTM C595: 2021

In 2023, the Company sold gray ordinary Portland cement, masonry cement and blended cement. The Company's cement products are principally sold under the APO, Island and Rizal brand names. The Island and Rizal brands are primarily sold to customers in Luzon, whereas the APO brand cement is primarily sold to customers in the Visayas and Mindanao. The Cemex Group's Vertua® line of products, which was launched in 2021 to provide its customers with lower-carbon alternatives, are specially formulated to reduce CO2 emissions during production, while maintaining the same quality as other cement types. Compared with industry-standard ordinary Portland cement, products that fall under the classification of *Vertua Plus* emits less carbon emissions by at least 25%, while those under the *Vertua Ultra* classification emits less carbon emissions by 40%. For more information on the Vertua® line of products, please refer to: https://www.cemex.com/products-solutions/vertua

Others

The Company sold admixtures and building materials other than cement to third parties. In 2023, sales of admixture and building materials accounted to less than 0.10% of consolidated net sales for the year. The Company also generated revenue from co-processing of waste materials or alternative fuel resources from third parties which accounted to not more than 0.30% of consolidated net sales for 2023.

(ii) Export Revenue

The export revenue for cement as of December 31, 2023 amounted to ₱88.7 million which is 0.54% of total revenue of the Company for the year. The cement was exported to the Pacific Islands.

(iii) Distribution Methods

As of December 31, 2023, the Company's distribution infrastructure utilizes 1 jetty/marine terminal in Cebu, 5 other marine distribution terminals, and 18 land distribution centers/warehouses located in Central Luzon, Southern Luzon, Visayas, and Mindanao. The Company distributes its products using a fleet which is managed directly by its subsidiaries or by third-party transport providers. As at December 31, 2023, the Company hires 79 trucks for the distribution of bag and bulk cement, charters 3 marine vessels for the waterborne distribution of bag cement in the Philippines, and contracts 2 marine vessels for the distribution of bulk cement.

(iv) Product Development

The Company continues to work on evolving its current portfolio of products with the objective of developing products to suit customers' specific requirements or specifications.

(v) Competition

The Company competes through a wide section of the Philippine archipelago, primarily on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing.

As of December 31, 2023, the Company's competitors in the Philippine cement market included Holcim Philippines, Inc., Republic Cement Group, Taiheiyo Cement Philippines, Inc., Northern Cement Corporation, Southern Concrete Industries Corp (previously Oro Cemento Industries Corp.), Goodfound Cement Corporation, Mabuhay FilCement Inc., Eagle Cement Corporation, Big Boss Cement Inc., and Century Peak Cement Corporation (which opened a new cement line in Pinamungahan, Cebu), as well as traders-importers that import cement primarily from Vietnam. Since 2016, imported cement mainly from Vietnam has substantially increased the capacity of cement in the Philippines, which adversely impacted pricing. Based on information from the Department of Trade and Industry, including reports relating to the 2022 report of the Tariff Commission of the Philippines on safeguard measures on the importation of cement from various countries, the share of cement imports in the domestic market grew from 0% in 2013 to approximately 8% in 2016, 12% in 2017, 15% in 2018, 17% in 2019, 21% in 2020, and 21% in 2021. It is estimated that as of 2023, the imports have maintained their market share despite a challenging and contracting cement market.

On August 27, 2019, the Department of Trade and Industry ("DTI") issued a general definitive import safeguard duty for cement imports of cement types 2523.29.90 and 2523.90.00 under the ASEAN Harmonized Tariff Nomenclature from major exporting markets of China, Japan, Taiwan, Thailand, and Vietnam effective for three years at the rate of ₱10.00 per 40kg bag for the first year, ₱9.00 per

40kg bag for the second year, and ₱8.00 per 40kg bag for the third year. This duty is supposed to provide a disincentive to the importation of cement into the Philippines. The amount of the duty is subject to regular review by the DTI. This general safeguard measure was updated on December 5, 2020 in order to revise the general definitive import safeguard duty to ₱9.80 per 40kg bag for the second year (i.e., from October 22, 2020 to October 21, 2021). The general safeguard duty imposed for the final year of the aforementioned three-year period (i.e., period from October 21, 2021 to October 21, 2022) was confirmed by the DTI to be ₱200 per metric ton or ₱8.00 per 40kg bag. The three-year period of enforcement of the general safeguard duty was not extended by the government.

Based on its preliminary determination that cement products have been dumped into the Philippines causing material injury to the Philippine cement industry, the DTI issued an order dated November 29, 2021 imposing provisional anti-dumping duties for Type 1 and Type 1P cement originating from Vietnam (Department Administrative Order 21-07, Series of 2021). The period of the department's investigation for dumping covered import transactions from July 2019 to December 2020 while the period of investigation for injury considered relevant information from 2017 to June 2020. This order identifies certain exporters of Type 1 and Type 1P cement originating from Vietnam who are subject to the provisional duties which will be imposed in the form of cash bond and based on prescribed dumping margins computed at rates ranging from US$0.73 to US$12.79 per metric ton. This provisional measure is effective for four months from December 20, 2021, which is the date of the order of the Philippine Bureau of Customs implementing the same. After concluding its formal investigation on the matter, the Tariff Commission of the Philippines (the "Tariff Commission") issued its Final Report dated October 11, 2022, ordering the imposition of anti-dumping duties on imports of Type 1 and Type 1P cement originating and exported from Vietnam for a period of five years. The Tariff Commission found that the threat of material injury to the domestic cement industry is imminent in the near future from dumped imports from Vietnam and ordered that anti-dumping duties be imposed on several foreign exporters computed at rates ranging from US$0.99 to US$8.33 per metric ton. On December 16, 2022, the DTI imposed anti-dumping duties on imports of ordinary portland cement (Type 1 cement) and blended cement (Type 1P cement) originating and exported from Vietnam (Department Administrative Order 22-17, Series of 2022; "DTI DAO No. 22-17") for a period of five years. The anti-dumping duties ranged from US$1.61/MT to US$10.29/MT for Type 1 cement and US$1.43/MT to US$16.42/MT for Type 1P cement.[4]

Several motions for reconsideration were filed by various traders and Vietnamese exporters before the DTI, which were subsequently endorsed by the DTI to the Tariff Commission.

Further to the Tariff Commission's report on the resolution of the motions for reconsideration filed against DTI DAO No. 22-17, DTI resolved with finality the imposition of anti-dumping duties against importations of Type 1 and Type 1P cement from Vietnam by identified exporters (producer or trader) in Vietnam for a period of 5 years, ranging from US$0.99/MT to US$8.33/MT for Type 1 cement and US$1.43/MT to US$8.20/MT for Type 1P cement (Department Administrative Order No. 23-01, s. 2023 dated February 14, 2023; "DTI DAO No. 23-01").[5]

On March 9, 2023, the Bureau of Customs issued Customs Memorandum Order No. 05-2023 implementing the DTI DAO No. 23-01 on the definitive anti-dumping measure against importations of select ordinary Portland cement Type 1 and Blended cement Type 1P from Vietnam.

[4] Under DTI DAO No. 22-17, DTI also imposed an "All Others Rate" applicable against foreign exporters who (1) did not make themselves known to the Commission (2) did not cooperate sufficiently during the formal investigation, and (3) new foreign exporters who have not exported subject articles to the Philippines during the period of investigation. The All-Others Rate was set to 27.64% of the export price for Type 1 and 54.82% for Type 1P cement or $10.29/MT and $16.42/MT respectively. Six exporters were determined to have de minimis and/or negative anti-dumping margin either for Type 1 or for Type 1P.

[5] Under DTI DAO No. 23-01, DTI also imposed an "All Others Rate" equivalent to 23.07% of the export price for Type 1 cement and 23.33% of the export price for Type 1P cement against foreign exporters who (a) did not make themselves known to the Tariff Commission, (b) did not cooperate sufficiently during the formal investigation, and (c) new foreign exporters who have not exported Type 1 and Type 1P cement to the Philippines during the period of investigation and who can prove that they are not related to any of the exporters subject of anti-dumping duties, except that for those falling under (c), their individual margins of dumping may be determined during an expedited review. Nine exporters were determined to have de minimis and/or negative anti-dumping margin either for Type 1 or for Type 1P.

(vi) Sources and Availability of Raw Materials and Supplies

The primary raw materials used in the Company's cement production are limestone, pozzolan, clay and gypsum. The cost of such raw materials represented approximately 13%, 14%, 15% and 13% of the Company's consolidated costs of sales for 2023, 2022, 2021 and 2020, respectively.

The raw materials are customarily delivered directly to the Company's production facilities by trucks and conveyor belts.

The Company purchases the majority of its limestone, pozzolan and clay requirements from APO Land & Quarry Corporation ("ALQC") and Island Quarry and Aggregates Corporation ("IQAC") pursuant to long-term supply agreements, each having 20-year terms commencing on January 1, 2016 and automatic renewals for successive periods of two years.

ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

Most of the quarries from which ALQC and IQAC mine raw materials, such as limestone, pozzolan and clay, are located near the Company's cement production plants, which reduces the Company's pre-production transport time and costs.

The Company's cement plant operations consume significant amounts of electricity and fuel.

The Company sources electricity by purchasing grid electricity from third parties, in addition to electricity from in-house generators and from the waste-heat-to-energy facilities of SINOMA Energy Conservation Ltd ("SINOMA") located at the Company's cement plants. When running at full utilization, APO Cement plant requires approximately 48 megawatts of power, while Solid Cement plant requires up to approximately 24 megawatts of power. Electricity costs in the Philippines are among the highest in Asia. Electricity cost and availability are also impacted by the limited number of suppliers, a complex regulatory framework, low grid reliability, the geography of the Philippines which makes distribution costly, the climate and weather conditions in the Philippines which regularly impacts power supply and quality, and dependence on imported fuel.

The Company sources most of its electricity requirements by purchasing grid electricity from third parties. Both APO Cement and Solid Cement plants purchased grid electricity for its respective power needs from San Miguel Electric Corporation ("SMEC") from 2017 to 2020. In August 2020, SMEC assigned and transferred its obligations to supply APO Cement and Solid Cement to its affiliate, i.e., SMC Consolidated Power Corporation ("SCPC") - a retail electricity supplier. The electricity supply agreement between Solid Cement and SCPC (now known as Limay Power, Inc. or "LPI") which serviced Solid Cement's plant in Antipolo City, Province of Rizal covered a period which would have expired in December 2025. However, in July 2023, Solid Cement initiated arbitration proceedings with the Philippine Dispute Resolution Center Inc. against LPI on the ground that LPI had wrongfully terminated the electricity supply agreement. Solid Cement has successfully taken alternative measures to achieve uninterrupted supply of electricity to its cement plant and it currently has an electricity supply agreement with Mabuhay Energy Corporation covering a period which will expire in January 2025. On the other hand, since the expiration of the supply agreement between APO Cement and SCPC in December 2020, APO Cement has been purchasing grid electricity from Team (Philippines) Energy Corporation ("TPEC"). The current electricity supply agreement between APO Cement and TPEC covers a period which will expire in June 2024.

Regarding the in-house power generators at the Company's plants, the power generation plant at APO Cement plant has an installed capacity[6] of approximately 67.2 megawatts, while the power generation plant at Solid Cement plant has an installed capacity of approximately 15.9 megawatts of power.

In January 2012, Solid Cement entered into a 15-year build-and-operate arrangement with SINOMA, to implement a waste heat recovery system at Solid Cement plant. SINOMA's facility captures waste heat generated by the plant's kilns and converts it into electricity. Pursuant to this arrangement, SINOMA owns the facility and is responsible for the maintenance, repairs and operations of the facility and, subject to certain conditions, is obligated to deliver for a period of 15 years all of the electricity generated by the facility to Solid Cement plant. Moreover, subject to certain conditions, Solid Cement is obligated to purchase all of the electricity generated by the facility. This waste-heat-to-energy facility has a rated capacity of approximately 6 megawatts of power. The construction and installation of the waste-heat-to-energy facility at the Solid Cement plant was completed in 2015. In March 2017, the Company entered into a similar build-and-operate arrangement with SINOMA to implement a waste-heat-to-energy facility at APO Cement plant with a rated capacity of approximately 4.5 megawatts of power and SINOMA is obligated to deliver for a period of 15 years all of the electricity generated by said facility to APO Cement plant. The construction and installation of the waste-heat-to-energy facility at the APO Cement plant was completed in 2022.

In the fourth quarter of 2023, APO Cement and Filinvest-Engie Renewable Energy Enterprise, Inc. ("FREE") entered into a 25-year solar power purchase agreement under which FREE shall, at its own cost, design, finance, build, operate, and maintain an on-site 10.08 MW solar photovoltaic electric generating facility to provide power to APO Cement's plant. Subject to operational and environmental factors, and assuming peak conditions, it is expected that up to 8% of the plant's electricity requirement, if fully operational, can be supplied by this new solar generating facility.

The Company's kilns are fired with fossil-based fuels, alternative fuels, and biomass fuels. The Company obtains substantially all of its imported fossil-based fuels from Cemex International Trading LLC[7] (a Cemex subsidiary) that sources coal, petroleum coke and other energy products on a Cemex Group-wide basis seeking to obtain favorable pricing.

The Company seeks to optimize its fuel mix and contribute to the circular economy through the co-processing of available alternative fuels, such as refuse-derived fuel, waste rubber tires, waste plastic, industrial waste, rice husks and other biomass, and hazardous waste, among others. The use of alternative fuels reduces CO2 emissions from the displacement of fossil-based fuels to fire the kilns. In 2023, the usage of alternative fuels at Solid Cement plant and APO Cement plant amounted to approximately 45% and 19%, respectively, of the overall fuel used to fire the plant's kiln. On a combined basis, the alternative fuels usage at Solid Cement and APO Cement plants was at 27% of the overall fuel used to fire the plants' kilns.

The Company primarily uses heavy fuel oil for the electricity generators in both plants, and the trucks and vessels used in the distribution of its products run primarily on diesel. The Company obtains its supply of these heavy fuel oil and diesel from domestic suppliers.

(vii) Dependence on a single or a few customers

The Company sells cement directly to retailers such as hardware stores. The Company also sells cement directly to institutional customers such as contractors, developers and ready-mix concrete operators or manufacturers. Many of the customers resell the Company's products to a variety of end-users, such

[6] "Installed capacity" refers to the sum of the individual rated capacity of all generators.

[7] Prior to its merger into Cemex International Trading LLC in November 2022, Transenery Inc. was the supplier of the Company for imported fossil-based fuels.

as households, small and large contractors and ready-mix concrete producers, while the cement products which the Company sells directly to institutional customers are mostly used in a variety of private and public infrastructure projects. We believe the business of the Company does not depend on any single or few customers, and no single customer represented more than 20% of the Company's consolidated net sales.

(viii) Transactions with Related Parties

Refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 78 to 82, and Note 13 - Balances and Transactions with Related Parties of the Notes to the Company's Audited 2023 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

(ix) Intellectual Properties

The Company relies on trademarks to establish and protect its business interests. As a subsidiary of a multinational corporation, substantially all of the trademarks and intellectual property of the Cemex Group, as well as the protection and enforcement thereof, are managed by the Cemex offices in Mexico and Switzerland with the assistance of the local operating companies.

The Company has license rights to use the "Cemex" name and other Cemex trademarks in the Philippines pursuant to a *Trademark License Agreement* executed with Cemex which took effect on January 1, 2016.[8] In exchange for the right to use the trademarks or brands owned by Cemex in 2023, the Company incurred royalty fees payable to Cemex amounting to ₱22.4 million, which accounted for approximately 0.13% of the Company's consolidated revenue.

The Company also has license rights to use the "APO", "Island" and "Rizal" brands and the non-exclusive right to use, exploit and enjoy certain intangible assets, including but not limited to, know-how, processes, software and best practices, pursuant to a *Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement*[9] with Cemex Innovation Holding Ltd. The Company relies on these intangible assets for continuous improvements, enhancements and variations considering industry evolution and the particular needs of the Philippine market, and has entered into license agreements that allow its operating subsidiaries to use these intangible assets. In exchange for the intangible assets and tools made available to the Company under license agreements in 2023, as well as the right to use trademarks or brands, the Company incurred royalty fees payable to the licensor amounting to ₱634.1 million, which accounted for approximately 3.7% of the Company's consolidated revenue.

The Company owns "Semento Filipino", "Pioneer Cement" and "Palitada King Masonry" trademarks.

(x) Governmental approval of principal products

APO Cement and Solid Cement possess licenses issued by the Bureau of Product Standards – Department of Trade and Industry which allows them to use the Philippine Standard (PS) Quality Mark for its various products.

[8] "Trademark License Agreement" between Cemex, as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated).

[9] Cemex Research Group AG (a Cemex subsidiary) executed, as Licensor, a "Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement" with CAR, as Licensee, which agreement took effect on January 1, 2026. Cemex Research Group AG assigned and transferred its rights and obligations as Licensor under this license agreement to Cemex Innovation Holding Ltd. (a Cemex subsidiary) with effect from 1 January 2021.

(xi) Governmental Regulations

The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, its methods of distribution, labor, taxation, antitrust and health and safety. For example, the Occupational Safety and Health Standards promulgated by the Department of Labor and Employment, prescribes the minimum set of standards, rules, and regulations for the welfare and protection of workers in all places of employment. Apart from domestic rules, the Company is also guided by global benchmarks and standards on occupational health and safety, which is a key focus of management. There are management policies and rules designed to achieve compliance with applicable laws and regulations such as production safety measures, the handling of hazardous materials, guidelines on high risk operations, and the Company also conducts regular training on occupational health and safety.

(xii) Research and Development

Cemex's research and development center, which is currently led by Cemex Innovation Holding Ltd. based in Switzerland, works in close collaboration with customers to offer them unique, integrated and cost-effective solutions that aim to fulfill their specific performance requirements, including a growing portfolio of value-added brands and help the Company to anticipate and understand society's trends in order to create innovative, sustainable construction solutions, commercial digitalization or manufacturing technologies, while challenging the current technological landscape. Research and development assumes a key role in Cemex, as the Cemex Group focuses on creating tangible value for its customers, intending to elevate and accelerate the industry's evolution to achieve greater sustainability, increase engagement in social responsibility and provoke an important leap in its technological advancement.

Cemex's innovative construction solutions, including those with sustainable attributes, have been conceptualized and engineered to positively impact the jobsite safety, promote efficient construction practices, sensibly preserve natural resources vital to life, and improve the quality of life in rapidly transforming cities. Underlying Cemex's R&D philosophy is a growing culture of global collaboration and coordination, where the global R&D collaboration network identifies and promotes novel collaboration practices, advanced supply chain processes and complete operating models and mobilizes its adoption throughout the Cemex organization. Pursuant to the *Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement* (as supplemented and amended from time to time), the Company is able to access the research and development capabilities of Cemex through the Company's enjoyment and utilization in the Philippines of certain licensed trademarks and intangible assets. Any research and development activties that may be undertaken by the Company are done in close coordination with and under the supervision of Cemex Innovation Holding Ltd., which reimburses the Company for any costs that the latter may incur for such activities.

(xiii) Compliance with Environmental Law

The Company is subject to a broad range of environmental laws and regulations in the Philippines, such as the Philippine Clean Air Act of 1999, the Philippine Clean Water Act of 2004 and the regulatory framework established by the Philippine Environmental Impact Statement System. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination.

The Company allocates resources to government-mandated social development funds in compliance with environmental laws and regulations. For instance, in 2023, the Company incurred expenses amounting to ₱3.85 million for social development programs.

(xiv) Employees

As of December 31, 2023, the Company has a total of 697 full-time employees in the Philippines, while the Parent Company's foreign subsidiaries employed a total of 4 employees. A breakdown of the employees in the Philippines is shown below:

Area	Number of Employees
Corporate and Administration	203
Cement Business (commercial sales & administration, cement operations & technology, and logistics)	494

As of December 31, 2023, approximately 33% of the non-managerial employees of our cement business were members of, and were represented by, labor unions. Their labor conditions, including wages and benefits, are governed by collective bargaining agreements negotiated at the plant level. The Solid Cement plant has two unions and the collective bargaining agreements of these unions will expire on December 31, 2027 and February 28, 2028, respectively. The APO Cement Plant has two unions and the collective bargaining agreements for these unions will expire on December 31, 2026. Each of these unions is associated with the Trade Union Congress of the Philippines. Under the Philippine Labor Code, a labor union serves as the certified collective bargaining representative of the relevant bargaining unit (i.e., rank and file; supervisors unit) for a period of five years, whereby the bargaining unit will then conduct a certification election to determine who its collective bargaining agent will be for the next five years. Accordingly, APO Cement and Solid Cement negotiate collective bargaining agreements with the newly elected collective bargaining representative every five years for the general and political terms. The economic terms, such as the salary, allowances and all monetary and non-monetary benefits to which the collective bargaining members are entitled, can be renegotiated after a period of three years from the execution of the collective bargaining agreement. There has been no strike affecting Solid Cement plant or APO Cement plant during the past twenty years.

(xv) Major Risks Affecting the Business

We are subject to various risks, mainly resulting from economic, environmental, political, industry, business, regulatory, financial and climate conditions, as well as risks related to ongoing legal proceedings and investigations, The following risk factors are not the only risks we face, and any of the risk factors described below could significantly and adversely affect our business, liquidity, results of operations or financial condition, as well as, in certain instances, our reputation.

Substantially all of the Company's manufacturing business and assets are located in the Philippines. Accordingly, economic conditions in the Philippines may materially and adversely affect its business, prospects, financial condition and results of operations.

The results of the Company's operations can be affected by the performance of the Philippine economy. The Philippines has experienced periods of slow or negative growth, high inflation, significant depreciation of the Philippine Peso and the imposition of exchange controls.

The Company's growth prospects are directly related to the economic growth in the Philippines.

The Company's growth may be influenced in part on whether the Philippine economy can maintain a consistent growth rate as well as our ability to capitalize on such growth. Even if the Philippine economy grows, there can be no assurance that growth will necessarily translate into an increase in demand for the Company's products. In addition, there can be no assurance that current or future governments will adopt economic policies conducive to sustaining growth in the Philippines.

There can be no assurance that an economic slowdown in the Philippines will not occur. Factors that may adversely affect the Philippine economy include, but are not limited to, the following:

- increased levels of inflation as well as the duration of such sustained elevated periods;
- decreases in business, industrial, manufacturing or financial activity in the Philippines or globally;
- availability of credit lines or other financing;
- increased interest rates and/or interest rate volatility;
- currency exchange rate fluctuations;
- an increase in unemployment levels or decrease in consumer confidence;
- a decrease in remittances from overseas Filipino workers;
- changes in applicable taxation policies and laws, as well as the enactment of new taxation policies and laws;
- the impact of pandemics, epidemics or outbreaks of infectious diseases and the response of governments and other third parties which could adversely affect, among other matters, the ability of our operating facilities to operate at full or any capacity, supply chains, international operations, the availability of liquidity, investor confidence and consumer spending, as well as availability of, and demand for, our products and services;
- natural disasters, including landslides, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- political or economic developments in or affecting the Philippines.

In addition, the strength of the Philippine economy is influenced and affected by global factors, including the performance of the global and regional economies, including in particular the United States and China, and the global economy, in general. The demand for the Company's products is also influenced by the aforementioned factors, among others, as the Philippine economy has a direct influence over the Company's sales and operations. If these economies were to suffer negative fluctuations during prolonged periods, it could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Any deterioration of the economic or political environment in the Philippines could adversely affect demand for the Company's products. Demand for the Company's products is highly related to construction levels and depends, in large part, on residential and commercial construction activity as well as private and public infrastructure spending and government-led projects in the Philippines. Declines in the construction industry are usually correlated with declines in economic and political conditions. Notwithstanding the foregoing, there can be no assurance that any increase in construction activity, infrastructure spending or the gross domestic product of the Philippines will result in a correlated increase in the demand of our products. A deterioration of economic or political conditions in the Philippines may have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Pandemics, epidemics or outbreaks of infectious diseases could materially adversely affect the Company's financial condition and results of operations

In addition to risks to the health and safety of the Company's employees, customers, contractors and suppliers, the impact of pandemics, epidemics or outbreaks of infectious diseases may result in governmental measures to be implemented to attempt to contain and mitigate the effects of the disease. These measures, and the adverse effects of pandemics, epidemics or outbreaks of infectious diseases may result in, but not limited to: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, the entirety or a part of the Company's manufacturing plants and other facilities; (ii) staffing shortages, production slowdowns or stoppages and disruptions in our delivery systems; (iii) disruptions or delays in our supply chains, including shortages of materials, products and services on which the Company and its business depend; (iv) reduced availability of land and sea transport methods to deliver our products, including labor shortages, logistics constraints and increased border controls or closures, as well as fluctuations in the price of such transport methods; (v) increased cost of materials, products and services on which the Company and its business depend, as well as the availability of such materials; (vi) reduced investor confidence and consumer spending where the Company operates; (vii) a general slowdown in economic activity, including construction, and a decrease in demand for the Company's products and the cyclical activity of the construction sector;

(viii) constraints on the availability of financing in the financial markets, if available at all, including on access to credit lines and working capital facilities from financial institutions; (ix) the Company's inability to, if required, refinance its existing indebtedness on desired terms, if at all; (x) the increasing reliance on information technology infrastructure for our sales invoicing, procurement, financial statements and other processes that can adversely affect our sales and operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks; or (xi) declarations of insolvency or bankruptcy or becoming subject to similar proceedings.

From 2020 to 2023, the consequences resulting from the COVID-19 Pandemic[10] negatively affected the Company. For the years ended December 31, 2023, December 31, 2022, December 31, 2021 and December 31, 2020, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to ₱1.26 million, ₱23.02 million, ₱22.44 million and ₱49.76 million, respectively. These additional expenses were presented under "Operating expenses and cost of sales" and "Other income (expenses) - net" account in the condensed consolidated interim statements of comprehensive income for the years ended December 31, 2023, December 31, 2022, December 31, 2021 and December 31, 2020, respectively.

Potential outbreaks of new variants of COVID-19, or any other infectious disease, not yet identified as a pandemic, and the responses from governmental authorities, could potentially cause the Company's operations to stop. No accurate assumptions can be made about the severity and impact of future outbreaks. The effects of any subsequent variant of COVID-19 and/or any new infectious disease could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

A reduction or delay in public or private construction projects may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's principal business is reliant on levels of public and private construction activity in the Philippines. Interruptions or delays in, or the termination of, public or private construction projects may materially and adversely affect the Company's business, financial condition and results of operations.

Historically, a substantial portion of construction activity in the Philippines relates to infrastructure, and public investment in the Philippines is driven by the Philippine government's investment in public infrastructure. There can be no assurance that the Philippine government will continue to promote public infrastructure spending. A reduction in public infrastructure spending in the Philippines would materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Private construction, particularly in housing, is driven by, among other things, the growth of the Philippine economy, and in particular the growth of business process outsourcing to the Philippines, in addition to remittances from overseas Filipino workers. An economic slowdown in the Philippines or a significant decrease in remittances from overseas Filipino workers may materially and adversely impact private construction and, in turn, the Company's business, prospects, financial condition and results of operations.

The Company has a substantial amount of debt and the terms which govern the Company's indebtedness may impose restrictions and prevent us from obtaining additional financing on favorable terms or at all.

As of December 31, 2023, the Company has ₱15,321 million of outstanding debt, including ₱6,684 million of outstanding loan owed to BDO Unibank, Inc. ("BDO") pursuant to the 2022 BDO

[10] The outbreak of the novel strain of the coronavirus identified in China in late 2019 that was declared as a pandemic by the World Health Organization on March 11, 2020. On July 21, 2023, President Ferdinand Marcos, Jr. signed Proclamation No. 297 lifting the State of Public Health Emergency throughout the country due to COVID-19 Pandemic, thereby withdrawing or revoking all prior orders, memoranda and issuances that are effective only during this public health emergency.

Refinancing Facility Agreement[11], ₱145 million of outstanding short-term loan owed to BDO, ₱5,968 million of outstanding loan owed to Cemex Innovation Holding Ltd., and ₱2,524 million of lease obligations according to PFRS 16. In November 2023, the Parent Company fully paid and settled the outstanding balances under the 2017 BDO Refinancing Facility Agreement[12]. A further discussion on the 2017 BDO Facility Agreement and the 2022 BDO Refinancing Facility Agreement (collectively, the "BDO Agreements") is found in ITEM 6 of PART II (Management's Discussion and Analysis) of this Annual Report (SEC Form 17-A) under the section titled "Bank Loan" on pages 61 to 63.

The Company's indebtedness, and the terms which govern such indebtedness, could have significant adverse consequences, including, but not limiting to, by impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes. Furthermore, the Company may have a higher level of indebtedness than some of its competitors, which may put it at a competitive disadvantage and reduce its flexibility in planning for, or responding to, changing conditions in the industry, including increased competition, and subsequently, the Company may be more vulnerable to general economic downturns and adverse developments in its business. If the Company incurs additional indebtedness, it could limit our ability to satisfy its payment obligations, increase its cost of capital, and could increase the severity of these risks.

The Parent Company cannot give assurance that it will be able to comply with the restrictions and covenants contained in the BDO Agreements. The Parent Company may need to seek waivers, amendments and/or further supplement any of the BDO Agreements in the future. Even though the Parent Company has been able to amend or supplement these agreements in the past, there is no assurance that that any future waivers, amendments and/or supplements, if requested, will be obtained or entered into and, if obtained or entered into, that they will be obtained or entered into on terms and conditions favorable to the Parent Company.

Any of the foregoing could materially adversely impact the Company's business, prospects, financial condition and results of operations.

The price of cement is subject to significant fluctuations and an oversupply of cement could adversely affect the Company's profitability.

The Company's results of operations are highly dependent upon revenue obtained from the sales of its products. 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 predominantly with construction activity, while supply is determined by domestic production levels and imports.

There is no assurance that the Philippine Government will sustain the imposition of anti-dumping duties for cement originating from Vietnam or that new duties will or will not be imposed to other markets. The expiration of safeguard duty in October 2022 or any elimination of the anti-dumping duties may result in increased imports of cement into the Philippines, from Vietnam or elsewhere and, if cement companies in Vietnam or elsewhere continue to export cement into the Philippines, we may realize lower pricing for our cement or risk losing a portion of our share of the market. Any of the foregoing could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

[11] "2022 BDO Refinancing Facility Agreement" refers to the 5-year senior unsecured term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on July 28, 2022, for a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00), the loan proceeds of which was used to repay a *portion* of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion.

[12] "2017 BDO Facility Agreement" refers to the senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017 for an amount of up to the Philippine Peso equivalent of US$ 280 million, as from time to time amended or supplemented. The proceeds under this facility were used to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. ("NSH"), a Cemex subsidiary, which loan was fully repaid during the 1st quarter of 2017.

Additionally, negative economic conditions in the countries in which we or our suppliers operate may have an adverse effect toward the fulfillment of our agreements, such as those agreements entered into for the construction and installation of the new integrated cement production line of the Solid New Line Project. The decision to add this new production line was largely based on an expectation of a favorable long-term cement demand outlook in the Philippines. However, if demand is weaker than anticipated when the new line commences operations or thereafter, the additional installed annual capacity from this new production line may result in excess supply of cement and adversely impact pricing.

An extended or substantial decline in the prices of cement and general economic conditions in the Philippines and other countries with whom we perform business may materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company is dependent on the continuing operation of the Company's two cement plants.
The principal manufacturing facilities of the Company are at two cement plants, the Solid Cement plant, located in Antipolo City, Rizal in Luzon, and the APO Cement plant, located in Naga City, Cebu in the Visayas. These plants are subject to the normal risks of industrial production, including, but not limited to, equipment breakdowns, labor stoppages, natural disasters, directives from Government agencies, such as the government's implementation of community quarantine restrictions in Luzon and in the Visayas, and power interruptions.

In the past, the Company has experienced a number of power disruptions, including as a result of inadequate power generation and transmission infrastructure in the Philippines and natural disasters such as typhoons, which are common in the Philippines. While the APO Cement plant has the capacity to generate back-up power to supply substantially all of its electricity needs, the Solid Cement plant is only capable of generating enough back-up power to supply approximately 60% of its current electricity needs.

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, could disrupt and adversely affect the Company's operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity, or the supply of raw materials, or any fire, flood, landslide or other natural calamities, or communal unrest or acts of terrorism, may disrupt our operations or damage our cement plants or inventories and could materially and adversely affect the Company's business, prospects, financial condition and results of operations. For example, on September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Naga Landslide") affecting a site located within an area covered by the mining rights of ALQC. The Naga Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC[13]. Business continuity plans were put in place by APO Cement with a view to addressing the disruption in the supply arrangement with ALQC. In order to overcome the supply disruption caused by the Naga Landslide, APO Cement sourced raw materials from other suppliers.

The Company typically shuts down its cement plants, terminals or other facilities to undertake maintenance and repair work at scheduled intervals. Although the shut downs are scheduled such that not all of the facilities are shut down at the same time, the unexpected shut down of any facility may nevertheless materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company's operations depend on an adequate supply of raw materials and other production inputs. The limited availability or increased costs of these materials may adversely affect our business, prospects, financial condition and results of operations. The Company may fail to secure certain materials required to run its business.
The production of cement is highly dependent on an adequate supply of certain raw materials. Our primary raw materials are limestone, pozzolans, clay and gypsum. The Company purchases these raw

[13] By the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

materials from third parties in and outside of the Philippines. The Company may use products producedin other industrial processes of third parties, such as coal, pet coke, gypsum, fuels and alternative fuels, among others.

The Company customarily tries to secure the supply of the required materials through long-term renewable contracts and framework agreements, which allow the Company to better manage supplies. Should existing suppliers cease operations or reduce or eliminate production of these products, or should for any reason any suppliers not be able to deliver to the Company the contractual quantities and qualities, or should laws and/or regulations in any region or country limit the access to these materials, sourcing costs for these materials could increase or require the Company to find alternative sources for these materials, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Additionally, any scarcity or decrease in the quality of natural resources (including water) could materially and adversely affect the Company's business, prospects, financial condition and results of operations. Subsequently, any interruption to or a shortage in the supply of the raw materials and/or other production inputs or supplies used by the Company could prevent the Company from operating its facilities at full capacity, and if the shortage is severe, could lead to the suspension of our production all together. Any of the foregoing could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company leases from ALQC and IQAC the premises on which its principal manufacturing installations are located.

The Company's principal manufacturing installations are located on land owned by ALQC or IQAC. Under our lease agreements, ALQC and IQAC have various customary rights as landlord. Each of these lease agreements expires in December 2040 and is extendable for a subsequent 25-year period. There can be no assurance that our leasing arrangements may be extended under favorable terms for the Company, or at all, or that the Company will be able to enforce its rights under these agreements. If ALQC and IQAC were to take actions that are adverse to the Company's interests, such as modifying the pricing of our leases, or the necessity of executing new agreements, may cause the Company's business to be materially and adversely affected. Additionally, as the leases expire, the Company may be unable to negotiate renewals on favorable terms or at all. Even if the Company is able to renew existing leases, the terms of such renewals may not be as favorable as the expiring leases, which could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company has significant lease obligations and its failure to meet those obligations could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company leases many of its key logistics centers and capital equipment from third parties as well as certain land from ALQC and IQAC. A failure on the part of the Company to pay its rental obligations would constitute a default allowing the applicable landlord or lessor to pursue any remedy available to it under applicable law, which could include taking possession of our property and, in the case of real property, evicting us. Further, as the Company's leases expire, the Company may not be able to negotiate renewals on favorable terms or at all. If any of these events were to occur, it could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company operates in highly competitive markets.

The markets in which the Company operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants such as new brand introductions by local manufacturers and importers. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain market share. Some may use aggressive competitive strategies based on imports and pricing that could be damaging to our profitability and, therefore, our results of operations. In addition, asset optimization by buyers of the disposed assets could result in an operational cost advantage.

The Company's results of operations depend, in part, on its ability to compete effectively and maintain or increase its share of the market. In the relatively consolidated cement industry, the Company primarily competes on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing. Some of the Company's competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than that of the Company. In addition to domestic competition, the Philippines has historically had periods during which there were significant imports of cement from foreign-based producers. If foreign-based producers export significant volumes of cement to the Philippines and the Company is unable to compete effectively with such foreign imports or with domestic competitors, the Company may lose some of its market share or see its pricing affected, its revenues could decline or grow at a slower rate and our business, prospects, financial condition and results of operations could be materially and adversely affected.

The construction industry is generally cyclical and variations in supply (including by increase of capacities) and demand (including from a decrease in construction activities) may result in overcapacity and a corresponding reduction in the utilization of the cement plants.

The Company is affected by the cyclical nature of the construction industry, which is characterized by periods of growth and slowdown or decline caused by variations in supply and demand. Such fluctuations may lead to periods of overcapacity where cement supply exceeds cement demand. Overcapacity could be due to (i) a decrease in demand and a failure by the industry to adjust supply or (ii) the industry adding capacity in excess of that required to satisfy demand.

No assurance can be made that demand for our products will remain at a favorable pace for the Company, and an increase in the supply of our products, accompanied by a decrease in the demand for construction materials, could potentially disrupt our operations. Such event could materially and adversely affect our business, financial condition, liquidity and results of operations.

Higher electricity and fuel costs, or the reduction or interruption in supply thereof, may materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company's operations consume significant amounts of electricity and fuel. The cement plants use electricity from the electricity grid, in addition to electricity produced from in-house generators fired by heavy fuel oil and waste production heat. Electricity and fuel prices and availability are unpredictable and are generally subject to market volatility fluctuations based on events that the Company cannot control, such as geopolitical developments, supply and demand for oil and gas, war and unrest in oil producing regions and weather concerns. Therefore, fluctuating prices and availability of electricity and fuels may have an adverse impact on the Company's costs and operating results. Increases in electricity and fuel costs or any interruption to or shortage in the supply of electricity and fuel could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Fluctuations in distribution costs, disruptions in transportation and our reliance on our third-party service providers may materially and adversely affect our business, prospects, financial condition and results of operations.

Pursuant to our direct sales model, we distribute our products throughout the Philippines, which involves significant expense and logistical difficulties. Distribution costs are impacted by a number of factors such as fuel costs, weather conditions and our logistics footprint, including the size and utilization of the Company's fleet of trucks and vessels that it charters, the cost of chartering trucks and vessels and the cost of other distribution infrastructure such as terminals and distribution centers. The Company has sought to expand its distribution infrastructure in order to bring products closer to the markets in which they are sold. Any future increases in the Company's distribution costs could cause it to raise its prices for cement and make it uneconomical for the Company's customers to purchase its products, which could result in a significant decrease in the volume of cement the Company sells to its customers. The Company also engages and relies on third-party service providers, the majority of which relate to services the Company requires for its distribution activities. In the event where any of these service providers were to stop providing the Company with their services, the Company would need to procure loading, hauling and delivery services elsewhere, which may come at a greater cost to the Company. Distribution of cement in the Philippines also entails significant logistical difficulties given the geography of the Philippines. The Company cannot assure that its operations will not be materially adversely affected in the future if distribution costs increase or if distribution of its products is interrupted. Any substantial increase in distribution costs or interruption in distribution could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The results of operations could be affected by fluctuations 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. Fluctuations in interest rates could materially and adversely impact the Company's business, prospects, financial condition and results of operations**.**

The Company's operations can be affected by adverse weather conditions.
Construction activity, and thus demand for the Company's products, decreases substantially when, for example, heavy or sustained rainfalls occur. Consequently, demand for the Company's products is significantly lower during the rainy season in the Philippines or during periods of unexpected heavy or sustained rainfalls. Adverse weather conditions can adversely affect the Company's results of operations and profitability especially if they occur with unusual intensity, during unexpected periods or last longer than usual, especially during peak construction periods. This was the case in September 2018 when the operations of the APO Cement plant was affected by the landslide in Naga, Cebu which took place during the rainy season.

In mid-December 2021, Typhoon Odette (International name: Rai) struck the central and southern part of the Philippines and disrupted the Company's operations in Cebu. While APO Cement's facilities experienced property damage due to Typhoon Odette, major plant equipment did not sustain damage. APO Cement's manufacturing plant was operational after the typhoon, but sales volumes were adversely impacted due to recovery efforts and infrastructure damage. Furthermore, the Company incurred inventory losses and incremental production and selling and administrative costs and expenses.

The development or implementation of the Company's various projects including the Solid New Line Project may not be completed on schedule, or at all, or within the allocated budget.
The time taken and the costs the Company incurs to complete the Solid New Line Project, and any other development or expansion project we may undertake, may be directly or indirectly affected by many factors, including shortages of materials, equipment, availability of contractors, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with independent contractors and sub-contractors, accidents, and other problems and circumstances beyond our control.

Specifically, the time to finalize and the costs incurred in connection with the Solid New Line Project and the development of the Company's other projects may be affected by the following factors, among others, which are generally beyond our control:

- delays or inability to obtain necessary location, zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorizations;
- construction risks, which include delays in construction and cost overruns (whether from variation to original design plans or any other reason), a shortage or increase in the cost of construction and building materials, equipment or labor as a result of inflation or otherwise, inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third-party providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction-related contract, work stoppages, strikes, accidents, among others; and
- possible shortage of available cash to fund construction and capital improvements, as we may need to make significant capital expenditures without receiving revenue and cash flow from these properties, and the related possibility that financing for these capital improvements may not be available on commercially reasonable terms or at all

There can be no assurance that the Solid New Line Project, and any other development or expansion project we may undertake, will be completed within the anticipated time frame and the allocated budget, or at all. Furthermore, there can be no assurance that future demand for the Company's products will warrant the additional installed annual capacity that it expects to have available following the completion of the Solid New Line Project, or any other development or expansion project that the Company may undertake, in which case it is possible that the Company may not recoup its expenditures in connection with such projects in full or at all. Moreover, as the Solid New Line Project remains ongoing, the Company may need to augment its domestic production with additional cement or clinker from third parties or through global sourcing arrangements with the Cemex Group in order to serve the Philippine market. A further delay in, or the slow development of, the Solid New Line Project may require the Company to rely on imported cement or clinker for longer than is currently anticipated. Any of the foregoing could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

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 applicable to ALQC and IQAC, or to other third parties that provide the Company with products and services. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the Philippines may increase the Company's operating costs or impose restrictions on the Company's operations.

We are not able to assure that new regulatory developments will not be enacted, and therefore, we are not currently able to provide an accurate assessment of the full effects such regulations could potentially have in the Company's cost of operations. Nevertheless, the enactment of new regulations could increase our costs, subsequently causing disruptions to our operations, which, in turn, could materially and adversely affect the Company's business, liquidity and results of operations.

The results of operations could be affected by fluctuations in currency exchange rates.
The Company is exposed to foreign exchange fluctuations to the extent the Company incurs monetary assets and/or liabilities, or recognizes income or expenses, in a currency different from its functional currency, which is the Philippine Peso.

Potential fluctuations in currency exchange rates may increase the Company's expenses and costs for previously incurred obligations, which could exponentially increase in a short period, causing a materially adverse effect on the Company's business, financial condition, liquidity and results of operations.

The Company's insurance coverage may not cover all the risks to which the Company may be exposed and the Company essentially self-insures a portion of its risks.
The Company faces the risks of fatalities and injury of its employees and contractors, loss and damage to its products, property and machinery due to, among other things, fire, theft and natural disasters such as floods and earthquakes. The Company also faces risks related to cyber-security related matters. Such events may cause a disruption to or cessation of its operations. While the Company believes that it has suitable insurance coverage in line with industry practices, in some instances the Company's insurance coverage may not be sufficient to cover all of its potential unforeseen losses and liabilities. In addition, the Company's insurance coverage is subject to deductibles, exceptions and limitations, and may not cover all the risks to which the Company may be exposed, or cover all losses or all types of claims that may arise from an incident.

In accordance with Philippine law, which requires the Company to maintain insurance policies issued by insurers regulated in the Philippines, substantially all insurance premiums paid by APO Cement and Solid Cement are paid to a third-party insurer in the Philippines. This third-party insurer in turn reinsures most risks with an affiliate of Cemex (the "Cemex Reinsurer"). In 2016, we incorporated Falcon as a wholly-owned Barbados entity to create its own reserves and reinsure the Cemex Reinsurer in connection with certain liabilities and risks. Falcon is expected to continue to retain 10% of the Cemex Reinsurer's risk in connection with our property insurance and 100% of the Cemex Reinsurer's risk in connection with earthquake and wind stop loss, non-damage business interruption, political risks insurance, cyber liability and professional liability insurance. As a result of these arrangements, the Company essentially self-insures these risks to the extent of Falcon's retained liability. Moreover, there can be no assurance that the reserves established by Falcon will exceed any losses in connection with the Company's self-insured risks, consequently the Company may suffer net losses as a result of its insurance strategy.

In addition, the Company's insurance coverage is subject to periodic renewal. If the availability of insurance coverage is reduced for any reason, the Company may become exposed to certain risks for which it is not and, in some cases could not be, insured. Moreover, if the Company's losses exceed its insurance coverage, if its losses are not covered by the insurance policies it has taken up, or if the Company is required to pay claims to its insurers pursuant to the re-insurance arrangements described above, the Company may be liable to cover any shortfall or losses. The Company's insurance premiums may also increase substantially because of such claim from its insurers. In any of such circumstances, the Company's business, prospects, financial condition and results of operations may be materially and adversely affected.

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies that own land or mineral rights.

The Company currently does not conduct any mining operations, nor does it own any land or mineral rights, as it leases the land on which the APO Cement plant, Solid Cement plant and its other principal facilities are located and it purchases substantially all of its raw materials from ALQC and IQAC. While it does not currently own land or mineral rights, it may do so in the future. If the Company does decide to purchase and own land or mineral rights in the Philippines, foreign ownership in the Company would be limited to a maximum of 40% of its issued and outstanding capital stock. Under such circumstances, the Company would not be permitted to allow the issuance or the transfer of Common Shares to persons other than Philippine Nationals (as defined under Republic Act No. 7042, as amended) if such issuance or transfer would result in it ceasing to be a Philippine National for purposes of complying with the restrictions on land and mineral rights ownership. These restrictions may adversely affect the liquidity and market price of the Parent Company's common shares to the extent international investors are restricted from purchasing its common shares in normal secondary transactions.

Ownership of land or mineral rights by the Company could cause major changes in its corporate structure, which will be required to comply with the provisions contained in the Philippine Constitution and other applicable regulations. Such restructuring may have a negative effect on investor confidence and consumer spending, as well as the demand for our products and services, potentially causing a materially adverse effect on our business, financial condition, liquidity and results of operations.

The Company is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust laws and other regulations in the Philippines and elsewhere. Any violation of any such laws or regulations could have a material adverse impact on our business, prospects, financial condition and results of operations.

The Company is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of the Philippines. In addition, it is subject to regulations on economic sanctions that restrict dealings with certain sanctioned countries, individuals and entities. Given the large number of contracts to which the Company is a party, and the great variety of people and entities with which it interacts with in the course of business, the Company is subject to the risk that its affiliates, employees, directors, officers, partners, agents and service providers may misappropriate its assets, manipulate its assets or information, make improper payments or engage in corruption, bribery, money laundering or other illegal activity, for such person's personal or business advantage.

During the third quarter of 2018, the Philippine Government's antitrust supervisory body, the Philippine Competition Commission, requested information from the Parent Company in connection with an on-going investigation into alleged improper facilitation of the maintenance of high cement prices by certain cement companies (who were not identified to the Company) that are members of the Cement Manufacturers' Association of the Philippines (the "CEMAP"). APO Cement and Solid Cement are members of CEMAP. Republic Act No. 10667 or the Philippine Competition Act (the "PCA") serves as the primary competition law in the Philippines for promoting and protecting market competition. Violations under the PCA may result in fines and penalties, civil damages and criminal sanctions, depending on the offense committed and the severity of the offense. While the Parent Company is not aware of any allegation related to this investigation against the Parent Company, Solid Cement or APO Cement, there can be no assurance that this investigation will not result in adverse actions against CEMAP and/or the Company (including against Solid Cement or APO Cement as members of CEMAP) and any penalties and/or fines levied against CEMAP may result in contribution of payment for such penalties and/or fines by CEMAP members, including Solid Cement and APO Cement.

There can be no assurance that the Company's internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by its affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of the organization's policies and procedures. If the Company or any member of the Cemex Group fails to fully comply with applicable laws and sanctions regulations, the applicable government authorities may investigate it and, if it is the case, impose fines, penalties and remedies, which could cause the Company to lose clients or customers, suppliers and access to debt and capital markets. Any violations by the Company or a member of the Cemex Group of anti-bribery, anti-corruption, anti-money laundering, antitrust or other laws or regulations could have a material and adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company is subject or may become subject to litigation proceedings and investigations that could harm its reputation, business, prospects, financial conditions and results of operation.

From time to time the Company is and may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business. The Company is currently involved in various legal proceedings that have arisen in the ordinary course of its business including claims for environmental damages. The Company may also become involved in litigation to protect the trademark rights associated with its brands or the Cemex name or in investigations related to antitrust matters.

In September 2015, Solid Cement suffered an oil spill at its cement facility involving an estimated 2,000 liters of heavy fuel oil that overflowed from one of our storage tanks, the majority of which was recovered within seven days of the incident. However, due to heavy rain conditions, a portion was carried towards drainage areas that led to the Teresa River. As a result of the incident, three separate administrative proceedings were initiated against us before the Laguna Lake Development Authority ("LLDA"), the Environmental Management Bureau of the Department of Environment and Natural Resources and the City of Antipolo, Rizal. These proceedings have been resolved and Solid Cement paid fines of ₱250,000 in aggregate.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Naga Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu. A further discussion on this class action lawsuit is found in ITEM 3 of PART I of this Annual Report (SEC Form 17-A) on pages 35 to 37.

The outcome of the various legal proceedings and investigations involving the Company is uncertain and may affect our reputation, business, prospects, financial condition and results of operations. Furthermore, such proceedings can divert the attention of the Company's management from its business and any negative publicity resulting from such proceedings or other disputes may also result in substantial expenses and materially and adversely affect our business, prospects, financial condition and results of operations.

The Company is subject to human rights laws and internal policies regarding human rights, and any violation of human rights laws or deviation from the Company's and the Cemex Group's internal policies related to human rights may adversely affect the Company.

The Company seeks to align its strategy and operations with universal principles on human rights and it expects all of its employees and business partners to similarly adhere to these principles. Even though the Company has a strict human rights policy (including through the application of Cemex policies) and a process of ongoing due diligence to monitor its adherence, it is possible that an affiliate, employee, director, officer, partner or a third party related to the Company could be accused or perceived to deviate from this policy. A deviation from its human rights principles could impact the Company's employees, communities, suppliers or customers, as well as the Company's reputation, which in turn could cause some persons to avoid business transactions with the Company, adversely impact the Company's capacity to operate without disruptions and affect talent retention and attraction efforts, all of which could have a material adverse impact on the Company's business, prospects, financial condition and results of operations.

The inability of the subsidiaries to pay dividends or make distributions or other payments to the Parent Company in sufficient amounts, including due to bankruptcy or insolvency, would impair the Company's ability to pay-off its indebtedness, make dividend payments or comply with future obligations.

The Parent Company is a holding company and operates exclusively through its operating subsidiaries. The Parent Company's primary assets are the equity capital in its subsidiaries, APO Cement and Solid Cement. The ability of its subsidiaries to pay dividends to the Parent Company in the future will depend on their earnings, solvency, covenants contained in financing or other agreements and on regulatory restrictions. If the Parent Company is unable to receive cash from its subsidiaries pursuant to dividend payments and/or other obligations, it may not have sufficient funds to pay-off its indebtedness, make dividend payments, pay any fees to the Cemex Group resulting from services rendered under the agreements, or comply with its future obligations.

As of the date of this Annual Report (SEC Form 17-A), the Parent Company does not expect that existing regulatory, legal and economic restrictions on its existing direct and indirect subsidiaries' ability to pay dividends and make loans and other transfers to it will materially and negatively affect its ability to meet its cash obligations. However, we are not able to assure that the jurisdictions of organization of the Parent Company's current direct or indirect subsidiaries, or of any future subsidiary, may impose additional and more restrictive regulatory, legal and/or economic limitations. In addition, the Parent Company's subsidiaries may not be able to generate sufficient income to pay dividends or make loans or other transfers to it in the future. Any material additional future limitations on our subsidiaries could adversely affect the Parent Company's ability to service its debt and meet its other cash obligations.

Cemex's significant interest in the Company may result in conflicts of interest.

As of December 31, 2023, CASEC held 89.86% of the outstanding common shares of stock of the Parent Company. As a result of its ownership of the Parent Company's common shares of stock through its indirect ownership of CASEC (which may increase or sell all or part of its shareholdings at any time), Cemex will generally be able to determine the outcome of corporate actions requiring, as applicable, the approval of stockholders holding a majority or two-thirds of the outstanding shares of stock of the Parent Company, including the election of a majority of its directors.

Cemex's interests may differ from those of other holders of the Parent Company's common shares, and actions that Cemex may take with respect to the Company may not be favorable to other stockholders. The Parent Company's Board of Directors includes and/or may at any given time include persons who are not and/or may not be independent from Cemex. Additionally, conflicts of interest may arise between the Company and Cemex in a number of areas relating to their ongoing relationships including, but not limited to:

- disagreements over corporate opportunities;
- competition between the Company and the Cemex Group;
- employee remuneration, retention or recruiting;
- level of debt the Company can incur and use of cash resources;
- any potential dividend policy the Company may adopt; and
- the services and arrangements from which the Company benefits as a result of its relationship with Cemex

There is a risk that the Company may be in competition with the Cemex Group with respect to the Company's activities in the construction materials industry because the Cemex Group may engage in the same activities in which the Company engages. To address these potential conflicts and conflicts of interest in general, the Parent Company entered into a Framework Agreement with CASEC and Cemex on March 9, 2016 (the "Framework Agreement"), which provides, among other things, that the Cemex Group is generally restricted from competing with the Company in the Philippines. The Company and the Cemex Group are permitted to compete with each other anywhere else in the world; provided, however, that in any country where competition between the Cemex Group and the Company is not prohibited under the Framework Agreement, the Cemex Group has first priority right over any investment opportunity and the Company must refrain from taking advantage of any such investment opportunity in any such country without the prior consent of Cemex and CASEC. This agreement shall be in place for as long as Cemex owns more than 50% of the Parent Company's total voting power, or the Parent Company is consolidated with Cemex under IFRS, or the Parent Company remains a subsidiary of Cemex (as such term is defined in the Framework Agreement). Due to the significant resources of the Cemex Group, including financial resources and name recognition, the Cemex Group could have a significant competitive advantage over the Company should it decide to engage in the type of business we currently or in the future conduct upon the expiration or termination of the Framework Agreement, which may cause the Company's business to be materially adversely affected.

In addition, under the terms of the Framework Agreement, while the Company is an indirect subsidiary of Cemex, it is restricted, subject to certain exceptions, from taking certain actions, such as issuing shares, incurring indebtedness, making capital expenditures and disposing and acquiring of assets, without the prior consent of Cemex and CASEC. See ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 78 to 82.

We believe that the involvement of Cemex in the Company's operations has been, and will continue to be, important in the pursuit and implementation of the Company's business strategy. However, Cemex, through CASEC or other of its subsidiaries, may not remain the controlling stockholder in the future. The Company's business, prospects, financial condition and results of operations and the market price of the Parent Company's common shares could be materially and adversely affected if Cemex ceases to participate actively in the Company's operations.

The Company's operations are subject to environmental laws and regulations.

The Company's operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate, and our direct and indirect subsidiaries operate. These laws and regulations impose stringent environmental protection standards regarding, among other things, air emissions, land use and biodiversity, use of alternative fuels, water availability, wastewater discharges, the use and handling of hazardous waste or materials, waste management practices and the remediation of environmental impact of our operations. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including taxes, higher investment in equipment and technology, fines and other sanctions, the payment of compensation to third parties, remediation costs, business disruption and damage to reputation. Moreover, the enactment of stricter laws and regulations, stricter interpretation of existing laws or regulations or new enforcement initiatives, may impose new risks or costs on us or result in the need for additional investments, which could result in a material decline in the Company's profitability.

The Company is increasingly dependent on information technology and our systems and infrastructure, as well as those provided by third-party service providers, face certain risks, including cyber-security risks.

The Company increasingly relies on a variety of information technology and cloud services, 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. The proper functioning of this technology and these technologies and systems is critical to the efficient operation and management of our business, as well as for the sales generated by our business. Our systems and technologies may require modifications or upgrades as a result of technological changes, growth in our business and to enhance our business security. These changes may be costly and disruptive to our operations and could impose substantial demands on our systems and increase system outage time. 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, security breaches, computer viruses and cyber-attacks, including malicious codes, worms, ransomware, phishing, denial of service attacks and unauthorized access. For example, our digital solutions to improve sales, customer experience, enhance our operations and increase our business efficiencies could be impeded by such damages, disruptions or intrusions. Furthermore, while we expect to further integrate digital technologies into our operations as part of the organization's *Working Smarter* digital transformation initiative and believe this is likely to assist us in fulfilling our strategic priorities, these integration efforts and the engagement of additional technology service providers and systems in our operations as part of *Working Smarter* could increase our exposure to these risks. In a global business environment that relies on complex digital networks, cybercriminals are often outpacing a company's ability to prevent and manage cyberthreats. The digitalization of global supply chains creates new risks as they increasingly rely on technology and other third parties.

During 2023, there was a global trend of an increase in security threats, including, but not limited to, phishing, smishing and malware/ransomware campaigns, exploitation of video collaboration vulnerabilities, among other things. Furthermore, employees working from home increased cyber risk due to inadequate security configurations of domestic (home) networks and use of non-corporate devices.

To try to minimize such risks, 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. In addition, we also have disaster recovery plans in case of incidents that could cause major disruptions to our business. As of the date of this annual report, we have implemented additional cybersecurity technology and controls designed to reduce such risks and mitigate the impact of such risks, and continue to take a proactive monitoring service to attend to potential breaches. In addition, we also have disaster recovery plans in case of incidents that could cause major disruptions to our business.

However, the measures we have taken may not be sufficient, and there can be no assurance that the Company's safeguards will be effective against all risks to our information technology infrastructure and systems.

As of December 31, 2023, we have not detected, and our third-party service providers have not informed us of, any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information, or any unlawful processing of personal data, could affect our compliance with data privacy laws and make us subject to regulatory action, including substantial fines and private litigation with potentially large costs, and could damage our relationship with our employees, customers and suppliers, which could have a material adverse impact on our business, financial condition, liquidity, results of operations and prospects.

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances.

The Company's cement manufacturing facilities require individuals to work with chemicals, equipment and other materials that have the potential to cause fatalities, harm and injury when used without due care. An accident or injury that occurs at our facilities could result in disruptions to our business and operations and could have legal and regulatory, as well as reputational, consequences. Other health and safety issues related to the Company's business include: burns arising from contact with hot cement kiln dust or dust on preheater systems; noise, including from chutes and hoppers, milling plants, exhaust fans and blowers; the potential for dioxin formation if chlorine-containing alternative fuels are introduced into kilns; plant cleaning and maintenance activities involving working at elevated heights or in confined or other awkward locations, and the storage and handling of coal, pet-coke and certain alternative fuels, which, in their finely ground state, can pose a risk of fire or explosion; and health hazards associated with operating heavy vehicles or trucks. We may also be exposed to liability resulting from injuries or fatalities involving third-party service providers, such as drivers for our suppliers when delivering products or services to us. While the Company actively seeks to minimize the risk posed by these issues, personal injury claims may be made, and substantial damages awarded, against us, which could have a material adverse impact on the Company's reputation, business, financial condition, liquidity, and results of operations. Additionally, the Company may also be required to change its operational practices, involving material capital expenditure.

ITEM 2. PROPERTIES

(1) The Company does not own land. The Company's properties consist primarily of plant, building structures or facilities and equipment. A majority of the Company's properties are located in Naga City, Cebu; Antipolo City, Rizal; Batangas City, Batangas; and Tondo, Manila. The production plants and distribution infrastructure are strategically located to serve key markets in the Philippines.

APO Cement's cement production plant is located in Naga City, Cebu and currently has three grinding lines and has an installed annual capacity of 3.8 million tonnes of cement.

Solid Cement's cement production plant is located in Antipolo City, Rizal and currently has three grinding lines and an installed annual capacity of 1.9 million tonnes of cement. In October 2018, the principal agreements for the Solid New Line Project (i.e., procurement, construction and installation of a 1.5 million metric tons per year new integrated cement production line) were entered into with CBMI Construction Co., Ltd. On February 1, 2019, the Board of Investments of the Philippines ("BOI") duly registered Solid Cement as a New Producer of Cement on a Pioneer Status but with Non-Pioneer Incentives for the Solid New Line Project. The incentives granted to this registered project include, among others, (1) a 4-year income-tax holiday period commencing from December 2020 or actual start of commercial operations (whichever is earlier) and (2) importation *at zero duty* of capital equipment, spare parts and accessories directly needed and exclusively used in the operations of the registered project. The income qualified for income-tax holiday shall be limited to the income directly attributable to the eligible revenue generated from this registered project. In a letter dated February 15, 2021 of the BOI approving Solid Cement's request for an amendment of the timetable for the registered project, the start of commercial operations of the registered project was moved from "December 2020" to "January 2022".

On December 7, 2021, Solid Cement issued its *Notice of Termination of the Construction Contract* due to the delay in the implementation of construction and installation works. Solid Cement has taken measures to address contingencies which have arisen due to this termination. During the first quarter of 2022, Solid Cement engaged other principal contractors to continue the construction and installation of the Solid New Line Project.

In a letter dated May 13, 2022, the BOI approved Solid Cement's request for an amendment of the timetable for the registered project and revised the start of commercial operations of the project to

"April 2024". Accordingly, the 4-year income tax holiday period granted by the BOI to Solid Cement shall be reckoned from April 2024 or actual start of commercial operations, whichever is earlier.

The commissioning of the main electrical substation and limestone crusher system for the new line were completed in 2023. In addition, commissioning of the raw meal production system was initiated during the fourth quarter of 2023. As of December 31, 2023, ongoing activities include electrical installation, mechanical installation of various equipment, construction of material transportation system, and construction of the different buildings.

The estimated total project cost for the Solid New Line Project remains at US$323 million, while the total interest capitalization is now adjusted to US$56 million as a result of an increase in capitalizable borrowing costs. Since the start of the project until the end of December 2023, the Company has invested around US$285 million (which amount includes project cost and interest capitalization). Further investment requirements could be sourced from one or any combination of the following options: free cash flow, debt from any subsidiary of Cemex, and/or debt from one or more financial institutions.

(2) The following table sets forth certain information concerning the land and floor space leased by the Company from ALQC, IQAC and other entities for the Company's cement plants, offices and other facilities as of December 31, 2023:

	Land and/or Floor Space (approx. square meters)
APO Cement plant	453,884
Solid Cement plant	635,013
Marine distribution centers	62,638
Land distribution centers/warehouse	40,885
Company headquarters	2,192
Sales offices	136

Under the lease agreements of APO Cement and Solid Cement with ALQC and IQAC, respectively, each of APO Cement and Solid Cement as lessee uses the leased premises for its various business activities including the manufacture of cement and other cement products as well as the temporary storage and distribution of its products and raw materials. The term of the lease agreements is 25 years, effective from January 1, 2016, and extendable for another 25 years, unless the lessee opts not to renew. The lease between Solid Cement and IQAC ("IQAC Lease") currently covers an approximate aggregate area of 645,013 square meters, while the lease between APO Cement and ALQC ("ALQC Lease") covers an approximate aggregate area of 453,884 square meters. The initial annual rental payments for the first two years under the IQAC Lease and the ALQC Lease amounted to ₱28.8 million and ₱58.2 million, respectively. For every two-year period thereafter, the annual rental fee will be reviewed and adjusted if necessary to ensure that the rental fee reflects market conditions. For the year 2023, the annual rental payment due under the IQAC Lease amounted to ₱38.6 million, while the annual rental payment due under the ALQC Lease amounted to around ₱64 million.

(3) The table below summarizes fixed assets and right-of-use assets portfolio of the Company as of December 31, 2023:

	Amount (₱) *(In Thousand Philippine Pesos)*
Buildings and improvements	8,277,675
Machinery and equipment	17,780,739
Construction in progress	14,381,973
Sub-total	40,440,387

Less: Accumulated depreciation, depletion, amortization and allowance for impairment loss	(12,925,427)
Total	27,514,960

(4) The Company's properties are not mortgaged.

ITEM 3. LEGAL PROCEEDINGS

Environmental Action

On September 20, 2018, the Naga Landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines, a site located within an area covered by the mining rights of ALQC. ALQC is a principal raw material supplier of APO Cement. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC which is the majority stockholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. By the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu[14], against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems".

In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of around ₱4.3 billion, (b) the establishment of a ₱500 million rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC aiming to prevent ALQC from performing further quarrying activities while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidary liable for payment of monetary damages and establishment of a rehabilitation fund.

Among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, APO Cement and ALQC hold the position that the Naga Landslide occurred due to natural causes and deny liability, fault and negligence.

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs' Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs' motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

[14] The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The Regional Trial Court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration. During the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case, on oral motion of plaintiffs. In another order dated November 17, 2021, the Regional Trial Court denied plaintiffs' motion for reconsideration and also granted the motions of the Mines and Geosciences Bureau and the City Government of Naga and dismissed the subject case against them. On January 31, 2022, plaintiffs filed with the Regional Trial Court their Notice of Appeal, indicating their intention to appeal the court's latest order to the Court of Appeals. Defendants (including government defendants) opposed the plaintiff's Notice of Appeal, and, on April 28, 2022, the Regional Trial Court rejected the plaintiffs' Notice of Appeal for having been filed out of time and instructed the entry of judgement and to issue the corresponding certificate of finality. The plaintiffs did not file a Motion for Reconsideration and due to this failure, the Regional Trial Court issued the corresponding certificate of finality. Consequently, this certificate of finality deemed the Regional Trial Court's order dated September 30, 2019, which among others partially granted Private Defendants' affirmative defenses, as final and executory, and dismissed the case against APO, CHP, and all public defendants.

As of December 31, 2023, only ALQC remains as a private defendant in the subject case regarding the environmental aspect of ALQC's supposed violation of the Philippine Mining Act which purportedly caused damage to the environment.

Arbitration Proceedings

In July 2023, Solid Cement initiated arbitration proceedings with the Philippine Dispute Resolution Center Inc. against Limay Power, Inc. (formerly known as SMC Consolidated Power Corporation; "LPI"), on the ground that LPI has wrongfully terminated the retail power supply agreement for electricity to Solid Cement's plant located in Antipolo City, Province of Rizal. This retail power supply agreement between Solid Cement and LPI would have expired in December 2025.

As of the date of this Annual Report (SEC Form 17-A) the Company is not able to assess with certainty the total amount of compensation for losses and damages that may be due to it in connection with this dispute, and it is not able to determine if a final adverse resolution on the arbitration proceedings would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

In addition to the above proceedings, the Company is involved in various legal proceedings that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company also received various information requests from governmental and administrative authorities when such authorities are conducting periodic or general reviews of the markets in which we operate. Although there is no guarantee for a favorable outcome, the Parent Company believes that it has made adequate provisions to cover both current and contemplated general and specific litigation risks. The Parent Company is sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, the Parent Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believe that disclosure of such information on a case-by-case basis would prejudice our position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Parent Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but have not disclosed the estimate of the range of potential loss.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Parent Company was held on June 7, 2023 and was conducted online and accessed by remote communication. During this annual meeting the following matters were taken up: (a) approval of the minutes of the Annual Meeting of Stockholders held on June 1, 2022; (b) presentation of Report of the President and Chief Executive Officer; (c) approval of the Annual Report (SEC Form 17-A) and audited financial statements as of December 31, 2022 (consolidated and separate); (d) ratification of actions of the Board of Directors and Management since June 1, 2022; (e) election of the members of the Board of Directors; and (f) appointment of the accounting firm of R.G. Manabat & Co. as external auditor of the Parent Company for the fiscal year 2023. For matters which were presented for the approval of the stockholders, stockholders holding the requisite percentage of shareholdings favorably voted for and approved the same.

No other matter was submitted to a vote of security holders or stockholders, through the solicitation of proxies or otherwise, in 2023 (including the fourth quarter of 2023).

[Nothing else follows on this page]

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market information

The common stock of the Parent Company is traded on the Philippine Stock Exchange (PSE). For the years ended December 31, 2023, 2022 and 2021, the high and low market prices for each quarter are shown below:

Quarter Period	High	Low
January to March 2021	₱ 1.64	₱ 1.08
April to June 2021	₱ 1.38	₱ 1.14
July to September 2021	₱ 1.46	₱ 1.19
October to December 2021	₱ 1.36	₱ 0.99
January to March 2022	₱ 1.11	₱ 0.84
April to June 2022	₱ 0.89	₱ 0.61
July to September 2022	₱ 0.90	₱ 0.58
October to December 2022	₱ 0.70	₱ 0.59
January to March 2023	₱ 1.26	₱ 0.60
April to June 2023	₱ 1.19	₱ 0.97
July to September 2023	₱ 1.16	₱ 0.97
October to December 2023	₱ 1.02	₱ 0.74

For the first quarter of 2024, the high and low market prices of the Company shares were ₱2.26 and ₱0.87, respectively.

On April 11, 2024, the high and low market prices of CHP's common shares of stock was ₱2.10 and ₱1.98, respectively, and the closing market price of the shares was ₱1.98.

(2) Stockholders

As of December 31, 2023, there were thirteen billion four hundred eighty nine million two hundred twenty six thousand and six hundred twenty three (13,489,226,623) issued and outstanding common shares of stock of the Parent Company.

The report prepared by the Parent Company's stock transfer agent reflects that the number of *stockholders of record* as of December 31, 2023 was 35[15]. The *stockholders of record* of the Parent Company, including the number and percentage of total common shares outstanding held by each as of December 31, 2023 were as follows:

Names of Stockholders of Record	No. of Shares Held	% to Total Outstanding Shares
PCD Nominee Corporation (Non-Filipino)[(a) (d)]	9,358,552,768	69.378%
CEMEX ASIAN SOUTH EAST CORPORATION[(b)]	2,857,467,493	21.183%
PCD Nominee Corporation (Filipino) [(c) (e)]	1,262,706,111	9.361%
Syntrix Holdings Inc.	2,596,300	nil
Sysmart Corporation [(f)]	2,596,300	nil

[15] The name of one of the registered stockholders appears thrice in the report.

Sysmart Corporation	2,077,040	nil
Cai Yu Xi	1,000,000	nil
Sysmart Corporation	734,460	nil
Elvira M. Cruz or Bernardo A. Cruz	400,000	nil
Rafael Jay P. Ramores	365,337	nil
Bob Dy Gothong	208,600	nil
Regina Capital Dev. Corp. 000351	181,741	nil
Tristan Q. Perper	100,000	nil
Felixberto T. Monasterio	60,000	nil
Marife B. Zamora	50,100	nil
Cherrubin Den Tee Chua	50,000	nil
Myra P. Villanueva	40,000	nil
Mercedes S. Del Rosario	13,000	nil
Majograjo Development Corporation	10,000	nil
Noemi Marie Faith D. Ramirez	5,000	nil
Anita Uy Mustera or Nicolas R. Mustera	2,700	nil
Milagros P. Villanueva	2,500	nil
Myrna P. Villanueva	2,500	nil
Jesus San Luis Valencia	1,259	nil
Marietta V. Cabreza	1,000	nil
Christine F. Herrera	1,000	nil
Dennis V. Orcino	1,000	nil
Victor Co and/or Alian Co	200	nil
Shareholders Association of the Philippines, Inc.	100	nil
Bartholomew Dybuncio Young	100	nil
Owen Nathaniel S. Au ITF: Li Marcus Au	10	nil
Joselito Tanwangco Bautista	1	nil
Botschaft N. Cheng Or Sevila Ngo	1	nil
Alfredo Panlilio	1	nil
Pedro Roxas	1	nil

[a] PCD Nominee Corporation is not related to the Parent Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant. Except for disclosures made in respect of Note [b] below, the Parent Company has no record relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

[b] Cemex Asian South East Corporation ("CASEC"), the majority stockholder of the Parent Company, is a corporation incorporated in the Philippines, but wholly-owned by a Netherlands company, and an indirect subsidiary of Cemex. In the first quarter of 2023, as a result of the voluntary tender offer exercise which it launched, CASEC increased its shareholdings in the Parent Company to 12,121,954,662 shares corresponding to 89.86% of the total issued and outstanding shares of stock of the Parent Company. As of- December 31, 2023, in addition to the 2,857,467,493 certificated shares indicated in the table above, CASEC owned in scripless form 9,264,487,169 shares recorded under *PCD Nominee Corporation (Non-Filipino),* inclusive of 5 shares held as of December 31, 2023 by Sergio Mauricio Menéndez Medina, Luis Guillermo Franco Carrillo, Antonio Iván Sánchez Ugarte, Francisco Javier García Ruiz de Morales and Jesús Ortiz de la Fuente, respectively.

[c] See Note [a]

[d] Based on the Top 100 PCD Participants Report (consolidated) of the Philippine Depository & Trust Corporation as of end December 2023, the *PCD Nominee Corporation (Non-Filipino)* and the *PCD Nominee Corporation (Filipino)* accounts included the following:

(1) BDO Securities Corporation – holding 7,249,303,166 shares
(2) The Hongkong and Shanghai Banking Corp. Ltd.- Clients' Acct – holding 2,109,609,247 shares
(3) COL Financial Group, Inc. – holding 271,908,779 shares
(4) Philippine Equity Partners, Inc. – holding 150,433,828
(5) First Metro Securities Brokerage Corp – holding 138,482,982

[e] See Note [d]

[f] The name appears thrice in the table, each corresponding to separate share entries.

(3) Dividend Policy; Dividends declaration, if any

The Parent Company's Board of Directors is authorized to declare dividends only from its unrestricted retained earnings, and the Board of Directors may not declare dividends which will impair its capital.

Dividends may be payable in either cash, shares or property, or a combination thereof, as determined by the Board of Directors. The approval of stockholders representing at least 2/3 of the total issued and outstanding shares of stock of the Parent Company is required for the payment of stock dividends. As a holding company, the Parent Company's ability to declare and pay dividends to its stockholders will depend on whether it has received sufficient dividends from its subsidiaries that can be distributed to the stockholders by way of dividend. As such, the Parent Company's Board of Directors, may, at any time, evaluate whether it has sufficient cash available for distribution of cash dividends.

Dividends may be declared whenever there are unrestricted retained earnings available subject to a number of factors including restrictions that may be imposed by current and prospective financial covenants, overall level of indebtedness, projected levels of operating results of the Company, working capital needs and long-term capital expenditures of the Company, and regulatory requirements on dividend payments, among others.

In view of the Company's substantial long-term capital expenditure needs, which include the cost for pursuing the Solid New Line Project, and level of indebtedness of the Company, the Parent Company's Board of Directors has not declared any dividends on the Parent Company's common equity during the previous years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68.

(4) Sales of Unregistered Securities within the last three (3) years

The Parent Company did not issue or sell any unregistered securities in 2023, 2022 or 2021.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2023, the Company's operations remained negatively affected by significant challenges, mainly resulting from external factors, notably:

- Cost increases driven by elevated energy prices;
- Cement demand continued to be affected by high inflation, high interest rates, and slowdown of construction projects; and
- Philippine markets remaining highly competitive, heightened by the presence of imported cement.

Considering significant input cost inflation and market challenges, the Company implemented an efficiency program in early 2023, named "Evolve", aiming to optimize production and supply chain operations, fixed costs, operating expenses, and working capital, to counteract cost pressures during the year. Through these efforts, the Company continued to show resilience, with significant cost containment efforts in fuels and enhanced operating efficiencies.

The Company remains focused on the variables within its control to aim to improve its operating and financial performance, such as but not limited to:

- Enhancing our value offers; improving product availability and delivery services;
- Increasing our use of alternative fuels while optimizing our use of fossil-based fuels;
- Expanding our portfolio of non-fossil fuel-based energy sources (i.e. solar energy);
- Increasing our use of alternative and decarbonated raw materials;
- Optimizing our distribution network and resources;
- Deriving savings from selling and administrative expenses, and fixed costs at our facilities;
- Capitalizing on our Vertua® line of lower-carbon products;
- Continuing our innovation and digital transformation efforts to provide a superior customer experience; and
- Continuing the Company's pricing strategy intended to offset the impact of input cost inflation in our products.

Regarding the Company's Solid New Line Project, the commissioning of the main electrical substation and limestone crusher system for the new line were completed in 2023. In addition, commissioning of the raw meal production system was initiated during the fourth quarter of 2023. As of December 31, 2023, ongoing activities include electrical installation, mechanical installation of various equipment, construction of material transportation system, and construction of the different buildings.

The estimated total project cost for the Solid New Line Project remains at US$323 million, while the total interest capitalization is now adjusted to US$56 million as a result of an increase in capitalizable borrowing costs. Since the start of the project until the end of December 2023, the Company has invested around US$ 285 million (which amount includes project cost and interest capitalization). Further investment requirements could be sourced from one or any combination of the following options: free cash flow, debt from any subsidiary of Cemex, and/or debt from one or more financial institutions.

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations as at December 31, 2023 and for the years ended December 31, 2022, 2021 and 2020 and certain trends, risks and uncertainties that may affect the Company's business.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Results of Operations

Revenue

The consolidated revenue for the years ended December 31, 2023 and 2022 amounted to ₱20.6 billion and ₱17.3 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities. Revenues decreased by ₱3.3 billion or 15.8% in 2023 mainly due to lower volume sold, while the Company's cement prices also declined amidst subdued cement demand and heightened industry competition.

The breakdown of revenue after elimination of transactions between consolidated entities for the years ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱17,221	100%	₱20,505	100%
Other business	95	0%	66	0%
Total	₱17,316	**100%**	₱20,571	**100%**

**Amounts in millions*

Cost of Sales

Consolidated cost of sales for the years ended December 31, 2023 and 2022, amounted to ₱13.7 billion and ₱13.8 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation, and other expenses directly attributable to the manufacturing of finished goods.

Cost of sales decreased by approximately 1% in 2023 mainly due to lower volume sold.

Cost of sales as a percentage of revenue for the years ended December 31, 2023, and 2022, represented 79.4% and 67.2%, respectively. The increase of 12.2 percentage points in 2023 was mainly due to higher fuel cost, driven by the steep rise in global energy prices in 2022, and higher power cost, resulting from increases in power rates due to renegotiations of electricity contracts in the second half of 2022.

Cost of sales during the fourth quarter of 2023 included scheduled major maintenance works for the Company's kilns and mills.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2023 and 2022, reached ₱3.6 billion and ₱6.8 billion, respectively. Gross profit as a percentage of revenue for the years ended December 31, 2023 and 2022, represented 20.6% and 32.8%, respectively.

Operating Expense
Operating expenses amounted to ₱5.1 billion and ₱5.8 billion, or 29.7% and 28.3% of revenue for the years ended December 31, 2023 and 2022, respectively. Operating expenses decreased by 11.6% in 2023 compared to 2022 due to lower distribution expenses. Operating expenses were mainly composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.7 billion and ₱2.8 billion, or 15.6% and 13.8% of revenue in 2023 and 2022, respectively. These include a) license fees amounting to ₱656.5 million and ₱772.8 million, respectively; b) insurance amounting to ₱224.1 million and ₱150.2 million, respectively; c) salaries and wages amounting to ₱753.9 million and ₱775.3 million, respectively; and d) administrative fees amounting to ₱494.0 million and ₱570.1 million, respectively. Total administrative and selling expenses decreased by 4.7% year-over-year for 2023 mainly due to the decrease in license fees and central service fees from the decrease in net sales. The Company's cost containment efforts also contributed to lowering administrative and selling expenses.

Distribution expenses amounted to ₱2.4 billion and ₱3.0 billion, which accounted for 14.1% and 14.5% of revenue, in 2023 and 2022, respectively. Total distribution expenses decreased by 18.0% year-over-year for 2023, supported by the Company's supply chain efficiency initiatives.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income (loss) before other expenses - net amounted to (₱1.6) billion and ₱0.9 billion in 2023 and 2022, respectively. These comprised (9.1%) and 4.5% of revenue in 2023 and 2022. *Operating Income before Other Expenses, Net* was a loss in 2023 as compared to a gain in 2022, mainly due to higher cost of sales as a percentage of revenue, led by higher energy costs, and lower sales, as industry demand continued to be soft.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2023 and 2022 were (₱5.2) million and (₱60.8) million, respectively and corresponded to less than 1% of revenues for the relevant periods.
The line item has a net favorable movement of ₱55.6 million or 91.4% year-over-year which is attributable to the following items:

- The other expense, net, in 2023, pertained to expenses related to COVID-19 Pandemic which were lower by ₱21.9 million, lower expenses for structural repairs caused by typhoon, and ₱15.7 million in reorganization cost;
- The other income, net, in 2023, pertained to a higher gain from sales of scraps by ₱13.9 million, and a gain from disposal of fixed assets of ₱7.0 million as compared to a loss in 2022.

Financial and Other Financial Expenses, Net
Net financial expenses in 2023 and 2022 amounted to ₱238.8 million and ₱230.9 million, respectively. These expenses corresponded to 1.4% and 1.1% of revenue in 2023 and 2022, respectively. The increase of 3.4% in 2023 compared to 2022 was attributable to higher outstanding loan balances and higher interest rates.

Foreign Exchange Gain (Loss), Net
Gain of ₱65.9 million and loss of ₱934.0 million were reported in 2023 and 2022, respectively. Favorable movement in foreign exchange gain (loss), net amounting to ₱1.0 billion is mainly due to appreciation of Philippine Peso to U.S. dollar exchange rate from ₱55.76 in 2022 to ₱55.37 in 2023. Foreign exchange gain (loss), net was 0.4% and (4.5%) of revenue in 2023 and 2022, respectively.

The following agreements affected the movement in foreign exchange gains (losses):

- On August 1, 2016, the Parent Company signed deposit agreements with Falcon and CAR, respectively, pursuant to which Falcon and CAR could deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements which were initially valid and binding until August 1, 2021 were subsequently amended to provide that these agreements would remain valid and binding until terminated by either of the respective parties thereto. The principal under the Falcon deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CAR deposit agreement is subject to applicable safe-harbour interest rate published by the Swiss Federal Tax Administration ("SFTA"). The rate is revised by the SFTA annually. Historically for this deposit, the rates have been: 2.25% from August 2016 to June 2017; 2.5% per annum from July 2017 to February 2018; 3% per annum from March 2018 to February 2020; 2.25% per annum from March 2020 to December 2020; 1.25% per annum from January 2021 to date.
- On November 21, 2018, Solid Cement signed the Solid Expansion Facility Agreement with CABV allowing Solid to withdraw in one or several installments a sum of up to U.S.$75 million. The Solid Expansion Facility Agreement was amended on February 2019 to increase the facility to U.S.$100 million, and on November 28, 2019, further amendments were made to increase the facility to U.S.$160 million. The Solid Expansion Facility Agreement, which was subject to an initial interest rate of 8.2%, bore interest based on the Company's leverage ratio. On January 3, 2020, the loan was redenominated from U.S.$ to Philippine Peso using an exchange rate of ₱51.09 to U.S.$1.00. In March 2020, the loan amount then outstanding was paid in full. In March 2023, the Solid Expansion Facility Agreement was assigned to Cemex Innovation Holding Ltd., as lender, and further amended to reduce the amount available to Solid Cement from US$160 million to US$130 million for a term of six (6) years and with a fixed interest rate of 9.44% per annum.

For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 78 to 82.

The foregoing intragroup deposits are essentially neutral on a net equity basis and majority of these foreign exchange losses are unrealized (non-cash expenses). The Company will continue to strictly manage transactions which may result in realized foreign exchange losses, in order to control the incurrence of cash expenses.

Income Tax
As a result of operations, the Company's income tax expense in 2023 and 2022 amounted to ₱272.6 million and ₱717.2 million, respectively.

The decrease of 62.0% in 2023 compared to 2022 was due to lower corporate income tax and increase in deferred tax assets arising from recognition of NOLCO and fair value adjustment of fixed assets.

Income tax 15.6% and more than 100% of profit (loss) before income tax in 2023 and 2022, respectively.

Net Profit (Loss)
As a result of the abovementioned concepts, net loss for the years ended December 31, 2023 and 2022 amounted to ₱2.0 billion and ₱1.0 billion, respectively. Net loss in 2023 was ₱1.0 billion higher than the net loss in 2022, mainly due to higher cost of sales, as a percentage of sales, and lower sales. Net loss was (11.7%) and (4.9%) of revenue in 2023 and 2022, respectively.

Financial Position

Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱1.7 billion and ₱2.7 billion as at December 31, 2023 and December 31, 2023, respectively. As at December 31, 2023, cash and cash equivalents of ₱1.7 billion included ₱0.6 billion cash in banks and ₱1.1 billion short-term investments which were readily convertible to cash. As at December 31, 2022, cash and cash equivalents of ₱2.7 billion included ₱1.7 billion cash in banks and ₱1.0 billion short-term investments which were readily convertible to cash. Net decrease of 36.7% in cash and cash equivalents were mainly due to payment of bank loans and investing activities, such as the Solid New Line Project.

Cash and cash equivalents accounted for 2.6% and 4.0% of the total assets as at December 31, 2023 and 2022, respectively.

Trade Receivables - Net
Trade receivables amounted to ₱666.8 million and ₱637.4 million as at December 31, 2023 and December 31, 2022, net of allowance for impairment losses amounting to ₱12.8 million and ₱22.5 million, respectively. This account corresponded to 1% and less than 1% of the total assets for each of the relevant periods which mainly pertain to receivables from customers.

Due from Related Parties
Related party balances amounted to ₱8.2 million and ₱4.1 million as at December 31, 2023 and December 31, 2022, respectively. The increase in the balances of receivables from related parties was mainly due to advanced payment for spare parts purchased.

Insurance Claims and Premiums Receivable
Insurance premiums receivable is related to non-damage business interruption insurance receivable from third party insurance company and represents premiums on written policies which are collectible within the Company's credit term. Insurance premiums receivable amounted to ₱396.3 million and ₱538.7 as at December 31, 2023 and December 31, 2022, respectively. Claims from insurance amounted to nil and ₱12.2 million as at December 31, 2023 and December 31, 2022. *Insurance Claims and Premium Receivables* accounted for 0.6% and 0.8% of the total assets as at December 31, 2023 and 2022, respectively.

Other Current Accounts Receivable
Other accounts receivables as at December 31, 2023 and December 31, 2022, which pertain to receivables from contractors and employees, short-term deposits, and others, amounted to ₱437.6 million and ₱69.2 million, respectively. These figures accounted for 0.3% and 0.1% of the total assets in 2023 and 2022. The increase of ₱368.3 million or more than 100% was primarily due to reclassification of DSRA from noncurrent to current asset and the refundable security deposit made to the Company's health care provider and power supplier.

Inventories
Inventories amounted to ₱3.7 billion and ₱5.8 billion as at December 31, 2023 and December 31, 2022, respectively. The decrease of ₱2.1 billion or 37% year-over-year reflects the net impact of consumption and receipt of in transit coal and fuel inventories as of the relevant period. The decrease was also a result of the Company's initiatives to lower inventories, driven by the Company's "Evolve" efficiency

program. Inventories accounted for 5.5% and 8.6% of the total assets as at December 31, 2023 and 2022, respectively.

Derivative assets
Derivative assets amounted to ₱13.8 million and ₱49.6 million as at December 31, 2023 and December 31, 2022, respectively. This account pertains to the market value of derivative transactions entered into by the Company to hedge against the volatility of diesel fuel prices and under which the Company bears all the benefits and the risks arising from the hedge arrangement. Movement refers to mark-to-market valuation of the hedge instrument. The decrease of ₱35.8 million or 72.1% was mainly due to the result of mark-to-market valuation.

Prepayments and Other Current Assets
Other current assets which amounted to ₱3.6 billion and ₱3.1 billion as at December 31, 2023 and December 31, 2022, respectively, pertained mainly to (i) prepayment of insurance of ₱707.3 million and ₱722.4 million, respectively, and (ii) prepayment of taxes of ₱2,695.2 million and ₱2,226.2 million, respectively. Movement in this account was primarily due to prepaid taxes and unamortized balance of prepaid insurance accounts. The aggregate of prepayments and other current assets accounted for 5.3% and 4.5% of the total assets as at December 31, 2023 and 2022, respectively.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱405.6 million and ₱638.8 million as at December 31, 2023 and December 31, 2022, respectively, primarily consisted of (i) debt reserve account and guarantee bonds used in operations amounting to nil and ₱208.7 million, respectively, (ii) long-term performance deposits of ₱257.8 million and ₱318.4 million, respectively, and (iii) overpayment to a supplier of ₱62.0 million and nil, respectively. The rest of this account mainly referred to the noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. The significant movement of the account was due to reclassification of DSRA to current asset and the overpayment to a supplier (see Note 15C of the Notes to the Company's Audited 2023 Consolidated Financial Statetements filed as part of this Annual Report (SEC Form 17-A). The aggregate of other assets and noncurrent accounts receivable accounted for less than 1% of the total assets as at December 31, 2023 and December 31, 2022, respectively.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of the Solid New Line Project and this down payment is presented under noncurrent assets in the consolidated statements of financial position. On December 7, 2021, Solid Cement issued its Notice of Termination of the Construction Contract due to the delay in the implementation of construction and installation works. Solid Cement has taken measures to address contingencies which have arisen due to this termination. The unapplied down payment at the date of termination amounting to ₱379.4 million was recovered in full in 2021.

During the first quarter of 2022, Solid Cement entered into contracts with third parties to continue the construction and installation of the Solid New Line Project.

As at December 31, 2023 and December 31, 2022, the balance of this account amounted to ₱228.8 million and ₱768.5 million , respectively, and corresponded to less than 1% and 1.1% of the total assets for the relevant periods. The decrease of ₱539.7 million or 70% was mainly due to depletion of advances in line with the progress of the Solid New Line Project.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱25.3 billion and ₱22.7 billion as at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 and 2022, ₱322.1 million and ₱844.6 million, respectively, were incurred for maintenance capital expenditures and ₱3.6 billion and ₱1.9 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱2.5 billion and ₱2.2 billion as at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 and 2022, additions to assets for the right-of-use amounted to ₱0.4 billion and ₱1.6 billion, respectively.

Property, machinery, equipment and assets for the right-of-use accounted for 40.9% and 37.0% of the total assets as at December 31, 2023 and 2022, respectively.

Deferred Income Tax Assets – Net

The Company's deferred income tax assets amounted to ₱826.2 million and ₱615.2 million as at December 31, 2023 and December 31, 2022, respectively. Movement mainly refers to net impact of recognition of deferred tax assets from operating losses and derecognition of Minimum Corporate Income Tax; and recognition of deferred tax assets from fair value adjustment of fixed assets. Deferred tax liability amounted to ₱130.7 million and ₱2.8 million as at December 31, 2023 and December 31, 2022, respectively. Deferred income tax assets net of deferred tax liability accounted for 1.0% and less than 1% of the total assets as at December 31, 2023 and 2022, respectively.

Goodwill

The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As at December 31, 2023, no impairment to goodwill is recognized. *Goodwill* accounted for 41.1% and 41.0% of the total assets as at December 31, 2023 and 2022, respectively.

Trade Payables

Trade payables as at December 31, 2023 and December 31, 2022 amounted to ₱4.7 billion and ₱5.7 billion, respectively. The decrease of ₱1.0 billion, or 17.6% in 2023, was mainly due to decrease on payables on fuel, power, spares, equipment rental, haulers and vessels. *Trade Payables* accounted for 7.0% and 8.4% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

Due to Related Parties

Short-term payables to related parties had a balance of ₱3.0 billion and ₱4.7 billion as at December 31, 2023 and December 31, 2022, respectively. The decrease of ₱1.7 billion or 36.1% primarily due to payments. The balances of Due to Related Parties accounted for 4.4% and 6.9% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

Long-term payable to related party as at December 31, 2023 and December 31, 2022 amounted to ₱6.0 billion and nil, respectively. The account corresponds to 8.8% and nil of the total liabilities and equity for each of the relevant periods, respectively. The underlying transactions pertain to the drawdowns under the respective revolving loan agreements of APO Cement and Solid Cement with Cemex Innovation Holding Ltd. (CIH) and the Solid Expansion Facility Agreement[16] with CIH during the year.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable

Contract liabilities, unearned income, other payables and accruals which amounted to ₱2.0 billion as at December 31, 2023 and December 31, 2022, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. The increase was mainly due to a significant movement in taxes payable which includes net VAT payable, withholding taxes and final taxes payable. These figures accounted for 2.9% and 3.0% of the total liabilities and equity in 2023 and 2022, respectively.

[16] On March 1, 2023, the Solid Expansion Facility Agreement was assigned by CABV to CIH, as lender, and further amended to reduce the amount available to Solid Cement from US$160 million to US$130 million for a term of six (6) years, commencing from March 1, 2023, with a fixed interest rate of 9.44% per annum.

Lease Liabilities[17]

Current portion of finance lease liabilities amounted to ₱261.4 million and ₱456.6 million as at December 31, 2023 and December 31, 2022, respectively. Noncurrent portion of finance lease liabilities amounted to ₱2.3 billion and ₱2.4 billion as at December 31, 2023 and December 31, 2022. The decrease of ₱317.9 million of finance lease liabilities or 11.2% compared to 2022 was mainly due to payment of Cebu Access fee[18], reduction of vessels and remeasurement of land lease due to decrease in lease rate. Lease Liabilities accounted for 3.7% and 4.2% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

Retirement Benefit Liability

Retirement benefit liability amounting to ₱268.3 million and ₱397.1 million as at December 31, 2023 and December 31, 2022, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans. The decrease of ₱128.8 million or 32.4% as compared 2023 from 2022 was due to net impact of accrued retirement expense and contribution in the retirement fund. *Retirement Benefit Liability* accounted for 0.4% and 0.6% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

Bank Loan

Parent Company-BDO Agreements

The total outstanding balance of the BDO Agreements[19] amounted to ₱6.6 billion and ₱7.7 billion as at December 31, 2023 and December 31, 2022, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱38.0 million and ₱74.1 million, was deducted from the total loan liability as at December 31, 2023 and December 31, 2022, respectively. Short-term portion of the bank loan amounted to ₱0.4 billion and nil as at December 31, 2023 and December 31, 2022, respectively. The increase of short-term portion was due to reclassification based on maturity date of the loan. The balance of the bank loan *net of* debt issuance cost accounted for 9.2% and 11.4% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

Subsidiaries (APO and SOLID)-BDO Loan

Short-term loan with BDO amounting to ₱145.0 million and ₱420.0 million as at December 31, 2023 and December 31, 2022, respectively, which was used for operational/working capital requirements. The balance of the bank loan accounted for less than 1% of the total liabilities and equity for both relevant periods.

Other Equity Reserves

The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries. *Other Equity Reserves* accounted for 2.0% and 2.1% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

The movement of ₱103.6 million or 7.1% for 2023 compared from 2022 was mainly attributable to the currency translations of the foreign subsidiaries of the Parent Company.

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[17] The term "Lease Liabilities" covers lease arrangements entered into by the Company for vessels, vehicles, parcels of land, warehouses, office premises and other facilities, as well as other arrangements for right-of-use for and/or access to any of said assets.

[18] For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 78 to 82.

[19] The term "BDO Agreements" means collectively (i) the 2017 BDO Facility Agreement which is that senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017, for an amount of up to the Philippine Peso equivalent of US$ 280 million, as from time to time amended or supplemented, and (ii) the 2022 BDO Refinancing Facility Agreement which is that 5-year senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on July 28, 2022, for a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00), the loan proceeds of which was used to repay a *portion* of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion

Retained Earnings
Retained earnings of ₱0.9 billion and ₱3.0 billion as at December 31, 2023 and December 31, 2022 respectively, included the Company's cumulative net results of operations. The decrease of ₱2.1 billion or 68.5% pertains to the consolidated profit for the year ended December 31, 2023. These figures accounted for 1.4% and 4.4% of the total liabilities and equity as at December 31, 2023 and 2022, respectively.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2022 and 2021 amounted to ₱20.6 billion and ₱20.9 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

The decrease of 1.5% in 2022 was mainly due to 10% decline in volume of product sold reflecting low cement demand, challenging industry dynamics and an impact from the Company's efforts to adjust prices. Domestic cement prices increased by 9%, reflecting the Company's efforts to offset the impact of input cost inflation, particularly in fuel, electricity, and transport.

The breakdown of revenue after elimination of transactions between consolidated entities for the years ended December 31, 2022 and 2021 were as follows:

	For the year ended December 31, 2022		**For the year ended December 31, 2021**	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱20,505	100%	₱20,820	100%
Other business	66	0%	67	0%
Total	₱20,571	**100%**	₱20,887	**100%**

**Amounts in millions*

Cost of Sales
Consolidated cost of sales for the years ended December 31, 2022 and 2021, amounted to ₱13.8 billion and ₱13.0 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation, and other expenses directly attributable to the manufacturing of finished goods.

The increase of 6.5% in 2022, despite the lower sales volume, was due to higher unitary cost of sales mainly resulting from higher fuel cost, driven by elevated global energy prices, as well as higher electricity rates.

Cost of sales as a percentage of revenue for the years ended December 31, 2022, and 2021, represented 67.2% and 62.2%, respectively.
Power and fuel represented approximately (i) 19.0% and 33.7%, respectively, of cost of sales in 2022, and (ii) 20.3% and 20.2%, respectively, of cost of sales in 2021.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2022 and 2021, reached ₱6.8 billion and ₱7.9 billion, respectively. Gross profit as a percentage of revenue for the years ended December 31, 2022 and 2021, represented 32.8% and 37.8%, respectively.

Operating Expense
Operating expenses amounted to ₱5.8 billion and ₱6.0 billion, or 28.3% and 28.6% of revenue for the years ended December 31, 2022 and 2021, respectively. Operating expenses decreased by 2.6% in 2022 compared to 2021 due to lower distribution expenses supported by supply chain efficiencies. Operating expenses were mainly composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.8 billion and ₱2.9 billion, or 13.8% and 13.7% of revenue in 2022 and 2021, respectively. These include a) license fees amounting to ₱772.8 million and ₱851.4 million, respectively; b) insurance amounting to ₱150.2 million and ₱186.7 million, respectively; c) salaries and wages amounting to ₱775.3 million and ₱796.3 million, respectively; and d) administrative fees amounting to ₱570.1 million and ₱544.3 million, respectively. Total administrative and selling expenses decreased by 1.2% year-over-year for 2022 mainly due to decrease in central service and management fees from the decrease in net sales.

Distribution expenses amounted to ₱3.0 billion and ₱3.1 billion, which accounted for 14.5% and 14.9% of revenue, in 2022 and 2021, respectively. Total distribution expenses decreased by 4.0% year-over-year for 2022, mainly driven by lower product volume moved and sold.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses - net amounted to ₱0.9 billion and ₱1.9 billion in 2022 and 2021, respectively. These comprised 4.5% and 9.2% of revenue in 2022 and 2021. *Operating Income before Other Expenses, Net* decreased by 51.8% in 2022 as compared to 2021, mainly due to lower sales volume and higher costs.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2022 and 2021 were (₱60.8) million and ₱1.9 million, respectively and corresponded to less than 1% of revenues for the relevant periods. The line item has a net unfavorable movement of ₱62.7 million or more than 100% year-over-year which is attributable to the following items:

- The other income, net, in 2021, mainly pertains to the one-off income corresponding to the recovery of a previously written-off receivable from a related party amounting ₱33.9 million; and
- The other expenses, net, in 2022, totaled ₱28.5 million significantly pertains to incremental expenses related to the COVID-19 Pandemic, repairs and incremental costs from the impact of Typhoon Odette (International Name: Rai) which struck the Philippines in mid-December 2021 and loss on disposal of fixed assets.

Financial and Other Financial Expenses, Net
Net financial expenses in 2022 and 2021 amounted to ₱230.9 million and ₱274.7 million, respectively. These expenses corresponded to 1.1% and 1.3% of revenue in 2022 and 2021, respectively. The decrease of 15.9% in 2022 compared to 2021 were attributable to lower outstanding loan balances.

Foreign Exchange Gain (Loss), Net
Loss of ₱934.0 million and ₱437.5 million were reported in 2022 and 2021, respectively. Unfavorable movement in foreign exchange gain (loss), net amounting to ₱496.6 million is mainly due to decline of Philippine Peso to U.S. dollar exchange rate from ₱51.00 in 2021 to ₱55.76 in 2022. Foreign exchange gain (loss), net was 4.5% and 2.1% of revenue in 2022 and 2021, respectively.

The following agreements affected the movement in foreign exchange gains (losses):

- On August 1, 2016, the Parent Company signed deposit agreements with Falcon and CAR, respectively, pursuant to which Falcon and CAR could deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements which were initially valid and binding until August 1, 2021 were subsequently amended to provide that these agreements would remain valid and binding until terminated by either of the respective parties thereto. The principal under the Falcon deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CAR deposit agreement is subject to applicable safe-harbour interest rate published by the Swiss Federal Tax Administration ("SFTA"). The rate is revised by the SFTA annually. Historically for this deposit, the rates have been: 2.25% from August 2016 to June 2017; 2.5% per annum from July 2017 to February 2018; 3% per annum from March 2018 to February 2020; 2.25% per annum from March 2020 to December 2020; 1.25% per annum from January 2021 to date. Beginning January 1, 2022, the "minus 10 basis points" was removed from the interest rate under the deposit agreement with Falcon.

Income Tax
As a result of operations, the Company's income tax expense in 2022 and 2021 amounted to ₱717.2 million and ₱489.5 million, respectively.

The increase of 46.5% in 2022 compared to 2021 was mainly due to higher current income taxes (CIT), as this year includes withholding taxes from dividends received from CARG which cannot be use as tax credit while last year includes one-time benefit adjustment due to CREATE Act.

Income tax was more than 100% and 40.3% of profit (loss) before income tax in 2022 and 2021, respectively.

Net Profit (Loss)
As a result of the abovementioned concepts, net profit (loss) for the years ended December 31, 2022 and 2021 amounted to (₱1.0) billion and ₱725.5 million, respectively. Net loss in 2022 was ₱1.7 billion lower than the net profit in 2021, mainly due to lower operating income and foreign exchange losses. Net profit (loss) was (4.9%) and 3.5% of revenue in 2022 and 2021, respectively.

Regarding foreign exchange losses, this mainly relates to intragroup deposits between CHP and its subsidiaries, Falcon and CAR. These intragroup deposits are essentially neutral on a net equity basis and majority of these foreign exchange losses are unrealized (non-cash expenses). The Company will continue to strictly manage transactions which may result in realized foreign exchange losses, in order to control the incurrence of cash expenses.

Regarding the Company's operations, significant challenges prevailed in the industry in 2022, notably:

- Global economic and political uncertainty which drove rising energy prices and extraordinary cost increases;
- Cement demand being affected by high inflation and slowdown of construction projects; and
- Philippine markets remain highly competitive, heightened by the presence of imported cement.

Despite the aforementioned challenges, the Company will remain focused on the variables within its control to improve its operating and financial performance, such as but not limited to:

- Conducting a thorough review of our fuels management, in order to further increase our use of alternative fuels while optimizing our use of fossil-based fuels;
- Increasing our use of alternative raw materials;
- Expanding our portfolio of non-fossil fuel-based energy sources;
- Pursuing further efficiencies in our supply chain network and resources, in order to optimize our distribution expenses;
- Deriving savings from operating expenses, such as those under selling and administrative expenses, and fixed costs at our facilities;

- Enhancing customer experience with value-adding products and services such as our Vertua® line of lower-carbon products;
- Continuing our digital transformation efforts to improve the purchasing, product delivery, and transactional experience of customers; and
- Continuing the Company's pricing strategy intended to offset the impact of input cost inflation in our products.

<u>Financial Position</u>

Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱2.7 billion and ₱5.8 billion as at December 31, 2022 and December 31, 2021, respectively. As at December 31, 2022, cash and cash equivalents of ₱2.7 billion included ₱1.7 billion cash in banks and ₱1.0 billion short-term investments which were readily convertible to cash. As at December 31, 2021, cash and cash equivalents of ₱5.8 billion included ₱2.2 billion cash in banks and ₱3.6 billion short-term investments which were readily convertible to cash. Net decrease of 53% in cash and cash equivalents was mainly due to payment of bank loans and investing activities (such as the Solid New Line Project).

Cash and cash equivalents accounted for 4.0% and 9.0% of the total assets as at December 31, 2022 and 2021, respectively.
Trade Receivables - Net
Trade receivables amounted to ₱637.4 million and ₱696.9 million as at December 31, 2022 and December 31, 2021, net of allowance for impairment losses amounting to ₱22.5 million and ₱17.3 million, respectively, which mainly pertain to receivables from customers.

Due from Related Parties
Related party balances amounted to ₱4.1 million and ₱17.2 million as at December 31, 2022 and December 31, 2021, respectively. The decrease in the balances of receivables from related parties was mainly due to hedged diesel fuel.

Insurance Claims and Premiums Receivable
Insurance premiums receivable is related to non-damage business interruption insurance receivable from third party insurance company and represents premiums on written policies which are collectible within the Company's credit term. Insurance premiums receivable amounted to ₱538.7 million and ₱91.8 as at December 31, 2022 and December 31, 2021, respectively. Claims from insurance amounted to ₱12.2 million and nil as at December 31, 2022 and December 31, 2021. *Insurance Claims and Premium Receivables* accounted for 0.8% and 0.1% of the total assets as at December 31, 2022 and 2021, respectively.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱69.2 million and ₱49.4 million as at December 31, 2022 and December 31, 2021, respectively. These figures accounted for 0.1% of the total assets in 2022 and 2021. Movements primarily refer to receivables from contractors, short-term deposits, loan receivables, receivables from employees and others. The increase was mainly due to the refundable security deposit made to the Company's health care provider.

Inventories
Inventories amounted to ₱5.8 billion and ₱3.1 billion as at December 31, 2022 and December 31, 2021, respectively. The increase in 2022 was mainly due to the higher value of inventories from increased prices of purchased production inputs and higher quantity of inventories resulting from lower sales volume. Inventories accounted for 8.6% and 4.8% of the total assets as at December 31, 2022 and 2021, respectively.

Derivative assets
Derivative assets amounted to ₱49.6 million and ₱12.5 million as at December 31, 2022 and December 31, 2021, respectively. This account pertains to the market value of derivative transactions entered into by the Company to hedge against the volatility of diesel fuel prices and under which the Company bears all the benefits and the risks arising from the hedge arrangement. Movement refers to mark-to-market valuation of the hedge instrument.

Prepayments and Other Current Assets
Other current assets which amounted to ₱3.1 billion and ₱2.2 billion as at December 31, 2022 and December 31, 2021, respectively, pertained mainly to (i) prepayment of insurance of ₱722.4 million and ₱646.5 million, respectively, and (ii) prepayment of taxes of ₱2,226.2 and ₱1,471.0 million, respectively. Movement in this account was primarily due to prepaid taxes and unamortized balance of prepaid insurance accounts. The aggregate of prepayments and other current assets accounted for 4.5% and 3.4% of the total assets as at December 31, 2022 and 2021, respectively.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱638.8 million and ₱436.2 million as at December 31, 2022 and December 31, 2021, respectively, primarily consisted of long-term prepayments amounting to nil and ₱27.9 million, long-term performance deposits of ₱318.4 million and ₱301.6 million, respectively, and debt service reserve accounts and guarantee bonds used in operations amounting to ₱208.7 million and ₱32.3 million, respectively. The rest mainly referred to the noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. The debt service reserve accounts pertain to the BDO Agreements.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of the Solid New Line Project and this down payment is presented under noncurrent assets in the consolidated statements of financial position. On December 7, 2021, Solid Cement issued its Notice of Termination of the Construction Contract due to the delay in the implementation of construction and installation works. Solid Cement has taken measures to address contingencies which have arisen due to this termination. The unapplied down payment at the date of termination amounting to ₱379.4 million was recovered in full in 2021.

During the first quarter of 2022, Solid Cement entered into contracts with third parties to continue the construction and installation of the Solid New Line Project.

As at December 31, 2022 and December 31, 2021, the balance of this account amounted to ₱768.5 million and ₱454.8 million, respectively, and corresponded to 1.1% and less than 1% of the total assets for the relevant periods. The increase of ₱313.7 million or 69.0% was due to the net movement from the advances made to the new contractors and depletion of advances in line with the progress of the Solid New Line Project.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱22.7 billion and ₱21.2 billion as at December 31, 2022 and December 31, 2021, respectively. For the years ended December 31, 2022 and 2021, ₱844.6 million and ₱464.6 million, respectively, were incurred for maintenance capital expenditures and ₱1.9 billion and ₱2.3 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱2.5 billion and ₱1.6 billion as at December 31, 2022 and December 31, 2021, respectively. For the years ended December 31, 2022 and 2021, additions to assets for the right-of-use amounted to ₱1.6 billion and ₱0.4 billion, respectively.

Property, machinery, equipment and assets for the right-of-use accounted for 37.0% and 35.4% of the total assets as at December 31, 2022 and 2021, respectively.

Deferred Income Tax Assets – Net
The Company's deferred income tax assets amounted to ₱615.2 million and ₱828.9 million as at December 31, 2022 and December 31, 2021, respectively. Movement mainly refers to net impact of derecognition of deferred tax assets from operating losses and Minimum Corporate Income Tax; and recognition of deferred tax assets from unrealized foreign exchange losses. Deferred tax liability amounted to ₱2.8 million and ₱1.4 million as at December 31, 2022 and December 31, 2021, respectively. Deferred income tax assets net of deferred tax liability accounted for less than 1% and 1.3% of the total assets as at December 31, 2022 and 2021, respectively.

Goodwill
The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As at December 31, 2022, no impairment to goodwill is recognized. *Goodwill* accounted for 41.0% and 43.3% of the total assets as at December 31, 2022 and 2021, respectively.

Trade Payables
Trade payables as at December 31, 2022 and December 31, 2021 amounted to ₱5.7 billion and ₱5.0 billion, respectively. Higher trade payables of ₱674.1 million, or a 13.3% increase in 2022, was mainly due to increase on payables on insurance, fuel, power, spares inventory and service contractors. *Trade Payables* accounted for 8.4% and 7.9% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Due to Related Parties
Short-term payables to related parties had a balance of ₱4.7 billion and ₱2.2 billion as at December 31, 2022 and December 31, 2021, respectively. The increase of ₱2.5 billion or more than 100% primarily refers to purchases of coal, raw materials, royalties, and administrative fees with related parties. The balances of Due to Related Parties accounted for 6.9% and 3.4% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱2.0 billion and ₱1.7 billion as at December 31, 2022 and December 31, 2021, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. The increase was mainly due to significant movement in taxes payable which includes net VAT payable, withholding taxes and final taxes payable. These figures accounted for 3.0% and 2.6% of the total liabilities and equity in 2022 and 2021, respectively.

Lease Liabilities[20]
Current portion of finance lease liabilities amounted to ₱456.6 million and ₱404.7 million as at December 31, 2022 and December 31, 2021, respectively. Noncurrent portion of finance lease liabilities amounted to ₱2.4 billion and ₱1.4 billion as at December 31, 2022 and December 31, 2021. The increase of ₱982.8 million in the non-current portion of finance lease liabilities or 70.0% compared to 2021 was mainly due to the net impact of the long-term access arrangement which was updated and extended in 2022 in respect of certain facilities of APO Cement in Cebu[21]. Lease Liabilities accounted for 4.2% and 2.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Retirement Benefit Liability
Retirement benefit liability amounting to ₱397.1 million and ₱544.4 million as at December 31, 2022 and December 31, 2021, respectively, pertains to the provision recognized by the Company associated

[20] The term "Lease Liabilities" covers lease arrangements entered into by the Company for vessels, vehicles, parcels of land, warehouses, office premises and other facilities, as well as other arrangements for right-of-use for and/or access to any of said assets.

[21] For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 78 to 82.

with employees' defined benefit pension plans. The decrease of ₱147.3 million or 27.1% as compared 2022 from 2021 was due to net impact of accrued retirement expense and contribution in the retirement fund. *Retirement Benefit Liability* accounted for 0.6% and 0.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Bank Loan
Parent Company-BDO Agreements
The total outstanding balance of the BDO Agreements[22] amounted to ₱7.7 billion and ₱8.9 billion as at December 31, 2022 and December 31, 2021, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱74.1 million and ₱54.1 million, was deducted from the total loan liability as at December 31, 2022 and December 31, 2021, respectively. Short-term portion of the bank loan amounted to nil and ₱3.4 billion as at December 31, 2022 and December 31, 2021, respectively. The decrease of ₱0.8 billion or 8.4% was due to payments in 2022. The balance of the bank loan *net of* debt issuance cost accounted for 11.4% and 13.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Solid-BDO Loan
On March 9, 2022 and September 12, 2022, Solid made a draw down on its short-term credit line with BDO for the amounts of ₱120.0 million and ₱185.0 million, respectively, to cover operational/working capital requirements and the outstanding balances for the relevant periods were fully paid on March 25, 2022 and September 29, 2022, respectively. On September 28, 2022, Solid executed another short-term loan with BDO for ₱160.0 million to cover operational/working capital requirements which was repaid on October 28, 2022. On December 20, 2022, another short-term loan was executed by Solid with BDO amounting to ₱420.0 million which was repaid in January 2023.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries. *Other Equity Reserves* accounted for 2.1% and 0.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

The movement of ₱931.1 million or more than 100% for 2022 compared from 2021 was mainly attributable to the currency translations of the foreign subsidiaries of the Parent Company.

Retained Earnings
Retained earnings of ₱3.0 billion and ₱4.0 billion as at December 31, 2022 and December 31, 2021 respectively, included the Company's cumulative net results of operations. The decrease of ₱1.0 billion or 25.5% pertains to the consolidated profit for the year ended December 31, 2022. These figures accounted for 4.4% and 6.2% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

[22] The term "BDO Agreements" means collectively (i) the 2017 BDO Facility Agreement which is that senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017, for an amount of up to the Philippine Peso equivalent of US$ 280 million, as from time to time amended or supplemented, and (ii) the 2022 BDO Refinancing Facility Agreement which is that 5-year senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on July 28, 2022, for a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00), the loan proceeds of which was used to repay a *portion* of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2021 and 2020 amounted to ₱20.9 billion and ₱19.7 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

The increase of 6.0% in 2021 was due to higher volume of product sold, as the Company was recovering from the adverse impact of the COVID-19 Pandemic in 2020 and supported by the easing of quarantine restrictions relevant to the Company's business and the markets that it served.

The breakdown of revenue after elimination of transactions between consolidated entities for the years ended December 31, 2021 and 2020 were as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
Segment	*Amount**	*%Revenue*	*Amount**	*%Revenue*
Cement	₱20,820	100%	₱19,669	100%
Other business	67	0%	38	0%
Total	₱20,887	**100%**	₱19,707	**100%**

**Amounts in millions*

Cost of Sales
Consolidated cost of sales for the years ended December 31, 2021 and 2020, amounted to ₱13.0 billion and ₱11.6 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation, and other expenses directly attributable to the manufacturing of finished goods.

The increase of 11.8% in 2021 was due to a 6.0% increase in volume sold and higher unitary cost of sales mainly from the purchase of additional clinker on an expected one-off basis to support production requirements and higher electricity rates.

Cost of sales as a percentage of revenue for the years ended December 31, 2021, and 2020, represented 62.2% and 58.9%, respectively.

Power and fuel represented approximately (i) 20.3% and 20.2%, respectively, of cost of sales in 2021, and (ii) 19.2% and 22.8%, respectively, of cost of sales in 2020.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2021 and 2020, reached ₱7.9 billion and ₱8.1 billion, respectively. Gross profit as a percentage of revenue for the years ended December 31, 2021 and 2020, represented 37.8% and 41.1%, respectively.

Operating Expense
Operating expenses amounted to ₱6.0 billion and ₱6.3 billion, or 28.6% and 31.9% of revenue for the years ended December 31, 2021 and 2020, respectively. Operating expenses decreased by 4.9% in 2021 compared to 2020 due to lower distribution expenses. Operating expenses were mainly composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.9 billion and ₱2.8 billion, or 13.7% and 14.1% of revenue in 2021 and 2020, respectively. These include: a) license fees amounting to ₱851.4 million and ₱747.0 million, respectively; b) insurance amounting to ₱186.7 million and ₱209.2 million, respectively; c) salaries and wages amounting to ₱796.3 million and ₱727.5 million, respectively; and d) administrative fees amounting to ₱544.3 million and ₱620.9 million, respectively. Total administrative and selling expenses increased by 3.2% year-over-year for 2021 mainly due to increase in central service and management fees from the increase in net sales and higher salaries and wages.

Distribution expenses amounted to ₱3.1 billion and ₱3.5 billion, which accounted for 14.9% and 17.8% of revenue, in 2021 and 2020, respectively. Total distribution expenses decreased by 11.2% year-over-year for 2021, mainly driven by lower delivered product volume as compared to pick-up product volume as well as initiatives to increase operational and cost efficiency.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses – net amounted to ₱1.9 billion and ₱1.8 billion in 2021 and 2020, respectively. These comprised 9.2% of revenue in both 2021 and 2020. *Operating Income before Other Expenses, Net* increased by 6.5% in 2021 compared to 2020.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2021 and 2020 were ₱1.9 million and (₱30.3) million, respectively. Significant movement in other expenses, net in 2021 are as follows: (a) increase of ₱33.9 million from the recovery of receivables previously written off, (b) incremental cost recognized in other income (expenses), net was lower by ₱27.3 million due to a change in recognition for recurring and non-recurring charges incurred by the Company related to the COVID-19 Pandemic and (c) (₱22.3 million) losses due to the impact of Typhoon Odette (International Name: Rai) which struck in mid-December 2021.

Financial and Other Financial Expenses, Net
Net financial expenses in 2021 and 2020 amounted to ₱274.7 million and ₱626.4 million, respectively. These expenses corresponded to 1.3% and 3.2% of revenue in 2021 and 2020, respectively. The decrease of 56.2% in 2021 compared to 2020 were attributable to lower outstanding loan balances and declining interest rates.

Foreign Exchange Gain (Loss), Net
Gain (loss) of (₱437.5) million and ₱170.2 million were reported in 2021 and 2020, respectively. Unfavorable movement in foreign exchange gain (loss), net amounting to ₱607.7 million is mainly due to declining Philippine Peso to U.S. dollar exchange rate from ₱48.02 in 2020 to ₱51.00 in 2021. Net foreign exchange gain (loss) was 2.1% and 0.9% of revenue in 2021 and 2020, respectively.

The following agreements affected the movement in foreign exchange gains (losses):

- On August 1, 2016, the Parent Company signed deposit agreements with Falcon and CAR, respectively, pursuant to which Falcon and CAR could deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements which were initially valid and binding until August 1, 2021 were subsequently amended to provide that these agreements would remain valid and binding until terminated by either of the respective parties thereto. The principal under the Falcon deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CAR deposit agreement is subject to applicable safe-harbour interest rate published by the Swiss Federal Tax Administration ("SFTA"). The rate is revised by the SFTA annually. Historically for this deposit, the rates have been: 2.25% from August 2016 to June 2017; 2.5% per annum from July 2017 to February 2018; 3% per annum from March 2018 to February 2020; 2.25% per annum from March 2020 to December 2020; 1.25% per annum from January 2021 to date.

- On November 21, 2018, Solid Cement signed the Solid Expansion Facility Agreement with CABV allowing Solid to withdraw in one or several installments a sum of up to U.S.$75 million. The Solid Expansion Facility Agreement was amended on February 2019 to increase the facility to U.S.$100 million, and on November 28, 2019, further amendments were made to increase the facility to U.S.$160 million. The Solid Expansion Facility Agreement, which was subject to an initial interest rate of 8.2%, bore interest based on the Company's leverage ratio. On January 3, 2020, the loan was redenominated from U.S.$ to Philippine Peso using an exchange rate of ₱51.09 to U.S.$1.00. For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 78 to 82. The loan amount then outstanding was paid in full in March 2020.

Income Tax
As a result of operations, the Company's income tax expense in 2021 and 2020 amounted to ₱489.5 million and ₱336.0 million, respectively.

The increase of 45.7% in 2021 compared to 2020 was mainly due to impact of the CREATE Act which includes a one-time reduction in current income tax by ₱46.5 million and net increase of ₱163.1 million of deferred income tax due to reduction of the valuation of deferred tax assets from 30% to 25% in the first quarter of 2021.

Income tax was 40.3% and 25.4% of profit (loss) before income tax in 2021 and 2020, respectively.

Net Profit
As a result of the abovementioned concepts, net profit for the years ended December 31, 2021 and 2020 amounted to ₱725.5 million and ₱985.1 million, respectively. Net profit in 2021 was 26.4% lower than the net profit in 2020. Net profit was 3.5% and 5.0% of revenue in 2021 and 2020, respectively.

Financial Position

Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱5.8 billion and ₱6.1 billion as at December 31, 2021 and December 31, 2020, respectively. As at December 31, 2021, cash and cash equivalents of ₱5.8 billion included ₱2.2 billion cash in banks and ₱3.6 billion short-term investments which were readily convertible to cash. As at December 31, 2020, cash and cash equivalents of ₱6.1 billion included ₱1.9 billion cash in banks and ₱4.3 billion short-term investments which were readily convertible to cash. Net decrease in cash and cash equivalents was mainly due to payment of bank loans and investing activities (such as the Solid New Line Project).

Cash and cash equivalents accounted for 9.0% and 9.6% of the total assets as at December 31, 2021 and 2020, respectively.

Trade Receivables – Net
Trade receivables amounted to ₱696.9 million and ₱700.2 million as at December 31, 2021 and December 31, 2020, net of allowance for impairment losses amounting to ₱17.3 million and ₱26.7 million, respectively, which mainly pertain to receivables from customers.

Due from Related Parties
Related party balances amounted to ₱17.2 million and ₱3.8 million as at December 31, 2021 and December 31, 2020, respectively. The increase in the balances of receivables from related parties was mainly due to hedged diesel fuel for years 2022 to 2023.

Insurance Claims and Premiums Receivable
Insurance premiums receivable is related to non-damage business interruption insurance receivable from third party insurance company and represents premiums on written policies which are collectible within the Company's credit term. Insurance premiums receivable amounted to ₱91.8 million and ₱86.4 million as at December 31, 2021 and December 31, 2020, respectively. Claims from insurance amounted to nil and ₱1.1 million as at December 31, 2021 and December 31, 2020. *Insurance Claims and Premium Receivables* accounted for 0.1% and 0.1% of the total assets as at December 31, 2021 and 2020, respectively.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱49.4 million and ₱43.7 million as at December 31, 2021 and December 31, 2020, respectively. These figures accounted for 0.1% of the total assets in 2021 and 2020. Movements primarily refer to receivables from contractors, short-term deposits, loan receivables, receivables from employees and others. The increase was mainly due to sublease transaction of APO Cement with a third party.

Inventories
Inventories amounted to ₱3.1 billion and ₱2.3 billion as at December 31, 2021 and December 31, 2020, respectively. Higher inventories in 2021 were mainly due to price increase and sourcing challenges. There was also a build-up of spare parts for the shutdown activities that have been scheduled for January 2022. Inventories accounted for 4.8% and 3.7% of the total assets as at December 31, 2021 and 2020, respectively.

Derivative assets
Derivative assets amounted to ₱12.5 million and ₱24.0 million as at December 31, 2021 and December 31, 2020, respectively. This account pertains to the market value of derivative transactions entered into by the Company to hedge against the volatility of diesel fuel prices and under which the Company bears all the benefits and the risks arising from the hedge arrangement. Movement refers to mark-to-market valuation of the hedge instrument.

Prepayments and Other Current Assets
Other current assets which amounted to ₱2.2 billion and ₱1.8 billion as at December 31, 2021 and December 31, 2020, respectively, pertained mainly to (i) prepayment of insurance of ₱646.5 million and ₱628.6 million, respectively, and (ii) prepayment of taxes of ₱1,471.0 million and ₱1,041.4 million, respectively. Movement in this account was primarily due to prepaid taxes and unamortized balance of prepaid NDBI and general liability insurance accounts. The aggregate of prepayments and other current assets accounted for 3.4% and 2.9% of the total assets as at December 31, 2021 and 2020, respectively.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱436.2 million and ₱782.4 million as at December 31, 2021 and December 31, 2020, respectively, primarily consisted of long-term prepayments amounting to ₱27.9 million, long-term performance deposits of ₱301.6 million and ₱266.4 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to ₱32.3 million and ₱407.8 million, respectively. The rest mainly referred to the noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. In 2021, the debt service reserve accounts created under the 2017 BDO Facility Agreement ("DSRA") were released which mainly accounted for the movement in this account. The aggregate of other assets and noncurrent accounts receivable accounted for 0.7% and 1.2% of the total assets as at December 31, 2021 and 2020, respectively.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱21.2 billion and ₱19.9 billion as at December 31, 2021 and December 31, 2020, respectively. For the years ended December 31, 2021 and 2020, ₱464.6 million and ₱274.5 million, respectively, were incurred for maintenance capital expenditures and ₱2.3 billion and ₱3.3 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱1.6 billion and ₱1.8 billion as at December 31, 2021 and December 31, 2020, respectively. For the years ended December 31, 2021 and 2020, additions to assets for the right-of-use amounted to ₱359.5 million and ₱558.2 million, respectively.

Property, machinery, equipment and assets for the right-of-use accounted for 35.4% and 34.0% of the total assets as at December 31, 2021 and 2020, respectively.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of the new production line of the Solid New Line Project, which is presented under noncurrent assets in the consolidated statements of financial position. As at December 31, 2021, and December 31, 2020, the balance of this account amounted to ₱0.5 billion and ₱1.1 billion, respectively. Aside from the application of advances against progress billings for the Solid New Line Project, there was also a recovery of advances to the contractor amounting to ₱379.4 million following the termination of the construction contract for the Solid New Line Project in December 2021. The amounts corresponding to *Advances to Contractors* accounted for 0.7% and 1.8% of the total assets as at December 31, 2021 and 2020, respectively.

Deferred Income Tax Assets - Net
The Company's deferred income tax assets amounted to ₱0.8 billion and ₱1.1 billion as at December 31, 2021 and December 31, 2020, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Movement mainly refers to recognition of additional deferred tax assets from operating losses and Minimum Corporate Income Tax. Deferred tax liability amounted to ₱1.4 million and ₱0.9 million as at December 31, 2021 and December 31, 2020, respectively. Deferred income tax assets net of deferred tax liability accounted for 1.3% and 1.7% of the total assets as at December 31, 2021 and 2020, respectively.

Goodwill
The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As at December 31, 2021, no impairment to goodwill is recognized. *Goodwill* accounted for 43.3% and 43.7% of the total assets as at December 31, 2021 and 2020, respectively.

Trade Payables
Trade payables as at December 31, 2021 and December 31, 2020 amounted to ₱5.0 billion and ₱4.3 billion, respectively. Higher trade payables of ₱774.7 million or 18.1% in 2021 as compared from 2020 was mainly due to increase on payables on fuels, contractors, raw materials and spares inventory. *Trade Payables* accounted for 7.9% and 6.7% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Due to Related Parties
Short-term payables to related parties had a balance of ₱2.2 billion and ₱1.5 billion as at December 31, 2021 and December 31, 2020, respectively. The increase of ₱684.5 million or 45.3% primarily refers to purchases of coal, raw materials, royalties, and administrative fees with related parties. The balances of Due to Related Parties accounted for 3.4% and 2.4% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱1.7 billion and ₱1.6 billion as at December 31, 2021 and December 31, 2020, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. The increase was mainly due to significant movement in contract liabilities. These figures accounted for 2.6% and 2.5% of the total liabilities and equity in 2021 and 2020, respectively.

Lease Liabilities[23]
Current portion of finance lease liabilities amounted to ₱404.7 million and ₱628.3 million as at December 31, 2021 and December 31, 2020, respectively. Noncurrent portion of finance lease liabilities amounted to ₱1.4 billion as at December 31, 2021 and December 31, 2020. The decrease of ₱258.2 million or 12.5% was due to payments of leases in the fourth quarter of the year. Lease Liabilities accounted for 2.8% and 3.2% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Retirement Benefit Liability
Retirement benefit liability amounting to ₱544.4 million and ₱653.9 million as at December 31, 2021 and December 31, 2020, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans. The decrease of ₱109.5 million or 16.7% as compared 2021 from 2020 was due to contribution in the retirement fund. *Retirement Benefit Liability* accounted for 0.8% and 1.0% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Long-term Bank Loan
The total outstanding balance of the 2017 BDO Facility Agreement amounted to ₱8.9 billion and ₱10.8 billion as at December 31, 2021 and December 31, 2020, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱54.1 million and ₱80.1 million, was deducted from the total loan liability as at December 31, 2021 and December 31, 2020, respectively. Short-term portion of the bank loan amounted to ₱3.4 billion and ₱0.1 billion as at December 31, 2021 and December 31, 2020, respectively. The decrease of ₱1.8 billion or 16.9% was due to payments in 2021. The balance of the bank loan *net of* debt issuance cost accounted for 13.8% and 16.8% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries. *Other Equity Reserves* accounted for 0.8% and (0.1%) of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

The movement of ₱570.8 million or more than 100% for 2021 compared to 2020 was mainly attributable to the currency translations of the foreign subsidiaries of the Parent Company.

Retained Earnings
Retained earnings of ₱4.0 billion and ₱3.2 billion as at December 31, 2021 and December 31, 2020 respectively, included the Company's cumulative net results of operations. The increase of ₱725.5 million or 22.4% pertains to the consolidated profit for the year ended December 31, 2021. These figures accounted for 6.2% and 5.1% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

COMPANY PERFORMANCE INDICATORS AND LIQUIDITY

Key Performance Indicators
As of December 31, 2023, the Company tests certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as at December 31, 2023, 2022, 2021 and 2020.

[23] The term "Lease Liabilities" covers lease arrangements entered into by the Company for vessels, vehicles, parcels of land, warehouses, office premises and other facilities, as well as other arrangements for right-of-use for and/or access to any of said assets.

Key Financial Indicators	Formula	2023	2022	2021	2020
Current Ratio	Current Asset/Current Liabilities	**0.97: 1**	**0.97 : 1**	**0.94 : 1**	**1.37 : 1**
Solvency Ratio	Profit + Depreciation and Amortization/Total Liabilities	**-0.00:1**	**0.04 : 1**	**0.13 : 1**	**0.16 : 1**
Net debt to Equity Ratio	Debt*/Total Equity	**0.57:1**	**0.48 : 1**	**0.34 : 1**	**0.34 : 1**
Asset to Equity Ratio	Total Assets/Total Equity	**1.61:1**	**1.54 : 1**	**1.46 : 1**	**1.49 : 1**

**The debt is net of cash and cash equivalents.*

Key Financial Indicators	Formula	2023	2022	2021	2020
Interest Rate Coverage Ratio	Operating income before other income (expenses) – net/ interest	**-7.75:1**	**5.76 : 1**	**9.80 : 1**	**3.57 : 1**
Profitability Ratio	Operating income before other income (expenses) – net/ Revenue	**-0.09:1**	**0.05 : 1**	**0.09 : 1**	**0.09 : 1**

As of December 31, 2023, the Company does not have any off-balance sheet arrangements that are reasonably likely to have a material effect on its financial condition, operating results and liquidity or capital resources.

Liquidity

The Company's operations are exposed to risks from changes in price, interest rates, inflation, foreign exchange, governmental spending, social instability and other political, economic and/or social developments in Philippines, any one of which may materially impact its net income and cash from operations. Consequently, in order to meet liquidity needs, the Company relies on cost-efficiency, profitability management and operating improvements to optimize capacity utilization and maximize profitability, as well as advances or borrowing under credit facilities, proceeds of debt and proceeds from asset sales. The Company also participates in a liquidity management program pursuant to which it invests excess liquidity and has certain flexibility to undertake borrowings (intragroup or with CEMEX Group) to meet its own liquidity needs. Amounts that are invested or borrowed under this liquidity management program are often denominated in U.S. dollars.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES FOR 2024

The Company has budgeted for 2024 about ₱6,513 million for capital expenditures and investments which substantially consist of the following: (i) ₱ 5,313 million – the new cement production line of the Solid New Line Project and (ii) ₱1,200 million – maintenance and other CAPEX. The Company expects to fund these capital expenditures through a combination of revenue or cashflow from operations, and/or loans from related parties or one or more financial institutions.

BANK LOAN – BDO AGREEMENTS

(a) *2017 BDO Facility Agreement*

On February 1, 2017, the Parent Company signed a facility agreement with BDO for a senior unsecured Philippine Peso long-term loan covering a principal amount of up to the Philippine Peso equivalent of US$280 million, the proceeds of which were applied to refinance a majority of the Parent Company's borrowings from New Sunward Holding B.V. ("NSH"), a subsidiary of Cemex. The term loan provided by BDO has a tenor of seven years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread.

Under this 2017 BDO Facility Agreement, the Parent Company was required to comply with several financial and non-financial covenants which included the following financial ratios (the “Financial Ratios”), each of which is tested twice annually:

- A ratio of Consolidated Total Debt (as defined in the 2017 BDO Facility Agreement) to Consolidated EBITDA (as defined in the 2017 BDO Facility Agreement) not exceeding 4.00x; and
- A ratio of Consolidated EBITDA (as defined in the 2017 BDO Facility Agreement) to Consolidated Interest Expense (as defined in the 2017 BDO Facility Agreement) not less than 4.00x.

On December 8, 2017, the Parent Company, together with APO Cement and Solid Cement, and BDO, entered into a supplemental agreement to the 2017 BDO Facility Agreement (the “2017 Supplemental Agreement”) pursuant to which it was agreed that (i) the commencement date for compliance with the Financial Ratios under the 2017 BDO Facility Agreement would be on June 30, 2020; (ii) the DSRA would be created; and (iii) additional debt incurrence restrictions would be put in place. One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Company’s ability to cover its interest expense using its Consolidated EBITDA (as defined in the 2017 BDO Facility Agreement) and is measured by dividing Consolidated EBITDA by the Consolidated Interest Expense (as defined in the 2017 BDO Facility Agreement).

On December 14, 2018, the Parent Company, together with APO Cement and Solid Cement, and BDO, entered into another supplemental agreement to the 2017 BDO Facility Agreement that provides an option, only in case of certain potential events of default occurring under the 2017 BDO Facility Agreement, for Cemex Group, to pay all amounts outstanding under the 2017 BDO Facility Agreement before they can be declared due and payable prior to their specified maturity.

On May 17, 2019, the Company entered into an agreement with BDO to amend the 2017 BDO Facility Agreement and the 2017 Supplemental Agreement to, among other changes, (i) conform the 2017 BDO Facility Agreement with certain changes required due to PFRS 16 taking effect as of January 1, 2019, (ii) exclude from the calculation of certain financial covenants in the 2017 BDO Facility Agreement any principal and interest in an amount up to US$250 million (or its Philippine Peso equivalent) from certain subordinated loans and advances incurred in relation with the new cement line of the Solid New Line Project that have been made or are to be made to the Company by the Cemex Group, and (iii) allow for certain loans taken by the Company from Cemex Group to be paid with proceeds from any equity fundraising activity conducted by the Parent Company without having to pay a prepayment penalty to BDO under the 2017 BDO Facility Agreement.

On June 26, 2020, the Parent Company, APO Cement and Solid Cement reached an agreement with BDO further amending the 2017 BDO Facility Agreement so that the Parent Company would be required to comply with Financial Ratios commencing on June 30, 2021 (instead of June 30, 2020).

On August 25, 2021, BDO and the Parent Company terminated the 2017 Supplemental Agreement and BDO released the DSRA created thereunder, in accordance with the terms of the said agreement.

None of the foregoing amendments and supplements had the effect of increasing the debt level, maturity date, or interest cost under the 2017 BDO Facility Agreement.

In November 2023, the Parent Company fully paid and settled the outstanding balances under the 2017 BDO Facility Agreement.

(b) *2022 BDO Refinancing Facility Agreement*
On July 28, 2022, BDO and the Parent Company signed another facility agreement for a 5-year senior unsecured term loan covering a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00) and maturing in August 2027. The proceeds of the loan extended pursuant to this 2022 BDO Refinancing Facility Agreement was used to repay a portion of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion. Following this repayment, approximately ₱1.11 billion principal amount maturing in February 2024 will remain outstanding under the 2017 BDO Facility Agreement. The interest on the loan will accrue at a floating rate and the loan will amortize in quarterly payments beginning in November 2024. The financial and non-financial covenants under this 2022 Refinancing Facility Agreement are substantially similar to those under the 2017 BDO Facility Agreement.

As of December 31, 2019, December 31, 2020, December 31, 2021, December 31, 2022 and December 31, 2023, the ratio of the Company's Consolidated Total Debt (as defined in the BDO Agreements) to Consolidated EBITDA (as defined in the BDO Agreements) was 3.5, 3.1, 2.8, 3.9, and 37.8 respectively, while the ratio of the Company's Consolidated EBITDA (as defined in the BDO Agreements) to Consolidated Interest Expense (as defined in the BDO Agreements) was 3.7, 6.0, 7.2, 5.2 and 0.5, respectively.

In December 2022, the Parent Company and BDO reached an agreement by which BDO waived compliance by the Parent Company with the Financial Ratios under the BDO Agreements during the period beginning from December 31, 2022 up to, and including, December 31, 2024, subject to maintenance of debt service reserve accounts. During this period, the Financial Ratios are not applicable or enforceable.

As of December 31, 2023, the Parent Company is in compliance with applicable restrictions and covenants under the BDO Agreements. However, the Parent Company cannot give assurance that it will be able to comply with the restrictions and covenants contained in the BDO Agreements. The Parent Company may need to seek waivers, amendments and/or further supplement any of the BDO Agreements in the future. Even though the Parent Company has been able to amend or supplement these agreements in the past, there is no assurance that that any future waivers, amendments and/or supplements, if requested, will be obtained or entered into and, if obtained or entered into, that they will be obtained or entered into on terms and conditions favorable to the Parent Company.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Company is exposed to a number of trends, events and uncertainties which can affect its recurring revenues and profits, such as but not limited to, the levels of public and private construction activities and demand for cement products, and the movement in the cost of materials, products and services on which the Company and its business depend, as well as the availability of such materials, which include fuel, power and raw materials, among others.

Maritime tensions between China and Southeast Asian nations like the Philippines regarding claims in the West Philippine Sea are constantly evolving and could impact our people, and materially and adversely affect the Company's business continuity, reputation, liquidity, and the results of our operations.

Regarding the Russia-Ukraine Conflict and conflicts in the Middle East, the Company has no exposure to investments in Russia, Ukraine, Israel or Palestine. The Company currently has no business or investments in, and no customers or suppliers from, any of these territories[24]. However, these events have given rise and may continue to give rise to circumstances with the potential to further cause world trade disruptions and rising prices of basic commodities, including fuel and power, among others.

Other than as disclosed elsewhere in this Annual Report (SEC Form 17-A) or in the Company's Audited 2023 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A), the Parent Company is not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2023 that are reasonably likely to have a material and adverse effect on the Company's net sales, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions, or that would trigger direct or contingent financial obligation, including any default or acceleration of an obligation.

Refer to the discussion on major risks affecting the business in ITEM 1 of PART I of this Annual Report (SEC Form 17-A) on pages 19 to 33.

ITEM 7. FINANCIAL STATEMENTS

The Audited 2023 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2023 and 2022, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021) and Schedules are filed as part of this Annual Report (SEC Form 17-A).

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

(A) External Audit Fees and Services

The independent or external auditor of the Parent Company is R.G. Manabat & Co. (the "Firm") who was reappointed as external auditor for fiscal year 2023 during the annual meeting of stockholders held on June 7, 2023.

The Firm's signing partner for the Parent Company is currently Mr. Markent Ronie R. Tampoc who assumed the position in the third quarter of 2023 following the retirement from the Firm of Mr. Enrico E. Baluyut on October 1, 2023. Mr. Baluyut's term began for the audit of 2021, when he succeeded Ms. Emerald Anne C. Bagnes who was the previous signing audit partner.[25] The Firm and Mr. Tampoc both have existing and valid Certificates of Accreditations issued by the Professional Regulatory Board of Accountancy ("PRBOA") and the Philippine SEC under the Group A category. These continuing accreditations have been granted to them based on their compliance with professional and operational requirements set by the PRBOA and the SEC pursuant to the Accountancy Act 2004 and the Securities Regulation Code and their implementing rules and regulations, respectively.

[24] The Cemex Group's operations are exposed to conflicts in the Middle East.

[25] The change in the signing partners for the 2021 audit was consistent with Article 6 (A)(v) of the Parent Company's Revised Manual of Corporate Governance of March 22, 2018 (the "Manual of Corporate Governance") which provides that either (i) the external auditor shall be rotated or changed every five (5) years or earlier or (ii) the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency.

The fees billed for professional services[26] rendered to the Company by the Firm (exclusive of out-of-pocket expenses) since 2020 consisted of the following:

Nature of Work	2023	2022	2021	2020
(a)(1) Audit of annual financial statements or services that are normally engaged by external auditor in connection with statutory and regulatory filings or engagements	₱6,298,900	₱6,190,700	₱6,058,500	₱6,058,500
(a)(2) Other audit-related services	₱2,659,400	₱2,559,300	₱2,481,000	₱2,458,000
(b) Other non-audit related services (e.g., for tax compliance and advisory services, SRO-related work including reports for the disbursements of SRO proceeds, and services related to stockholders' meetings)	₱ 216,075	₱ 477,550	₱ 460,000	₱4,290,000

In accordance with the Manual of Corporate Governance, the Audit Committee is mandated, among others, to perform oversight functions over the Parent Company's external auditors. The Audit Committee is authorized to discuss with the external auditor the nature, scope and expenses of the audit. Furthermore, the Audit Committee shall evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee has the authority to disallow any non-audit work that will conflict with the external auditor's duties as an external auditor or may pose a threat to their independence. During the 3rd or 4th quarter of every fiscal year, the external auditor presents to the Audit Committee, for its consideration and approval, the audit plans and programs for the succeeding fiscal year. The Audit Committee likewise determines the reasonableness of the fees proposed by the external auditors for audit and other related matters. The Audit Committee approves the unaudited interim quarterly financial statements as well as the yearly audited financial statements of the Corporation before these are presented to the Board of Directors for approval.

The external auditor's audit plan and strategy for fiscal year 2023 was presented by the external auditor, and discussed with and approved by the Audit Committee during their meeting held on October 24, 2023.

During the meeting of the Audit Committee held on October 24, 2023, the Audit Committee reviewed and approved the fees of the external auditor for statutory audit, other audit-related work and non-audit work in 2023. The Board of Directors approved and confirmed these fees during its meeting held on October 25, 2023.

(B) Changes in and disagreements with accountants on accounting and financial disclosures

The accounting policies adopted in the preparation of the consolidated financial statements of the Company for the year ended December 31, 2023 have been applied consistently to all years presented therein,. A brief discussion of these changes is found in Note 3 of the Notes to the Company's Audited 2023 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

Since the Firm's appointment, there has been no disagreement with the Company with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

[26] The classification of work for the previous years (2021 and earlier) was adjusted to reclassify certain work approved by the Parent Company's Audit Committee and Board of Directors but were previously tagged under (a)(2) to (b). The total annual fees previously disclosed during these years are not changed.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF CEMEX HOLDINGS PHILIPPINES, INC.

(1) Directors and Executive Officers

Basic information and a brief description of the business experience of each of the Directors and Executive Officers of the Parent Company as at December 31, 2023 including directorships held in reporting companies, if any, are provided below.

Members of the Board of Directors[27]

The *independent* directors of the Parent Company are Pedro Roxas, Eleanor M. Hilado and Marife B. Zamora. The *non-executive* directors of the Parent Company are Sergio Mauricio Menéndez Medina (Chairman of the Board), Antonio Iván Sánchez Ugarte and Francisco Javier García Ruiz de Morales. The *executive* directors of the Parent Company are Luis Guillermo Franco Carrillo (President & Chief Executive Officer) and Jesús Ortiz de la Fuente.

A. Independent Directors

Pedro Roxas, 67 years old, Filipino citizen. Pedro Roxas holds a B.S. Degree in Business Administration from the University of Notre Dame in Indiana, USA. Mr. Roxas is the Chairman of the Board of Directors of Roxas Holdings Inc. and the Executive Chairman of Roxas & Co., Inc. and Roxaco Land Corporation. He is the President of Club Punta Fuego Inc. Mr. Roxas has extensive experience serving as an independent board member of various companies and is currently an independent director of Manila Electric Co. ("Meralco"), Oona Insular Insurance Corporation, Metro Pacific Investments Corporation and SP New Energy Corporation. Mr. Roxas serves as an independent member of the Board of Directors of the Parent Company. He was initially elected to the Board of Directors on June 3, 2016 and assumed office effective from July 14, 2016. He was re-elected as independent member of the Board of Directors during the Parent Company's annual stockholders' meetings held on June 7, 2017, June 6, 2018, June 6, 2019, June 24, 2020, June 2, 2021, June 1, 2022 and June 7, 2023, respectively. Mr. Roxas is the Chairman of the Parent Company's Audit Committee and is a Member of the Nomination Committee.

Eleanor M. Hilado, 60 years old, Filipino citizen. Eleanor M. Hilado earned her Bachelor of Arts degree in Economics, Cum Laude, from the University of the Philippines. A former banker by profession, Ms. Hilado's 32-year banking career had its beginnings at the Far East Bank and Trust Company. Thereafter, Ms. Hilado joined the Development Bank of the Philippines as Sector Head of its Institutional Banking Group and was primarily responsible for professionalizing and revitalizing the corporate lending business of the institution immediately following its financial rehabilitation. In 1991, she joined the Corporate Banking Group of PCIBank and served as Assistant Vice President and Division Head until March 1997. In October 1997, Ms. Hilado's banking career was further broadened when she assumed senior management positions at PCI Capital Corporation, then the country's preeminent investment bank. In June 2007, she became First Vice President of BDO Capital & Investment Corporation, and was subsequently promoted to Senior Vice President in February 2009, a position she held until February 2018. At BDO Capital & Investment Corporation, Ms. Hilado led industry advocacy efforts to deepen the domestic bond markets by actively working with the SEC and the Philippine Dealing and Exchange Corporation to simplify registration requirements for issuers of public securities, on the one hand, and promoting investor

[27] The list reflects the members of the Board of Directors of the Parent Company as at December 31, 2023. Mr. Alfredo S. Panlilio, who was one of the independent directors at the beginning of 2023, decided not to run for re-election during the annual stockholders meeting held on June 7, 2023.

education for publicly-issued debt and equity securities, on the other. Throughout her investment banking career, Ms. Hilado was instrumental in expanding the breadth and depth of issuer names and types of capital markets securities available in the domestic bond and equity markets. As Senior Vice President of BDO Capital & Investment Corporation, Ms. Hilado spearheaded the implementation of various award-winning capital markets transactions. Concurrent with her position and responsibilities at BDO Capital & Investment Corporation, Ms. Hilado also served as President of Armstrong Securities, Inc. and a member of its Board of Directors, a member broker of the Philippine Stock Exchange and one of three stock brokerage firms of the BDO Unibank Group from 2008-2018. Ms. Hilado is affiliated with the Canadian American School Manila, being a member of its Board of Advisors since 2016. She is also a member of the Board of Governors of the Home for Alternative Learning and Motivational Strategies (a division of the Birthright Educators Foundation). Ms. Hilado was initially elected as an independent member of the Board of Directors during the Parent Company's annual stockholders' meeting on June 6, 2019 and as member of the Parent Company's Audit Committee and Nomination Committee during the organizational meeting of the Board of Directors held on the same day. She was re-elected as an independent member of the Board of Directors during the Parent Company's annual stockholders' meetings on June 24, 2020, June 2, 2021, June 1, 2022 and June 7, 2023, respectively. She is a Member of the Parent Company's Audit Committee and the Chairman of the Nomination Committee.

Marife B. Zamora, 70 years old, Filipino citizen. Marife B. Zamora holds a Bachelor of Arts Degree (major in Mathematics & History) from the College of the Holy Spirit and studied in the University of the Philippines and the University of Pennsylvania. Since November 2016, Ms. Zamora has been a member of the Board of Directors of PLDT, Inc. She is Chairman of the Board of Directors of Willis Towers Watson Insurance and Reinsurance Brokers, Inc., and a member of the Board of Trustees of the Asian Institute of Management. She is also an Independent Board Member of Pru Life Insurance Corporation of U.K. She is the President of the UP Sigma Delta Phi Alumnae Association and co-founded the Filipina CEO Circle. Ms. Zamora was Chairman of Convergys Philippines; Managing Director for Asia Pacific, Europe, Middle East, Africa for Convergys Corporation, and served as the first Country Manager of Convergys Philippines leading its growth as the country's largest private employer. Prior to her joining Convergys Philippines, Ms. Zamora served as Managing Director of Headstrong Philippines, Inc. She was also with IBM Philippines where she held a number of sales, marketing and management positions during her 18-year tenure with the company. She is the 3rd woman President and the 68th President of the Management Association of the Philippines. She was elected as a member of the Board of Directors during the Parent Company's annual stockholders' meeting held on June 7, 2023. She is a Member of the Parent Company's Audit Committee and Nomination Committee.

B. Other Directors

Sergio Mauricio Menéndez Medina, 53 years old, Mexican citizen. Sergio Mauricio Menéndez Medina holds a Master of Business Administration degree from Stanford University and a degree in Bachelor of Science in Industrial Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey. He joined Cemex in 1993 and has held various key management positions. Mr. Menéndez was the President of Cemex's operations in the Philippines from 2008 to 2009, the Vice President for Strategic Planning for Cemex's operations in Europe, Middle East, Africa & Asia region from 2009 to 2011 and, thereafter, the President for Cemex's operations in Egypt until 2014. He subsequently assumed senior Vice President positions in the commercial department for Cemex Mexico until 2019, when he was appointed as the President for Cemex's operations in Europe, Middle East, Africa & Asia and became a member of the Executive Committee of Cemex. Mr. Menéndez is currently the President of Cemex's operations in Europe, Middle East, Africa & Asia region. Mr. Menéndez serves as the Parent Company's Chairman of the Board of Directors, a position he has held since April 2, 2020. He was re-elected as a Board member during the Parent Company's annual stockholders' meetings held on June 24, 2020, June

2, 2021, June 1, 2022 and June 7, 2023, respectively, and was elected as Chairman of the Board of Directors during the organizational meetings of the Board of Directors that followed the annual stockholders' meetings.

Luis Guillermo Franco Carrillo, 48 years old, Mexican citizen. Luis Guillermo Franco Carrillo holds a Bachelor's degree in Chemical Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey, and obtained a Master of Business Administration degree from Stanford Graduate School of Business in 2004. He joined Cemex in 1999 through its management training program. Mr. Franco was assigned to the Cemex's operations in the United Kingdom, assuming the positions of Manager for Strategic Planning from 2006 to 2007, Director for Strategic Planning from 2007 to 2009 and Director for Business Performance from 2009 to 2010. He has held other key management positions, including head of Cemex's operations in Hungary from 2010 to 2011, Aggregates Vice President for Cemex Mexico from 2011 to 2014, Industrial Channel Sale Vice President for Cemex Mexico from 2014 to 2016, and Builders Segment Vice President for Cemex Mexico in 2016. Mr. Franco was appointed as country head for Cemex's operations in the Philippines effective from June 1, 2022. He was elected as a member of the Board of Directors during the Parent Company's annual stockholders' meeting held on June 1, 2022 and re-elected during the annual stockholders' meeting held on June 7, 2023. Mr. Franco was appointed as the President & Chief Executive Officer during the organizational board meetings that followed these annual stockholders' meetings. Mr. Franco is also the Chairman of the Board of Directors and President & Chief Executive Officer of the following subsidiaries of the Parent Company: APO Cement, Solid Cement, Triple Dime, Edgewater, Sandstone and Bedrock. He is the Chairman of the Board of Directors of Ecocrete, Enerhiya, Ecocast, Ecopavements, and Newcrete. Mr. Franco is the Chairman of the Board of Directors and President of CASEC. He is also a member of the board of directors of Impact Assets Corporation and Albatross Holdings, Inc.

Antonio Iván Sánchez Ugarte, 53 years old, Spanish citizen. Antonio Iván Sánchez Ugarte holds a law degree from Deusto University (Bilbao, Spain) and obtained a Master of Laws (Executive LLM) degree with honors from the Northwestern University Pritzker School of Law (Chicago, USA). After several years of private law practice, Mr. Sánchez joined Cemex as International Legal Counsel in 2001 based in Madrid, Spain. He is the Vice President of Legal in Cemex's Europe, Middle East, Africa and Asia region. Mr. Sánchez was initially elected as a member of the Board of Directors on December 6, 2017, which election was effective on January 1, 2018. He was re-elected as a Board member during the Parent Company's annual stockholders' meetings held on June 6, 2018, June 6, 2019, June 24, 2020, June 2, 2021, June 1, 2022 and June 7, 2023, respectively. Mr. Sánchez is a member of the Parent Company's Nomination Committee.

Francisco Javier García Ruiz de Morales, 55 years old, Spanish citizen. Francisco Javier García Ruiz de Morales holds Degrees in Law from Universidad Complutense de Madrid and in Business Administration from Universidad Antonio de Nebrija (Madrid). Mr. Garcia joined the operations of Cemex in Spain in 2000 and has held several management positions in the finance and administration functional areas, including Financial Planning Director for Cemex España from 2001 to 2004, International Financing Director from 2004 to 2012 and Cemex EMEAA Regional Treasury Director from 2012 to May 2014. In 2014, Mr. García moved to Monterrey, Mexico to head the Corporate Funding group and reported directly to Cemex's Chief Financial Officer. By the end of 2018, Mr. Garcia returned to Madrid, Spain and assumed the position of Director for Business Services Organization (BSO) for EMEAA and became a member of the Regional Management Team. He is currently the Director of Business Relationship (Global Enterprise Services) for Cemex's operations in EMEAA. In view of the resignation of María García Villán as member of the Board of Directors and Audit Committee of the Parent Company, the Board of Directors initially elected Mr. Garcia as a member of the Board of Directors and member of the Audit Committee on April 7, 2022. He was re-elected as a member of the Board of Directors during the annual stockholders' meeting held on June 1, 2022 and June 7, 2023, respectively. Mr. Garcia is a member of the Parent Company's Audit Committee.

Jesús Ortiz de la Fuente, 44 years old, Mexican citizen. Jesús Ortiz de la Fuente holds a Bachelor's degree in Mechanical Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey and he obtained in 2010 a Master of Business Administration degree from Stanford Graduate School of Business. He joined Cemex in 2004 through its executive trainee program. During the earlier stage of his career in Cemex, Mr. Ortiz was based in the United Kingdom, Germany and Monterrey, Mexico and was primarily immersed in the enterprise risk management area of the organization. From 2013 to 2014 he held the position of the Enterprise Risk Management Director of Cemex Colombia, and from 2015 to 2018 he was the Investor Relations Officer of Cemex Latam Holdings, S.A., a publicly-listed company. In 2018, Mr. Ortiz returned to Cemex's operations in Mexico when he assumed the position of Strategic Planning Director (Industrial Customers, Operations & Supply Chain), a position he held until he was appointed in 2020 as the Commercial Development Director of the Distribution Channel of Cemex Mexico (the largest customer segment of said operation). In view of the resignation of Alejandro Garcia Cogollos as Board member and executive officer, the Board of Directors of the Parent Company during its meeting held on July 28, 2022 elected Mr. Ortiz was as a member of the Board of Directors effective on July 29, 2022 (and for the unexpired portion of Mr. Garcia's term) and appointed him as Vice President for Strategic Planning effective on August 1, 2022. He was re-elected as a member of the Board of Directors during the annual stockholders' meeting held on June 7, 2023.

All members of the Board of Directors hold office for a term of one (1) year until their successors are elected and qualified.

Other Principal Executive Officers[28]

Irma D. Aure, 48 years old, Filipino citizen. Irma D. Aure holds a Bachelor of Arts degree in Behavioral Science and a Master in Business Administration degree. She was the Asia Region Head—HR Services and Solutions of Procter & Gamble (P&G) from June 2017 until June 30, 2019, responsible for the organization's HR technology and operations for the Asia region. Prior to assuming the regional position, Ms. Aure was the Country HR Head, Associate Director of P&G Philippines from August 2013 to May 2017. On July 24, 2019, the Board of Directors appointed Ms. Aure as Vice President for Human Capital and Organization effective July 15, 2019.

Adrian V. Bancoro, 46 years old, Filipino citizen. Adrian V. Bancoro is a licensed attorney and a certified public accountant. He holds a Bachelor of Laws degree and Bachelor of Science degree in Accounting. Prior to joining Cemex, Mr. Bancoro worked as Tax Manager with PricewaterhouseCoopers—Manila from 2003 to 2008. In 2008, he became the Tax and Corporate Counsel of Filinvest Land, Inc., a position he held until 2012. He has participated in Cemex's Achieve Leadership Program and the Management Development Program of the Asian Institute of Management. He is a member of the Integrated Bar of the Philippines, Philippine Institute of Certified Public Accountants and Tax Management Association of the Philippines. In 2012, Mr. Bancoro became the Tax Director of the Cemex Philippines group of companies. Mr. Bancoro serves as the Tax Director of the Company, a position he has held since February 29, 2016.

Pierre Ignatius C. Co, 34 years old, Filipino citizen. Pierre Ignatius C. Co holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He completed the Cemex's Management Development Program at the Asian Institute of Management in 2017. He joined Cemex Philippines in 2011 as Executive Assistant to the Regional President for Asia, and, in 2014, assumed the role of Financial Planning Manager under the Strategic Planning Department. In 2016, he became Investor Relations Manager of the Parent Company. On June 6, 2019, he was appointed by the Board of Directors as Investor Relations Director of the Parent Company effective on June 7, 2019.

[28] The list reflects the incumbent principal executive officers of the Parent Company as at December 31, 2023

Dom Antonoine B. Fortin[29], 36 years old, Filipino citizen. Dom Antonoine B. Fortin is a certified public accountant. He obtained his Bachelor of Science degree in Accountancy in 2008 from Silliman University. His professional career started as an associate with SGV & Company (Ernst & Young) in 008. From then, Mr. Fortin held various positions in accounting, finance, audit, and information technology within diverse industries of local and multinational companies. He was an Internal Audit Manager of SM Investments Corporation from February 2016 to September 2018 and Internal Control Manager of Taisho Pharmaceuticals Philippines from September 2018 to October 2019. In November 2019, he joined Cemex Philippines as the Internal Control Manager. On June 1, 2022, Mr. Fortin was appointed as Internal Auditor by the Board of Directors during its organizational meeting that followed the annual stockholders' meeting.

Christer James Ray A. Gaudiano, 40 years old, Filipino citizen. Mr. Gaudiano has a Bachelor of Arts degree major in Legal Management and a Juris Doctor degree from the University of Santo Tomas (UST). He likewise holds an international certification from Harvard University-edX Program and from the International Air Transport Association. Mr. Gaudiano is currently taking up his International Master of Laws degree with International Business and Commercial Law track at the Ateneo de Manila University. He started his career in Divina Law, and thereafter, in the Office of the Solicitor General. After that , he held various positions in the Department of Tourism from 2011 to 2016 where he last served as Regional Director for the National Capital Region and concurrently, as Deputy Chief of Staff of the Tourism Secretary. Before joining Cemex Philippines, he was the Legal & Aero-political Affairs Director of a seaplane and general aviation company in the Philippines. He joined Cemex Philippines in July 2018 as Legal Manager and handled transactions and projects in labor, procurement, supply chain, contracts, litigation and account receivables, and government affairs. On June 2, 2021, Mr. Gaudiano was appointed by the Board of Directors as the Company's Director of Public Affairs. Following the resignation of Mr. José Mauro Gallardo Valdés as Director for Enterprise Risk Management, the Board of Directors appointed Mr. Gaudiano as the Company's Director for Enterprise Risk Management, Corporate Communications and Public Affairs on October 27, 2021, effective from November 1, 2021. On December 15, 2022, the Board of Directors expanded the scope of work and changed the position title of Mr. Gaudiano to Director for Sustainability, Enterprise Risk Management, Corporate Communications and Public Affairs and said changes took effect on January 20, 2023.

Ma. Virginia Lacson-Del Rosario, 55 years old, Filipino citizen. Ma. Virginia Lacson-Del Rosario obtained a Bachelor of Science degree in Commerce, Major in Business Management and a Master of Business Administration degree. She completed the Management Development Programs of the Asian Institute of Management and Training Institute for Managerial Excellence, Inc. She joined Cemex Philippines in 2001 as Commercial Administration Manager, and her major responsibilities since then included among others, the design and implementation of credit processes and procedure and managing the team of credit analysts responsible for the evaluation transactional risks. On October 24, 2017, Ms. Del Rosario was appointed by the Board of Directors as the Company's Customer Experience Director.

Edwin P. Hufemia, 52 years old, Filipino citizen. Edwin P. Hufemia holds a degree in Bachelor of Science (Chemical Engineering) and a Master of Engineering (Industrial Systems Engineering) degree. He joined Cemex Philippines in 2001 when he was appointed as Logistics Planning Manager and has since held several management positions, including Vice President for Commercial and Logistics for Cemex Philippines from 2004 to 2010, and Managing Director for Cemex Bangladesh. On October 24, 2017, he was appointed as the Company's Vice President for Supply Chain. He is also a member of the Board of Directors of the following subsidiaries of the Parent Company: APO Cement, Solid Cement, Triple Dime, Edgewater, Sandstone, Bedrock, and a member of the Board of Directors and President & Chief Executive Officer of the other

[29] Mr. Fortin tendered his resignation as Internal Auditor effective on February 29, 2024 in order to pursue other professional opportunities. His resignation was the subject of SEC Form 17-C dated January 12, 2024.

subsidiaries: Ecocast, Ecocrete, Enerhiya, Ecopavements, and Newcrete. Mr. Hufemia is a member of the Board of Directors of CASEC and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which concluded its process of winding-up on December 31, 2022. He is also a member of the Board of Directors of Impact Assets Corporation, and Albatross Holdings, Inc.

Roberto Martin Z. Javier, 49 years old, Filipino citizen. Roberto Martin Z. Javier holds a degree in Bachelor of Science and Commerce, Major in Marketing Management. Throughout his career of over 15 years with Cemex, Mr. Javier has accumulated extensive experience in sales, marketing, commercial administration and commercial strategy. Mr. Javier has participated in the Cemex Global Leadership programs and other executive programs from the Asian Institute of Management. In 2014, Mr. Javier became the Vice President for Commercial (Cement) for the Cemex Philippines group of companies. On February 29, 2016, Mr. Javier was appointed as the Company's Vice President for Commercial and, on October 24, 2017, he assumed the new position of Vice President for Commercial-Institutional Segment. On October 27, 2021, the Board of Directors transferred Mr. Javier to the position of Vice President for Commercial-Distribution Segment, with retroactive effect on October 15, 2021. On October 25, 2023, the Board of Directors approved the change in Mr. Javier's designation to Vice President for Commercial (without distinction as to segment), effective retroactively from October 3, 2023. He is also a member of the Board of Directors of the various subsidiaries of the Parent Company. Mr. Javier is also a member of the Board of Directors of CASEC.

Erlinda C. Lizardo, 57 years old, Filipino citizen. Erlinda Cari Lizardo holds a Bachelor of Arts in Communication Arts from the University of Santo Tomas and took Masteral Units in Broadcast Journalism from the University of the Philippines. She joined Cemex Philippines in 2003 as Corporate Communications Manager supporting the communication and reputation management requirements of Cemex Philippines. She is also directly involved in the implementation of social responsibility initiatives of the company. She completed Cemex's Management Development Program at the Asian Institute of Management. Prior to joining the Company, she worked at the Office of the Press Secretary in Malacañang handling presidential coverages and media relations. She also served as Legislative Officer at the House of Representatives handling legislative research and government affairs. She was also part of the public relations team at USAID which handled communications requirements for energy and environmental projects. On June 24, 2020, she was appointed by the Board of Directors of the Company as Corporate Communications Director.

Santiago Ortiz García, 47 years old, Mexican citizen. Santiago Ortiz García holds a Bachelors degree in Industrial Engineering and Manufacturing Administration. He obtained his Masters degree in Occupational Risk Prevention at the Universidad a Distancia de Madrid, Spain and also a Master of Science in Production and Cement & Concrete Technology at Universidad Regiomontana, Mexico. Joining Cemex in 1997, Mr. Ortiz' assignments exposed him to several cement production processes and he has worked in numerous cement plants within the organization. His extensive operational experience made him Production Manager holding the position for 8 years. He joined Cemex Philippines last 2017 as Operations and Technical Manager and was promoted to Process and Quality Director for Cemex's Asia, Middle East and Africa region in July 2019. Since January 2020, he has been the plant director of the cement plant of SOLID Cement Corporation located in Antipolo, Rizal and is responsible for the overall plant operations. On June 2, 2021, Mr. Ortiz was appointed by the Board of Directors as Director of the Solid Cement plant, Operations & Technical, reporting directly to the President & CEO. On December 15, 2022, the Board of Directors promoted Mr. Ortiz to Vice President of Cement Operations and Technical effective on January 1, 2023. Mr. Ortiz concurrently holds the position of Director of the Solid Cement plant, Operations & Technical.

Gery L. Rota, 49 years old, Filipino citizen. Gery L. Rota is a licensed Mechanical Engineer. He obtained his Bachelor of Science in Mechanical Engineering from the University of San Jose Recoletos. Mr. Rota completed the Cement Master Class in Monterrey, Mexico in year 2008 and the Management Development Program for Executives at the Asian Institute of Management in year 2017. Mr. Rota joined Cemex Philippines in 1997 as a field engineer at the cement plant of APO Cement in Naga, Cebu and later assumed leadership roles of various teams in the cement operations. He became the Manager of the clinker group in year 2010 and later appointed as Production Manager. Since November 2013 to date, he is the plant director of the APO Cement plant, and is responsible for the overall plant operations. Mr. Rota has also represented Cemex Philippines in various global networks for cement operations in Cemex. On June 2, 2021, Mr. Rota was appointed by the Board of Directors as Director of the APO Cement plant, Operations & Technical, reporting directly to the President & CEO.

Dino Martin W. Segundo, 52 years old, Filipino citizen. Dino Martin Wilson Segundo obtained his Bachelor of Arts Degree in Economics in 1993 and, thereafter, his Bachelor of Laws Degree in 1998. After passing the 1999 Philippine bar exams, he immediately joined the Soo, Gutierrez, Leogardo & Lee Law Offices as Associate Attorney, focusing on Labor Law, Civil Law, and Criminal Law. Between 2001 and 2007, he was a Senior Associate Attorney at the Carag, Caballes, Jamora & Somera Law Offices, adding Intellectual Property Law and Maritime Law to his fields of specialization. Mr. Segundo joined Cemex Philippines in 2007 as Senior Legal Manager and currently serves as the Company's Legal Director, a position to which he was appointed on June 6, 2018. He participated in Cemex's Management Development Program at the Asian Institute of Management in 2017. On October 25, 2023, the Board of Directors approved the promotion of Mr. Segundo to Vice President for Legal, effective retroactively from October 1, 2023. Mr. Segundo is a member of the Board of Directors of the following subsidiaries of the Parent Company: APO Cement, Solid Cement, Triple Dime, Edgewater, Sandstone, Bedrock, Enerhiya, Ecocast, and Ecopavements. He is also a member of the Board of Directors of CASEC.

Jannette Virata Sevilla, 61 years old, Filipino citizen. Jannette Virata Sevilla obtained her Bachelor of Laws and Bachelor of Arts (cum laude) degrees in 1987 and 1983, respectively. She was admitted to the Philippine Bar in 1988 and the New York State Bar in 1996. She is currently engaged in the private practice of law and is also an external legal consultant of Cemex Asia Pte. Ltd.—Philippine Headquarters. She was previously employed as Regional Legal Counsel for Asia and Vice President for Legal for the Cemex Philippines group of companies until November 2008. She was formerly a Senior Associate Attorney at Carpio Villaraza & Cruz Law Offices; a Director in the Office of the Chief Presidential Legal Counsel, Office of the President of the Republic of the Philippines; an associate attorney at Bautista Picazo Buyco Tan & Fider Law Offices; and a Law Clerk/Confidential Attorney, Office of Associate Justice Irene R. Cortes, Supreme Court of the Philippines. Ms. Sevilla is the Parent Company's Corporate Secretary and Compliance Officer, positions she has held since September 17, 2015 and August 24, 2016, respectively. She also serves as Corporate Secretary of the various subsidiaries of the Parent Company. She is a member of the Board of Directors of Solid Cement. Ms. Sevilla is a member of the Board of Directors and the Corporate Secretary of CASEC.

Juan Carlos Soto Carbajal[30], 48 years old, Spanish citizen. Juan Carlos Soto Carbajal, holds a Bachelor's degree in Engineering. He joined Cemex in the United Arab Emirates in 2007. From the operations area, Mr. Soto moved to the procurement area and eventually assumed the position of Procurement Manager in 2010. After a few years, he was promoted to Supply Chain Director heading the logistics and supply chain area. In January 2019, he was designated as the Procurement Director of Cemex for the Asia, Middle East and Africa (AMEA) region. On January 30, 2019, the Board of Directors appointed Mr. Soto as the Company's Procurement Director effective on January 30, 2019.

[30] Mr. Soto tendered his resignation as Procurement Director effective on May 1, 2024 due to his re-assignment to another position in the Cemex organization. His resignation was the subject of SEC Form 17-C dated April 12, 2024.

Steve Kuansheng Wu, 57 years old, Taiwanese citizen. Steve Kuansheng Wu holds an MBA (Finance), an MBA (Accounting) and a Bachelor's degree in Business Mathematics. He has participated in Cemex's Achieve Leadership Program and its International Management Program, and, since 2001, he has held positions in the accounting areas for several business units of Cemex in Asia. In 2011 he became Asia Management Financial Service Manager based in Cemex Philippines. On December 6, 2017, he was appointed as the Parent Company's Treasurer, Chief Financial Officer and Business Services Organization Director (now, Global Enterprise Services Director). He is a member of the Board of Directors of Solid Cement and Ecocrete. He is also Treasurer, Chief Financial Officer and Director for Global Enterprise Services of the various subsidiaries of the Parent Company and CASEC.

(2) Significant Employees

As of December 31, 2023, no single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of the Company's employees as instrumental to the overall success of the Company's performance.

(3) Family Relationships

As of December 31, 2023, there are no family relationships among the members of the Board of Directors and Executive Officers up to the fourth civil degree of consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings of Directors and Executive Officers

As of December 31, 2023, and to the best of the Parent Company's knowledge and belief, during the past five (5) years, none of the members of the Board of Directors, nor any of the Executive Officers of the Parent Company, (i) has filed any bankruptcy petitions or have had bankruptcy petitions filed against them; (ii) has been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country (excluding minor offenses); (iii) has been or is subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (iv) has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

[Nothing else follows on this page]

<u>ITEM 10</u>. <u>COMPENSATION</u>

(1) Director's Compensation

Under the Parent Company's by-laws, the members of the Board shall receive compensation for the discharge of the duties of supervision and collegiate decision-making proper to said management body. The Board of Directors approved in a special meeting held on June 3, 2016 the following honorarium fee/per diem for independent directors of the Parent Company: (i) an honorarium fee/ per diem equivalent to ₱450,000.00 (computed on an annual basis) for acting as director and (ii) an honorarium fee/per diem equivalent to ₱90,000.00 (computed on an annual basis) per Committee membership.

Only the independent directors are entitled to compensation for the discharge of their duties as members of the Board of Directors of the Corporation or members of the Board Committees. The other board members do not receive any compensation, directly or indirectly, for the discharge of their duties as board director of the Corporation or as member of any of the Committees of the Board.

(2) Annual Report of the Total Compensation for Each Director for 2023

For the year 2023, the total director's compensation received by each of the individuals who served as a member of the Board of Directors (including Mr. Panlilio who did not stand for re-election during the annual meeting of stockholders held on June 7, 2023) is below:

Name of Board Member	Total Director's Compensation (honorarium/per diem)
1. Pedro Roxas *(lead independent director)*	₱ 630,000.00
2. Alfredo S. Panlilio *(independent director)*	₱ 315,000.00
3. Eleanor M. Hilado (*independent director*)	₱ 630,000.00
4. Marife B. Zamora *(independent director)*	₱ 367,500.00
5. Sergio Mauricio Menéndez Medina	0
6. Luis Guillermo Franco Carrillo	0
7. Antonio Iván Sánchez Ugarte	0
8. Francisco Javier García Ruiz de Morales	0
9. Jesús Ortiz de la Fuente	0
Grand Total	₱ 1,942,500.00

The total director's compensation for 2023 did not exceed ten (10%) percent of the net income before income tax of the Parent Company during the preceding year. In compliance with Section 29 of the Revised Corporation Code of the Philippines, the members of the Board of Directors of the Parent Company have not participated in the determination of their own per diem or compensation.

Messrs. Menéndez, Sánchez and Garcia are "non-executive" directors and are not employees or executive officers of the Company. They do not receive any compensation from the Company for the discharge of their duties as members of the Board of Directors of the Parent Company.

Mr. Franco is the incumbent President & CEO of the Parent Company. He does not receive any compensation from the Parent Company for the discharge of his duty as a member of the Board of Directors of the Parent Company. However, he receives compensation for the discharge of his functions as an executive officer of the Company, and his compensation package is reported under the table on Executive Compensation in the succeeding section. Mr. Ortiz is Vice President of the Parent Company. He does not receive any compensation from the Parent Company for the discharge of his duty as a member of the Board of Directors of the Parent Company. However, he receives compensation for the discharge of his functions as an executive officer of the Company, and his compensation package is reported under the table on Executive Compensation in the succeeding section.

(3) Executives' Compensation

The following table summarizes the aggregate compensation of the President/Chief Executive Officer ("CEO") and the four most highly compensated Executive Officers (the "NEOs") of the Parent Company, as well as the other principal executive officers of the Parent Company during the last three completed fiscal years and the ensuing fiscal year are as follows:

Name and Principal Position	Year	Salary *(in millions of Philippine Pesos)*	Bonus[31] *(in millions of Philippine Pesos)*	Other Compensation *(in millions of Philippine Pesos)*
CEO and NEOs 1. Ignacio Alejandro Mijares - Elizondo President and CEO 2. Carlos Alberto Palero Castro - Vice President for Cement Operations & Technical 3. Alejandro García Cogollos - Vice President for Planning & Administration. 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Everardo Sanchez Banuet - Vice President for Commercial – Distribution Segment	Actual 2020	₱70.7	₱32.4	₱19.5
CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO 2. . Edwin P. Hufemia - Vice President for Supply Chain 3. Everardo Sanchez Banuet Vice President for Commercial – Distribution Segment 4. Alejandro García Cogollos Vice President for Planning & Administration 5. Irma del Mundo Aure – Vice President for Human Resources & Capital Organization	Actual 2021	₱60	₱35.6	₱21.3
CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO (until June 2022) 2. Luis Guillermo Franco Carrillo - President and CEO 3. Edwin P. Hufemia - Vice President for Supply Chain 4. Santiago Ortiz Garcia – Solid Cement Plant Director 5. Juan Carlos Soto Carbajal – Procurement Director	Actual 2022	₱51	₱28.8	₱50
CEO and NEOs 1.Luis Guillermo Franco Carrillo – President and CEO 2.Jesus Ortiz Dela Fuente – Vice President for Strategic Planning	Actual 2023	₱82.2	₱21.0	₱70.1

[31] Bonus includes the value of benefits received in connection with variable compensation or long-term incentive plans applicable to eligible executives.

3.Santiago Ortiz Garcia – Vice President for Cement Operations and Technical 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Juan Carlos Soto Carbajal – Procurement Director				
CEO and NEOs 1.Luis Guillermo Franco Carrillo – President and CEO 2.Jesus Ortiz Dela Fuente – Vice President for Strategic Planning 3.Santiago Ortiz Garcia – Vice President for Cement Operations and Technical 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Irma del Mundo – Vice President for Human Capital and Organization	Projected 2024	₱76.9 estimated	₱28.7 estimated	₱101.2 estimated
All other principal executive officers as a group unnamed	Actual 2020	₱65.9	₱18.1	₱17
	Actual 2021	₱65.4	₱201	₱26.6
	Actual 2022	₱77	₱17.6	₱45.9
	Actual 2023	₱64.6	₱8.8	₱20.8
	Projected 2024	₱65.0 estimated	₱15.1 estimated	₱29.5 estimated

Certain executive officers of the Parent Company or its subsidiaries have received compensation in the form of Cemex's restricted CPOs pursuant to the terms of variable compensation plan applicable to these executives under which the eligible executives are allocated annually with a specific number of restricted CPOs as a long-term incentive compensation to be vested over a specific period of time.

Beginning in 2018, certain executive officers of the Parent Company or its subsidiaries received compensation in the form of cash pursuant to the terms of a variable long-term incentive plan approved by the Parent Company's Board of Directors on April 25, 2018 under which the eligible executives are allocated cash amounts (to be released in four annual installments) which shall be used by these executives to purchase a specific number of shares of the Parent Company from the market.

In mid-2023, the Parent Company began transitioning to a new long-term incentive or share-based program for its eligible executives involving the acquisition of Cemex's American Depositary Shares (ADS) listed on the New York Stock Exchange in lieu of CPOs and CHP shares.

(4) Employment Contracts Between the Parent Company and CEO and NEOs

As of December 31, 2023, the Parent Company has no special employment contracts with CEO and NEOs.

(5) Warrants and Options Outstanding

As of December 31, 2023, the Parent Company has not issued any warrants or options which are held by the CEO, the NEOs, and all officers and directors as a group.

(6) Employee Restricted Stock and Other Incentive Plans

As of December 31, 2023, the Parent Company has not established an employee restricted stock or other incentive stock plan of its shares or otherwise linked to the value of its shares.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

The Parent Company is not aware of any person or entity who beneficially owns in excess of 5% of the Parent Company's common shares as of December 31, 2023, except as set forth in the table below:

Record Owners	Names of beneficial owner	Nationality	No. of Shares Held	% to Total Outstanding Shares
CEMEX ASIAN SOUTH EAST CORPORATION[(a)]	CEMEX ASIAN SOUTH EAST CORPORATION	Non-Filipino (incorporated in the Philippines but wholly owned by a Netherlands company)	2,857,467,493	21.18%
PCD Nominee Corporation (Non-Filipino) [(b)]	CEMEX ASIAN SOUTH EAST CORPORATION	Non-Filipino	9,358,552,768 [(c)]	69.37%
PCD Nominee Corporation (Filipino) [(d)]	PCD Participants and clients	Filipino	1,262,706,111	9.36%

[(a)] CASEC, the majority stockholder of the Parent Company, is a corporation incorporated in the Philippines, but wholly-owned by a Netherlands company.

[(b)] PCD Nominee Corporation is not related to the Parent Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant. The Parent Company has no information relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

[(c)] Based on SEC Form 23-B dated April 3, 2023 filed by CASEC, in addition to the 2,857,467,493 certificated shares indicated in the table above, CASEC owns in scripless form 9,264,487,169 shares recorded under *PCD Nominee Corporation (Non-Filipino)*, inclusive of 5 shares held as of December 31, 2023 by Sergio Mauricio Menéndez Medina, Luis Guillermo Franco Carrillo, Antonio Iván Sánchez Ugarte, Francisco Javier García Ruiz de Morales and Jesús Ortiz de la Fuente, respectively. As of December 31, 2023, the total number of shares owned by CASEC is 12,121,954,662, which corresponds to 89.86% of the total issued and outstanding shares of stock of the Parent Company.

[(d)] See Note [(b)]

(2) Security Ownership of Management

The number of shares owned of record and/or beneficially owned as at December 31, 2023 by the current Directors, the CEO and NEOs are set forth below:

Title of Class	Name of Record Owner	Name of Beneficial Owner	Amount	Nationality	% to Total Shares
Common	Pedro Roxas	Same as record owner	51,001	Filipino	nil
Common	Eleanor M. Hilado	Same as record owner	776,700	Filipino	nil
Common	Marife B. Zamora	Same as record owner	50,100	Filipino	nil
Common	Sergio Mauricio Menéndez Medina	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Mexican	nil
Common	Luis Guillermo Franco Carrillo	Same as record owner	1,516,658 (including 1	Mexican	nil

			director's qualifying share owned by Cemex Asian South East Corporation)		
Common	Antonio Iván Sánchez Ugarte	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Spaniard	nil
Common	Francisco Javier García Ruiz de Morales	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Spaniard	nil
Common	Jesús Ortiz de la Fuente	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Mexican	nil
Common	Edwin P. Hufemia	Same as record owner	1,802,184	Filipino	nil
Common	Santiago Ortiz Garcia	Same as record owner	1,619,113	Mexican	nil
Common	Juan Carlos Soto Carbajal	Same as record owner	83,655	Spaniard	nil

(3) Voting Trust Holders of 5% or More

As of December 31, 2023, the Parent Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

(4) Changes in Control

In 2023, CASEC increased its beneficial ownership of the Parent Company from 77.9% to 89.86% of the total issued and outstanding shares of stock of the Parent Company. The increase resulted from the voluntary tender offer exercise which was launched by CASEC in the first quarter of 2023 and concluded in CASEC owning 12,121,954,662 shares corresponding to 89.86% of the total issued and outstanding shares of stock of the Parent Company. Notwithstanding the increase in CASEC's shareholdings, there was no change in control in 2023.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Framework Agreement with Cemex

The Parent Company entered into the Framework Agreement to avoid conflicts of interest between the Company and Cemex Group. The Framework Agreement became effective upon commencement of trading of the Parent Company's shares on the PSE in July 2016, and may be amended by written agreement between Cemex, CASEC and the Parent Company, provided that any amendment shall be authorized by the Parent Company's independent directors. In addition, the Framework Agreement will cease to be in effect if the Parent Company is no longer a subsidiary of Cemex or if Cemex ceases to account for its investment in the Parent Company on a consolidated basis or under the participation method for accounting purposes (or any other method that applies similar principles).

The Framework Agreement shall be construed and governed by the laws of the Republic of the Philippines and governs, among other things, the Company's ability to undertake certain actions including, but not limited to, the incurrence of indebtedness above certain levels, the disposition and acquisition of assets in excess of certain amounts and the making of capital expenditures in excess of certain amounts.

In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with the Cemex Group's debt agreements, financial information, regulatory status, compliance with policies and procedures, share transfer rights, equity purchase rights, litigation, dispute resolution, and further actions and assurances.

Other Transactions

Transactions with affiliated companies or other related parties of the Parent Company (including the Cemex Group) are mentioned or referenced to in the Company's Audited 2023 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

These transactions include, among others, the following:

- <u>*Services Agreement*</u>

  a) *Business Support Services Agreement* dated August 8, 2022 between APO Cement and Cemex, pursuant to which Cemex provides APO Cement with various services necessary for the operation of the APO Cement business (the "APO Services"). This services agreement has an initial term of five years commencing from January 1, 2022, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. Cemex has the right to terminate the agreement in the event that APO Cement ceases to be a direct or indirect subsidiary of Cemex. APO Cement pays Cemex a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. CEMEX calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes. These APO Services were previously performed by other subsidiaries of Cemex under various services agreements since 2009.[32]

  b) *Business Support Services Agreement* dated August 8, 2022 between Solid Cement and Cemex, pursuant to which Cemex provides Solid Cement with various services necessary for the operation of the Solid Cement business (the "Solid Services"). This services agreement has an initial term of five years commencing from January 1, 2022, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. Cemex has the right to terminate the agreement in the event that Solid Cement ceases to be a direct or indirect subsidiary of Cemex. Solid Cement pays Cemex a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. Cemex calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes. These Solid Services were previously performed by other subsidiaries of Cemex under various services agreements since 2009.[33]

[32] These APO Services were previously performed by (i) Cemex Operaciones México, S.A. de C.V. and Cemex Central, S.A. de C.V., pursuant to the Business Support Services Agreement dated January 1, 2017, and (ii) by Cemex Central, S.A. de C.V. pursuant to a certain service agreement dated June 1, 2009 entered into with Cemex Asia Pte. Ltd. (through its regional headquarters in the Philippines) which agreement was terminated effective on December 31, 2017.

[33] These Solid Services were previously performed (i) by Cemex Operaciones México, S.A. de C.V. and Cemex Central, S.A. de C.V., pursuant to the Business Support Services Agreement dated January 1, 2017, and (ii) by Cemex Central, S.A. de C.V. pursuant to a certain service agreement dated June 1, 2009 entered into with Cemex Asia Pte. Ltd. (through its regional headquarters in the Philippines) which agreement was terminated effective on December 31, 2017.

c) *Services Agreement* dated October 11, 2022 between Solid Cement and Servicios Profesionales Cemex, S.A. de C.V. ("SPC"), a Cemex subsidiary, pursuant to which SPC provides Solid Cement with specialized services of design, engineering, procurement management of goods and services, review and analysis of bids and start-up of engineering projects. This services agreement has an initial term of five years commencing from January 1, 2022, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. Cemex has the right to terminate the agreement in the event that Solid Cement ceases to be a direct or indirect subsidiary of Cemex. Solid Cement pays Cemex a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. Cemex calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes. The services contemplated under this Services Agreement were previously performed by other subsidiaries of Cemex.[34]

In 2023, under these services agreements, the Company incurred service fees payable to Cemex amounting to a total of ₱205.9 million, which accounted for approximately 1.19% of the Company's consolidated revenue.

- <u>*Trademark License Agreement and Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement*</u>

Pursuant to separate license agreements entered into by CAR with Cemex Group[35], the Parent Company's subsidiaries are allowed the non-exclusive use in the Philippines of different trademarks, names and intellectual property assets owned and developed by Cemex, such as the name "Cemex" and brands "APO", "Island" and "Rizal", and other related names and trademarks, processes and information technology, software, industrial models, procurement, commercial and distribution systems. These license agreements became effective with retroactive effect to 1 January 2016 upon completion of the IPO, and have an initial term of five years, automatically renewable for subsequent five-year terms unless terminated by either of the parties thereto by providing one-month written notice prior to the end of the applicable term. These agreements may also be terminated if CAR would cease to be a direct or indirect subsidiary of Cemex. As consideration for the use of these trademarks, names and intellectual property assets, CAR pays to the licensors a royalty fee determined at an arm's length basis.

In 2023, under these license agreements, the Company incurred royalty fees payable to Cemex amounting to a total of ₱656.5 million, which accounted for approximately 3.79% of the Company's consolidated revenue.

- <u>*Loan Facility Agreements*</u>

a) On November 21, 2018, Solid Cement, as borrower, executed a revolving facility agreement with CABV for a principal amount of up to US$75 million under a revolving framework (as amended from time to time, herein referred to as the "Solid Expansion

[34] See footnote 33

[35](1) "Trademark License Agreement" between Cemex, as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated), and (2) the "Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement" between Cemex Research Group AG (a Cemex subsidiary) as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated). Pursuant to a notice dated December 15, 2020, CAR was notified that Cemex Research Group AG assigned and transferred its rights and obligations as Licensor under this Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement to Cemex Innovation Holding Ltd. (Cemex subsidiary) starting January 1, 2021.

Facility Agreement"). The borrowings under the Solid Expansion Facility Agreement consisted of a tenor of six (6) years and carried a fixed interest rate depending on our consolidated debt to EBITDA leverage ranging from 8.2% to 10.2% per annum.

The Solid Expansion Facility Agreement was amended in February 2019, to increase the available principal amount to US$100 million. In November 2019, the Solid Expansion Facility Agreement was further amended to increase the amount available under the facility to US$160 million. The Solid Expansion Facility Agreement was further amended in December 2019 to (i) convert any unpaid interest as of January 3, 2020 (or such other date on which the Offer Price for the Rights Shares in the Stock Rights Offering is determined) (such date, the "SEFA Reference Date") on account of any borrowings made under this Solid Expansion Facility Agreement from U.S. dollar-denominated indebtedness to Philippine peso-denominated indebtedness, (ii) convert any outstanding balances owed by Solid Cement under this facility agreement (including any accrued but unpaid interest) that have been accrued in connection with a draw down by Solid Cement under the facility within an 80-calendar day period following the SEFA Reference Date from U.S. dollar-denominated indebtedness to Philippine peso-denominated indebtedness, and (iii) for the fixed interest to be paid under the Solid Expansion Facility Agreement to range from 8.2% to 10.2% per annum for U.S. dollar-denominated indebtedness and from 10.3% to 12.3% for Philippine peso-denominated indebtedness (depending on our consolidated debt to EBITDA leverage).

On March 5, 2020, Solid Cement fully paid and settled the then outstanding balances under the Solid Expansion Facility Agreement which amounted to ₱6,784 million.

On March 1, 2023, the Solid Expansion Facility Agreement was assigned to Cemex Innovation Holding Ltd., as lender, and further amended to reduce the amount available to Solid Cement from US$160 million to US$130 million for a term of six (6) years and with a fixed interest rate of 9.44% per annum. The Solid Expansion Facility Agreement is subordinated to the BDO Agreements[36].

b) Solid Cement signed, as borrower, a Revolving Loan Agreement dated December 1, 2022 with Cemex Innovation Holding Ltd., as lender, covering a 3-year term loan under a revolving framework, for a principal amount up to US$75 million. Solid Cement is permitted to use the loan proceeds for general corporate purposes. The borrowings under this loan agreement carry a fixed interest rate of 7.32% per annum.

c) APO Cement signed, as borrower, a Revolving Loan Agreement dated January 1, 2023 with Cemex Innovation Holding Ltd., as lender, covering a 3-year term loan under a revolving framework, for a principal amount up to US$75 million. APO Cement is permitted to use the loan proceeds for general corporate purposes. The borrowings under this loan agreement carry a fixed interest rate of 7.32% per annum.

- *General Commercial Arrangements*

The Company engaged with affiliated companies or other related companies in various commercial arrangements in the ordinary course and on arm's-length terms, including:

[36] The term "BDO Agreements" means collectively (i) the 2017 BDO Facility Agreement which is that senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017, for an amount of up to the Philippine Peso equivalent of US$ 280 million, as from time to time amended or supplemented, and (ii) the 2022 BDO Refinancing Facility Agreement which is that 5-year senior unsecured Philippine Peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on July 28, 2022, for a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00), the loan proceeds of which was used to repay a *portion* of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion

- supply agreements or spot purchases of cement or other construction materials;
- freight contracts pursuant to which said related companies transport to the Company any products or goods purchased by the Company from related companies or third parties but using vessels owned or contracted by said related companies;
- spot purchases of carbon, petroleum coke or other fuels required by us and offered or arranged by said related companies or offered by the Company to said related companies, such as the coal supply contract with Transenergy, Inc.[37] or Cemex International Trading LLC (each a Cemex subsidiary that sources coal, petroleum coke and other products), as well as any hedges for such transactions; and
- the sale or purchase or lease of construction equipment, including machinery, vehicles used for construction, etc., between related companies and the Company.

Notably, APO Cement and Solid Cement purchase the majority of their respective limestone, pozzolan and clay requirements from ALQC[38] and IQAC[39] pursuant to long-term supply agreements effective as of January 1, 2016. These supply agreements each have 20-year terms and automatic renewals of two years. The principal manufacturing installations of APO Cement and Solid Cement are located on land owned by ALQC or IQAC. Under the lease agreements, ALQC and IQAC have various customary rights as landlords. Each of these lease agreements expires in December 2040 and is extendable for another 25 years.

In 2022, APO Cement and ALQC executed a long-term agreement, whereby ALQC updated and extended the grant in favor of APO Cement of non-exclusive rights of access to and use of properties upon which are located APO's jetty and marine terminal and ancillary facilities in Naga, Cebu, for a new contract term expiring in November 2044. For and in consideration of the various rights granted to APO Cement under this agreement, APO Cement shall compensate ALQC in such reasonable amounts taking into account the actual costs incurred by ALQC in connection with the properties such as governmental fees and expenses. The annual fee is subject to a joint review and final written confirmation of the parties every year. The annual fee for 2022 and 2023 was ₱73.45 million and ₱80.93 million, respectively.

For further information on related party transactions, including outstanding advance balances, see Note 13 of the Notes to the Company's Audited 2023 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

Save for transactions with affiliated companies or other related parties of the Parent Company (including the Cemex Group) mentioned or referenced to in herein discussions or in the Company's Audited 2023 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A), there has been no other material related party transactions during the last three years with the Parent Company or any of its subsidiaries in which a Director or Executive Officer of the Parent Company, or a security holder owning at least ten percent (10%) or more of the outstanding shares of stock of the Parent Company, and members of their respective immediate family had or is to have a direct or indirect material interest.

[37] Transenergy, Inc. was merged into Cemex International Trading LLC, a Cemex subsidiary, in November 2022. As a result of the merger, Transenergy, Inc. ceased to exist.

[38] APO Land & Quarry Corporation is not a direct or indirect subsidiary of the Parent Company and is not a member of the Company. ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest.

[39] Island Quarry and Aggregates Corporation is not a direct or indirect subsidiary of the Parent Company and is not a member of the Company. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

PART IV – CORPORATE GOVERNANCE

ITEM 13. BASIC CORPORATE GOVERNANCE POLICIES

(1) *Manual of Corporate Governance*

The Parent Company adopted its Manual of Corporate Governance on March 7, 2016. This manual was amended on October 25, 2016, May 10, 2017, February 6, 2018 and March 22, 2018. The Parent Company's policy of corporate governance is principally based on the Manual of Corporate Governance. The Manual of Corporate Governance lays down the principles of good corporate governance that are to be followed in the entire organization. The Manual of Corporate Governance provides that it is the Board's responsibility to initiate compliance to the principles of good corporate governance, to foster long-term success and to secure sustained competitiveness in a manner consistent with the Board's fiduciary responsibility.

There are currently three independent directors on the Board of Directors of the Parent Company namely, Eleanor M. Hilado, Pedro Roxas and Marife B. Zamora. During the organizational meeting of the Board of Directors held on June 7, 2023, Mr. Roxas was designated as the Lead Independent Director, whose functions shall include, among others, serving as an intermediary between the Board Chairman and other independent directors, when necessary, and shall chair meetings among non-executive directors.

The Manual of Corporate Governance embodies the Parent Company's policies on disclosure and transparency, and mandates communication and training programs on corporate governance. The Manual of Corporate Governance further provides for certain rights of stockholders and for the protection of the interests of minority stockholders.

The Manual of Corporate Governance provides that any material amendment or revision to the provisions defining the (i) royalty/license fee or service fee, as applicable, payable to Cemex Group pursuant to, or (ii) the duration or term of, any of the Company's license agreements involving the trademark and other intellectual properties of Cemex Group or the service agreements with Cemex Group shall require the affirmative vote of two independent directors.

The Manual of Corporate Governance recognizes the authority of the Board of Directors to create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Manual of Corporate Governance.

On January 30, 2019, the Board of Directors adopted a *Framework for a Self-Rating Performance System* which requires, among others, that every January of every year, separate performance assessments of the Board of Directors and the board committees are made in order to evaluate their performance as a body and assess whether the Board and committees possess the right mix of backgrounds and competencies. These performance assessments shall be conducted using the criteria and rating system formalized in the questionnaires to be prepared and circulated for the performance assessments. For the Board of Directors, the criteria focused on the following key areas: composition and competencies of board members, decision-making effectiveness, relevance & timeliness of information and management of stockholders. For the board committees, the criteria focused on the following areas: composition & competencies of committee members, decision-making effectiveness, appropriateness of committee recommendations and availability of information & resources.

The organization also has a performance management system for executives and employees, which follows a five-step process: 1) Goal Setting, 2) Monitoring, 3) Developing, 4) Rating, and 5) Reward. This system allows executives and employees to discuss, set, and evaluate their individual goals with their respective supervisors while also allowing them to receive continuous feedback on their performance. Our performance rating system uses a five-point scale to indicate whether an individual meets, exceeds, or is performing below expectations. Ratings include key performance indicators, where quantifiable measures are used to track and evaluate how individuals are achieving the goals set by the company. The period covered for the annual performance rating is the calendar year, from January to December.

Further to the Company's commitment under the Manual of Corporate Governance to provide continuing training opportunities, the Company arranged for members of the Board of Directors[40] along with principal executive officers of the Company to attend in 2023 on-line corporate governance training seminars or webinars conducted by the Institute of Corporate Directors ("ICD"), namely:

- September 29, 2023: 2-hour webinar entitled "Adopting an Entrepreneurial Mindset: A Primer for Board of Directors" which was conducted by ICD

- November 20, 2023: 4-hour webinar conducted by ICD with the following topics: Redefining the Future of Finance: Fintech's Role in Shaping our Economy and The Brand Architecture: A Valuable Framework for Setting Strategy

- December 13, 2023: 4-hour webinar entitled "Risk Management in the Post-Covid Age" which was conducted by ICD

- December 15, 2023: 4-hour webinar entitled "The Brand Architecture: A Valuable Framework for Setting Strategy" which was conducted by ICD

Through the Investor Relations team and the Corporate Communications team, the Parent Company communicates with its stockholders and other stakeholders and keeps the investors and relevant stakeholders regularly informed of developments in the Company's business. The Company's Sustainability Report identifies the channels through which feedback and communications with various stakeholders are received by the Company. These include social media platforms. The Investor Relations team conducted conference calls and webcast presentations which were accessible to its stockholders, during which time the President & Chief Executive Officer presented the operational and financial quarter results of the Company and responded to questions raised by attendees. In 2023, the conference calls and webcast presentations were held on February 14, May 3 and July 28. The Public Affairs team conducted stakeholders' meetings in 2023 with community leaders and representatives of municipalities and barangays in the City of Antipolo, Rizal and City of Naga, Cebu. Various consultations and meetings were also held with several interest groups in affected communities in relation to environment, livelihood, infrastructure, sustainability and community empowerment. Aside from Rizal and Cebu, the Public Affairs team also participated in barangay and municipal dialogues, and council sessions in Laguna, Cavite, Bohol, Iloilo, Quezon, and Palawan. Furthermore, the Public Affairs team joined in quarterly multi-partite monitoring activities with relevant government agencies, which provided the forum for assessing the progress of Company-led or supported initiatives or social development programs, and addressing concerns of its stakeholders.

To the best of the Parent Company's knowledge and belief, the Company has substantially complied with and has not violated the provisions of the Manual in any material respect.

The Parent Company strives to further improve its corporate governance practices as may be required by law or the exigency of the business.

On May 29, 2023, the Parent Company released its Integrated Corporate Governance Report for 2022 (SEC Form I-ACGR) with the corresponding attestation on the organization's internal audit, control and compliance system.

[40] Mr. Pedro Roxas and Ms. Marife Zamora, who are also members of the Board of Directors of other publicly-listed companies, respectively (*PLCs*), attended the 2023 in-house corporate governance training of said PLCs' group of companies held on November 9, 2023.

(2) ***Performance Assessment of the Board of Directors and Board Committees***

Since 2018, the members of the Board of Directors and board committees completed their annual internal assessments and the results of the performance assessment were presented and discussed with the Board of Directors during the board meeting following the conclusion of the performance assessment for each fiscal year.

The Company has enlisted the support of an external facilitator in connection with the performance assessment process in line with third-party Board evaluation is in line with Principle 6 (Recommendation 6.1) of the Code of Corporate Governance for Publicly Listed Companies of the Securities and Exchange Commission (SEC Memorandum Circular No. 19-2016).

For the assessment of the performance of the Board of Directors and the board committees in 2020, the Parent Company engaged the services of the Institute of Corporate Directors ("ICD"), to perform the evaluation exercise which was conducted in January through February 2021. The results of the assessment of 2020's performance, as well as the recommendations from ICD, were presented and discussed at the meeting of the Board of Directors held on April 7, 2021.

For the assessment of the performance of the Board of Directors and the board committees in 2023, the Parent Company engaged once again the services of ICD to support the evaluation exercise which was conducted in January through February 2024. Regarding the methodology, framework and criteria of the assessment exercise, the "Third-Party Board Evaluation" intervention by ICD involved the Board Performance Self-Assessment, employing the use of a survey questionnaire designed by ICD which would allow members of the Board of Directors to share their impressions on various aspects of the Board's performance and to express the extent of their agreement on various issues, and encompassed the following elements: (1) *Structure and Composition* – This looks at the diversity and balance of competencies of directors, Board committees, and officers who support the Board, (2) *Responsibilities and Duties* – This looks at how the Board effectively fulfills its roles and responsibilities particularly in strategy, policy, oversight, and accountability; (3) *Board Processes* – This looks at the internal processes of the Board from nomination, election, and on-boarding of the directors, among others; (4) *Dynamics and Relationships* – This looks at how the Board works as a team, the expectations of individual directors, and the leadership of the chairperson. The Board Effectiveness Questionnaire was supplemented by Director's Self-Evaluation, Chairperson Evaluation, and Board Committee Evaluation. The results of the assessment of 2023's performance, as well as the recommendations from the ICD, were presented and discussed at the meeting of the Board of Directors held on February 23, 2024. The findings of the ICD included, among others, that the Company's Board of Directors was a highly functioning board, whose skills, structure, composition, and committees are balanced and appropriate for the organization; the Board is composed of members with diverse backgrounds and experts who have proven their track record in their respective fields, and are well respected for their uncompromising integrity; the Board members are qualified in their positions individually and collectively to fulfill their roles and responsibilities and to respond to the immediate issues of the company; the Board members are aware of their roles and responsibilities and these are clearly defined and understood, and have ownership of *Vision*, *Mission*, and *Core Values* of the Parent Company; the board processes allow for engendering accurate and reliable materials that aid directors in the performance of their tasks; and, in terms of dynamics, the Board can discuss and decide matters with no individual or small group dominating the process.

(3) ***Cemex Code of Ethics and Business Conduct and Other Global Policies***

The Company is bound by the Code of Ethics and Business Conduct of Cemex ("Code") which was established to ensure that all employees, board members and other stakeholders of Cemex and its subsidiaries worldwide abide by the same high standards of conduct in their daily interactions, including the principal executive officer, principal financial officer and principal accounting officer of Cemex, as well as third parties, and other stakeholders. This Code is designed to govern the Company's relationships with all of its stakeholders regarding workplace safety, health, human rights, harassment, diversity and inclusion, customer relations, supplier relations, government relations, community relations, environmental responsibility, antitrust compliance, anti-corruption, preventing money laundering, data privacy and protection, conflicts of interest, gifts and hospitalities, use of Cemex's assets, political activities, insider trading, intellectual property, communication and use of social media, and financial controls and records. Through the organization's ethics committees, training programs, and secure internal communications channels, the Company ensures awareness and enforcement of this Code. Among the several implemented Cemex global policies being observed by the Company are the Global Antitrust Compliance Policy, Global Anti-Corruption Policy and Insider Trading and Transactions with Cemex Securities Policy, among others. The Code and the various implemented Cemex global policies are periodically evaluated and, where deemed necessary or appropriate, updated.

In 2023, the officers and employees of the Company received training on various topics governed by the Code, dedicating at least 10,828 training manhours related to Anti-Corruption and Anti-Bribery, Competition and Anti-Trust, Corporate Governance, Safety, Health & Wellness, Code of Ethics and Business Conduct, and Labor Education. Additional training programs for officers and employees were also conducted for other functional and technical topics and focus areas.

(4) *Material Related Party Transactions Policy*

The Company has a *Policy on Material Related Party Transactions* (the "MRPT Policy") which was adopted and approved by the Board of Directors on September 3, 2019. The purpose of MRPT Policy is to (a) define the framework for the procedures and processes for the review, approval or ratification, monitoring and recording of Related Party Transactions (as defined in this Policy) of the Company; (b) provide guidance to management and employees on the governance guidelines for Related Party Transactions and disclosure requirements; and (c) supplement the Cemex *Policy and Procedures with Respect to Related Person Transactions*, which is the general policy authorized by the Cemex Board of Directors and applicable to the international group of companies of which the Company is a member.

The MRPT Policy requires each and every Material Related Party Transaction ("Material RPT") be approved under the following procedure:

(a) the Audit Committee shall review and evaluate the Material RPT, and endorse the same to the Board of Directors for approval; and

(b) the Material RPT shall require the approval of at least two-thirds (2/3) vote of the members of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT.

According to the MRPT Policy, a Material RPT means any Related Party Transaction individually, or set of Related Party Transactions in aggregate over a twelve (12)-month period with the same Related Party, which meets the Materiality Threshold defined as at least ten percent (10%) of the Company's total consolidated assets, based on its latest audited financial statement. In the event that the vote of a majority of the independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two- thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate Related Party Transactions within a twelve (12)- month period with the same Related Party that reaches the Materiality Threshold, the review and approval requirement above-described is required for the Related Party Transaction/s.

Material changes in the terms and conditions of a Material RPT shall be reviewed and must be approved in accordance with the same procedure above described. Material changes shall include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the Material RPT. Transactions meeting the Materiality Threshold that were entered into with an unrelated party that subsequently becomes a Related Party are excluded from the special review and approval process; however, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a Related Party shall require the special review and approvals.

As part of its Integrated Corporate Governance Report which was filed in 2021, the Company submitted a Summary of the Material RPTs for the year 2020 that contained the terms and conditions of the

Revolving Master Loan Facility Agreement dated March 3, 2020 between the Parent Company and Solid Cement, with the following salient features:

(i) Type/Nature of Transaction: Revolving Master Loan Facility Agreement between the Parent Company, as lender, and Solid Cement, as borrower; 7-year tenor under a revolving framework
(ii) Amount/Contract Price: Up to ₱12,725,000,000
(iii) Percentage of the Contract Price to the Total Assets of the Parent Company: 21.64% (based on total assets per audited consolidated financial statements of the Parent Company for year ending December 31, 2019)
(iv) Corporate Approvals: The transaction was approved by the Board of Directors during the board meeting held on December 5, 2019 (following the review and favorable endorsement by the Audit Committee to the Board). Board members who voted favorably for the transaction comprised all of the members who were present during the meeting and constituted more than 2/3 of the board membership, including a majority of the independent directors: Joaquín Miguel Estrada Suárez (Chairman), Pedro Roxas (Lead Independent Director), Eleanor M. Hilado (Independent Director), Ignacio Alejandro Mijares Elizondo, Alejandro García Cogollos, Antonio Iván Sánchez Ugarte.
(v) Maturity Date: March 3, 2027
(vi) Interest: Advances or borrowings under the loan facility will bear a fixed interest rate of 10.02% per annum
(vii) Subordinated Feature: The loan shall be subordinate to the BDO Facility Agreement (as supplemented), upon the occurrence of any of the events considered as an event of default under said BDO Facility Agreement.

The Company did not enter into or execute any new Material RPT in 2021 and 2022.

On March 6, 2023, the Parent Company and Solid Cement amended the Revolving Master Loan Facility Agreement dated March 3, 2020 by increasing the limit of the principal amount under the revolving loan facility from ₱12,725,000,000.00 to ₱13,756,500,000.00. The amendment was approved by CHP's Board of Directors during its meeting held on February 10, 2023 with the favorable votes of board members comprising more than 2/3 of the board membership including a majority of the independent directors and majority of the members of the Audit Committee.

(5) *Board Committees*

The Parent Company's Board has constituted two committees to more effectively manage the operations: (i) the Audit Committee and (ii) the Nomination Committee.

(a) The Audit Committee will carry out, among other things, the following functions: (i) assist the Board of Directors in the performance of its oversight responsibility for: the company's financial reporting process; its system of internal control; its audit process and the monitoring of compliance with applicable laws, rules and regulations; (ii) supervise the effectiveness of its internal control procedures and corporate risk management systems; (iii) perform oversight functions over its internal and external auditors, ensuring that the internal and external auditors act independently from each other, and that each are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with the Company's objectives; (v) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vi) monitor and evaluate the adequacy and effectiveness of its internal control system, including financial reporting control and information technology security; (vii) review the reports submitted by the internal and external auditors; (viii) review the quarterly, half-year and annual financial statements before their submission to the Board of Directors; (ix) coordinate, monitor and facilitate compliance with laws, rules and regulations; (x) evaluate and determine non-audit work, if any, required of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses; and

(xi) establish and identify the reporting line of the internal auditor to enable them to properly fulfill their duties and responsibilities.

Following the favorable endorsement of the Audit Committee, the Board of Directors approved the Charter for the Audit Committee on October 25, 2016 and approved the Internal Audit Charter on February 6, 2018.

The Audit Committee is currently comprised of four members, three of whom are the independent directors. The Audit Committee reports directly to the Board of Directors.

During the organizational meeting of the Board of Directors held on June 7, 2023, the Board of Directors appointed the following board members as members of the Audit Committee: Pedro Roxas (Chairman), Eleanor M. Hilado, Marife B. Zamora and Francisco Javier García Ruiz de Morales.

The members of the Audit Committee and the Board of Directors of the Parent Company are informed about the internal controls and procedures observed by the Company, and are regularly updated about and have reviewed the results/ findings of the audit and monitoring processes. The Audit Committee and the Board of Directors have not detected weaknesses in the internal controls and risk management system currently in place which have had a material adverse impact on the operations or financial condition of the Parent Company. In support of the oversight function of the Board of Directors, the Audit Committee is tasked to consider improvements to further enhance the effectiveness of the internal controls and risk management system of the Company.

(b) The Nomination Committee will carry out, among other things, the following functions: (i) provide stockholders with an independent and objective evaluation of and assurance that the members of the Board of Directors are competent and will foster the company's long-term success and secure its competitiveness; (ii) review and evaluate the qualifications of persons nominated to the Board of Directors as well as other appointments that require the approval of the Board of Directors; and (iii) assess the effectiveness of the processes and procedures of the Board of Directors in the election or replacement of directors.

The Nomination Committee reports directly to the Board of Directors. Following the favorable endorsement of the Nomination Committee, the Board of Directors approved the Charter for the Nomination Committee on October 25, 2016

The Nomination Committee is currently comprised of four members, three of whom are the independent directors. During the organizational meeting of the Board of Directors held on June 7, 2023, the Board of Directors appointed the following board members as members of the Nomination Committee: Eleanor M. Hilado (Chairman), Pedro Roxas, Marife B. Zamora and Antonio Iván Sánchez Ugarte.

ITEM 14. SUSTAINABILITY REPORT

The Company's Sustainability Report for 2023 is attached as an integral part of this Annual Report (SEC Form 17-A).

ITEM 15. ATTENDANCE OF DIRECTORS IN 2023[41]

Incumbent Members of the Board of Directors	Date of Election [initial date / re-election date(s)]	No. of Board Meetings Held during the Director's effective tenure in 2023	No. of Board Meetings Attended
Sergio Mauricio **Menendez** Medina (Chairman)	2 April 2020/24 June 2020/2 June 2021/1 June 2022/7 June 2023	7	4
Pedro **Roxas** (Lead Independent Director)	3 June 2016 /7 June 2017/ 6 June 2018/ 9 June 2019/24 June 2020/2 June 2021/1 June 2022/7 June 2023	7	7
Eleanor M. **Hilado** (independent director)	6 June 2019/24 June 2020/2 June 2021/1 June 2022/7 June 2023	7	7
Marife B. **Zamora** (independent director)	7 June 2023	4	4
Luis Guillermo **Franco** Carrillo	1 June 2022/7 June 2023	7	7
Antonio Ivan **Sanchez** Ugarte	6 December 2017 (effective on 1 January 2018)/6 June 2018/6 June 2019/ 24 June 2020/2 June 2021/1 June 2022/7 June 2023	7	7
Francisco Javier **García** Ruiz de Morales	7 April 2022/1 June 2022/7 June 2023	7	7
Jesus **Ortiz** De La Fuente	28 July 2022 (effective on 29 July 2022) /7 June 2023	7	7

Incumbent Members of the Audit Committee	No. of Audit Committee Meetings Held during the Member's tenure in 2023	No. of Committee Meetings Attended
Pedro **Roxas** (Chairman)	6	6
Eleanor M. **Hilado**	6	5
Marife B. **Zamora**	3	3
Francisco Javier **García** Ruiz de Morales	6	5

Incumbent Members of the Nomination Committee	No. of Nomination Committee Meetings Held during the Member's tenure in 2023	No. of Committee Meetings Attended
Eleanor M. **Hilado** (Chairman)	1	1
Pedro **Roxas**	1	1
Marife B. **Zamora**	0	0
Antonio Iván **Sánchez** Ugarte	1	1

During the meeting of the Board of Directors held on December 14, 2023, the Corporate Secretary presented a preliminary calendar of alternative meeting dates for 2024 for the Board and Board Committees. An updated version of this calendar of meetings with the specific dates in 2024 was circulated by the Corporate Secretary to members of the Board of Directors on January 11, 2024 and duly noted by the Board of Directors during its meeting held on February 23, 2024.

[41] Alfredo S. Panlilio was an independent director and member of the Audit Committee and the Nomination Committee until June 7, 2023. He decided not to stand for re-election to the Board of Directors during the annual meeting of stockholders held on June 7, 2023.

PART V - EXHIBITS AND SCHEDULES

ITEM 16. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

A -Audited 2023 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2023 and 2022, and consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021) and Schedules

B -Audited 2023 Separate Financial Statements of the Parent Company (with separate statements of financial position as at December 31, 2023 and 2022, and separate statements of comprehensive income (loss), separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2023 and 2022).

C - SEC Form 17-Q for Quarter Ended March 31, 2023 (1st Quarter 2023)

D - SEC Form 17-Q for Quarter Ended June 30, 2023 (2nd Quarter 2023)

E - SEC Form 17-Q for Quarter Ended September 30, 2023 (3rd Quarter 2023)

(b) Reports on SEC Form 17-C

List of Disclosures under SEC Form 17-C for the period from January 1, 2023 to December 31, 2023:

SUBJECT MATTER	DATE
Report on highlights of 3rd Quarter 2023 Results	November 15, 2023
Press Release on 3rd Quarter 2023 Results	October 27, 2023
Organizational Changes	October 25, 2023
Organizational Changes	September 8, 2023
Investors Briefing Materials for 2nd Quarter2023	July 28, 2023
Arbitration Proceedings filed by Solid Cement Corporation	July 26, 2023
Notice of Investors' Briefing for 2nd Quarter 2023	July 20, 2023
Amended Results of the Annual Meeting of Stockholders	June 16, 2023
Results of the Organizational Meeting of the Board of Directors	June 7, 2023
Results of the Annual Meeting of Stockholders	June 7, 2023
Investors Briefing Materials for 1st Quarter2023	May 3, 2023
Notice of Investors' Briefing for 1st Quarter 2023	April 26, 2023
Use of SRO Proceeds with Letter to PSE – Quarterly Progress Report 1st Quarter 2023	April 17, 2023
Final Tender Offer Report of Cemex Asian South East Corporation	March 30, 2023
Amendment of 86th Report on Disbursement of SRO Proceeds	March 24, 2023
Board Statement on the Voluntary Tender Offer of CASEC	February 17, 2023
Use of SRO Proceeds with Letter to PSE – 86th Report	February 16, 2023
Use of SRO Proceeds with Letter to PSE – 85th Report	February 15, 2023
Investors Briefing Materials for 4th Quarter 2022	February 14, 2023
Notice of Annual Meeting of Stockholders for 2023	February 10, 2023

Amended Tender Offer Report of Cemex Asian South East Corporation	February 10, 2023
Use of SRO Proceeds with Letter to PSE – 84th Report	February 9, 2023
Notice of Investors'/Analysts' Briefing for 4th Quarter 2022	February 8, 2023
Use of SRO Proceeds with Letter to PSE – 83rd Report	February 2, 2023
Use of SRO Proceeds with Letter to PSE – 82nd Report	February 1, 2023
Tender Offer Report of Cemex Asian South East Corporation	January 25, 2023
Use of SRO Proceeds with Letter to PSE – 81st Report	January 20, 2023
Use of SRO Proceeds with Letter to PSE – Annual Progress Report for 2022	January 19, 2023
Use of SRO Proceeds with Letter to PSE – 80th Report	January 19, 2023
Use of SRO Proceeds with Letter to PSE – 79th Report	January 13, 2023
Use of SRO Proceeds with Letter to PSE – Quarterly Progress Report 4th Quarter 2022	January 13, 2023

[Nothing else follows on this page]

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code, this Annual Report (SEC Form 17-A) for 2023 is signed on behalf of CEMEX HOLDINGS PHILIPPINES, INC. by the undersigned (thereunto duly authorized) in the City of Makati, Metro Manila, Philippines, on APR 15 2024.

CEMEX HOLDINGS PHILIPPINES, INC.

By:

LUIS GUILLERMO FRANCO CARRILLO
President and Chief Executive Officer

STEVE KUANSHENG WU
Treasurer and Chief Financial Officer

JANNETTE VIRATA SEVILLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me on APR 15 2024 in Makati City, Metro Manila, Philippines, affiant(s) exhibiting to me the following documents:

NAMES	IDENTIFICATION DOCS	PLACE/DATE OF ISSUE
Luis Guillermo Franco Carrillo	[redacted]	[redacted]
Steve Kuansheng Wu	[redacted]	[redacted]
Jannette Virata Sevilla	[redacted]	[redacted]

Doc. No. 71;
Page No. 16;
Book No. 13;
Series of 2024.

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No.0001393
Jan. 3, 2023 until Apr. 12, 2028
PTR NO.10073945/Jan. 2, 2024/Makati City
IBP No.330740/Jan. 2, 2024/Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

SUSTAINABILITY REPORT FOR 2023

CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A

CEMEX HOLDINGS PHILIPPINES, INC. (CHP)
SUSTAINABILITY REPORT 2023

COMPANY DETAILS	
Name of Organization	**CEMEX HOLDINGS PHILIPPINES, INC.**
Location of Headquarters	34th Floor Petron Mega Plaza Building 358 Sen. Gil J. Puyat Avenue, Makati City
Location of Operations	**CEMEX HOLDINGS PHILIPPINES, INC.** 34th Floor Petron Mega Plaza Building 358 Sen. Gil J. Puyat Avenue, Makati City **SOLID CEMENT CORPORATION** Sitio Tagbac, Barangay San Jose, Antipolo City, Rizal **APO CEMENT CORPORATION** Barangay Tina-an, Naga City, Cebu
Report Boundary: Legal entities (e.g. subsidiaries) included in this Report	CEMEX HOLDINGS PHILIPPINES, INC. (CHP) 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 building materials 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, 2023 – December 31, 2023
Highest Ranking Person responsible for this report	Atty. CHRISTER JAMES RAY A. GAUDIANO *Director for Sustainability, Enterprise Risk Management, Communications, and Public Affairs*

In this report, the term “CHP” refers to CEMEX HOLDINGS PHILIPPINES, INC., and "Company" refers to 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. The term “Cemex” refers to CEMEX, S.A.B. de C.V., the ultimate parent company of CHP’s major stockholder.

CEMEX

Cemex is an industry-leading global construction materials and solutions company that drives innovation to help the world reach the next frontier of sustainable living. With its 100-plus year heritage, it is committed to achieving carbon neutrality through relentless innovation and industry-leading research and development. It stands at the forefront of the circular economy in the construction value chain and pioneer ways to increase the use of waste and residues as alternative raw materials and fuels in its operations. With a digitally enabled customer experience, it offers cement, ready-mix concrete, aggregates, and urbanization solutions in growing markets around the world.

CEMEX IN THE PHILIPPINES

Cemex initially entered the Philippine market in 1997 with a minority investment of 30% in Rizal Cement Company, Inc., or Rizal Cement, a company which was established in November 1930. At the time of this initial investment, Solid Cement was a subsidiary of Rizal Cement. In 2002, Rizal Cement merged into Solid Cement with Cemex and other investors owning an aggregate 100% interest in Solid Cement. In 1999, Cemex together with other investors purchased an aggregate 99.9% interest in APO Cement.

In 2011, Cemex Philippines acquired terminal facilities in Manila more generally continued the process of expanding its distribution infrastructure, to distribute cement in bulk from our APO Cement plant, thereby taking advantage of the APO Cement plant's access to waterways. In 2014, it expanded the APO Cement plant by adding a new cement mill with an additional installed annual capacity of 1.5 million tons of cement. The investment included adding marine terminals in Davao and Iloilo as well as expanding our bulk dispatch capabilities at our APO Cement plant.

In 2016, CHP debuted in the Philippine Stock Exchange (PSE). The shares began trading on PSE on July 18, 2016, under the ticker symbol "CHP." In 2018, CEMEX Go, the industry's first integrated digital platform, was launched in the Philippines. Covering the full customer journey, CEMEX Go allows customers to place orders, track their shipments and order status, and enjoy full visibility of all information they need to better manage their business.

In 2019, the Company officially commenced the construction of a new cement line in our Solid Cement Plant in Antipolo City which will increase the total annual capacity of the plant from 1.9 million metric tons to 3.4 million metric tons. In 2020, Cemex launched its global *Future in Action* climate agenda to become a net-zero CO_2 company by 2050. This paved the way for the introduction of our low carbon product line named *Vertua*. In addition, we became the first ISO 50001 certified cement producer in the Philippines. Both of our plants, APO Cement and Solid Cement, have received the ISO Certification for Environment, Health and Safety, and Integrated Energy Management System.

In 2021, we celebrated the 100th founding anniversary of our APO Cement Plant, the first cement plant in the Philippines. Since its establishment in 1921, APO Cement has helped build sustainable and resilient structures for families, communities, and the nation. To cap off the centennial of APO Cement, we saw the completion of the longest bridge in the Philippines, the Cebu-Cordova Link Expressway (CCLEX) in 2022. As sole supplier of the project, APO Cement delivered nearly 70,000 metric tons of cement for the construction of this milestone infrastructure project in the Philippines.

In 2023, CHP made a distinct achievement as the first cement company in the country to be certified as a Great Place to Work®. This recognition showcases our commitment to creating a positive and inclusive work environment for our employees. CHP likewise bagged a new Golden Arrow Recognition for being a Top

Performing Publicly listed Company in the Philippines. This marks the third time CHP has received prestigious recognition from the Institute of Corporate Directors (ICD).

The Company, aligned with Cemex's objectives on circular economy, also launched *Regenera*, our circularity solutions program, which includes reception, management, recycling, and coprocessing of waste, with the end goal of building a more sustainable and cleaner environment for all.

The Company is an active member of the Cement Manufacturers Association of the Philippines (CeMAP), the Makati Business Club (MBC), the Management Association of the Philippines (MAP), Business for Sustainable Development (BSD), the Philippine Green Building Council (PGBC), the Spanish Chamber of Commerce in the Philippines, and the Philippine Net-Zero Carbon Alliance (NZCA), among other associations where CHP is a member.

VALUE CREATION MODEL

Our Strategic Priorities

Health & Safety
Providing our employees and contractors with a safe and healthy work environment is our top strategic priority. Regardless of one's role with Cemex – whether an employee or contractor – we strive for everyone to return home safely to their family every day.

Customer Centricity
Our customers are the center of everything we do. We believe helping our customers succeed and providing a superior experience is a competitive advantage and powerful differentiator.

Sustainability
We continually set the pace by making climate action a priority. Our aggressive decarbonization goals are designed to reduce emissions throughout the entire lifecycle of our products and across our value chain.

Innovation
We put our knowledge and resources to work in the pursuit of breakthrough innovations designed to achieve carbon neutrality. Our innovation portfolio leads the way in our climate action strategy, further proof of the importance we place on innovation.

EBITDA Growth
Advancing our sustainability agenda through smart finance enables us to create shareholder value: Growing EBITDA through margin enhancement, achieving and maintaining investment grade ratings, and optimizing our portfolio for growth.

Our Reason of Being

We are guided by our purpose and values that define our reason of being.

Purpose: To help the world reach the next frontier of sustainable living.

Values:

- Ensure Safety
- Focus on Customers
- Act with Integrity
- Work as One Cemex
- Foster Innovation
- Embrace Diversity

Our Stakeholders: Who we create value for

Employees
Through resources that we believe foster growth and provide a great workplace that helps them grow and build skills, expertise, and a strong sense of purpose.

Customers
By tailoring our offers to solve their construction needs while making it easy for them to work with us, and by providing enhanced performance and reliability.

Shareholders, Investors, and Analysts
By focusing on plans designed to drive revenue growth, reduce costs, optimize assets, manage risks, and enforce strong governance.

Communities
By serving as an engine of economic growth, building more capable, inclusive, and resilient communities, while striving to minimize the impact on local air, water, and waste, and conserve biodiversity.

Suppliers
By encouraging the creation of innovative solutions to reduce costs while promoting goods and services with sustainable attributes and strengthening a trustworthy reputation throughout the value chain by being a reliable client.

Our Priority SDGs

Since their launch in 2015, we have been committed to achieving the United Nations Sustainable Development Goals (SDGs). We prioritize SDGs that are related to our company's business strategy, provide the greatest opportunity to leverage our essential portfolio of products, services, and solutions, create profitable shared value, and contribute to the UN's Sustainable Development Agenda.

SDG 9: Industry, Innovation, and Infrastructure
Our digital, operational, workforce, and commercial innovations and investments aim to transform our industry and create more value for our stakeholders.

SDG 11: Sustainable Cities and Communities
Our products, solutions, and affordable housing programs strive to make an essential contribution to building sustainable cities.

SDG 12: Responsible Consumption and Production
We believe that our Vertua® line of products with sustainable attributes and our waste processing capabilities support responsible consumption that is also profitable.

SDG 13: Climate Action
We are committed to becoming a net-zero CO2 company and leading the industry in climate action through our transformative Future in Action climate action strategy.

These UN SDGs represent our greatest opportunity to leverage our portfolio of products, services, and solutions for creating profitable shared value and contributing to the UN's Sustainable Development Agenda. Our sustainability targets showcase our strong commitment to building a better world by addressing climate change. We are passionate about doing our part to help alleviate one of the most significant challenges our communities face today.

MATERIALITY PROCESS

We have defined a series of steps to determine which Sustainability topics are most relevant to our stakeholders and have the highest potential impact for our Company. As an indirect subsidiary of Cemex, we referred to the material topics of Cemex as our take-off point. We have validated and contextualized this approach 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 have 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 in which we have operations as well as the local and national sustainable development challenges that are impacted either positively or negatively 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 have identified relevant impacts to the economy, environment, and society. We also highlighted key impacts relevant to the sustainable development issues we previously identified. 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 impact 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 limestone, clay and any other required material for the raw mix.

e. **Raw Material Grinding.** This takes place 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.** 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. A vertical roller mill is also utilized, wherein 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 is stored in a cement silo are extracted through both mechanical and pneumatic extraction systems to the packhouse rotary packers where it will be packed in 40 kg sacks. In cement, for tonner bags packaging and bulk loading, the material is extracted directly from the cement silo. In either case, it can be transported via trucks, or vessels through the port facilities.

Additionally, 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 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

We relied on our stakeholder feedback that has been collected 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 is 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 (GRI) 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. Our tracking system involves regular monitoring by the Sustainability Department of the various Key Performance Indicators (KPI) identified by the company. This is then regularly reported to the Management Committee monthly and with the Board of Directors of CHP on a quarterly basis. Regular meetings are held with each sustainability pillar to ensure that these topics are regularly evaluated and managed.

ECONOMIC

ECONOMIC PERFORMANCE AND PROCUREMENT PRACTICES

Table 1

DISCLOSURE	AMOUNT (in thousands)	CURRENCY
Direct Economic Value Generated (Revenue and Other Income)	17,427,787	PhP
Direct Economic Value Distributed:		
a. Operating Costs and Other Expenses	15,619,822	PhP
b. Employee Wages and Benefits	1,205,723	PhP
c. Interest Payments to Loan Providers	1,030,315	PhP
d. Taxes to Government	420,468	PhP
e. Investments to Community* (e.g. Donations, CSR)	6,382	PhP

Total Economic Value Distributed = 18.2 B PhP or 105% of Revenue

*Excludes investments made by Cemex Philippines Foundation and the contributions of our principal raw material suppliers under their respective Social Development Management Programs. Please refer to Annex C for their respective programs and activities.

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	82%	%

ECONOMIC PERFORMANCE AND PROCUREMENT PRACTICES
Impacts and Risks: Where it occurs, Company's Involvement, Stakeholders Affected

Impacts. Our contribution to the local and national economy depends on two factors - our ability to create valueand our policies and practices that impact how we benefit our stakeholders.

Our value creation is key to our ability to generate economic value for society. The revenue that we gain each year represents how our customers value our products, services, and innovative solutions. Our continuous product innovation to meet customer expectations and grow our market influences our ability to create value. For 2023, we estimate that we have created more than 17.4 B PhP of economic value. Around 18.3 B PhP or 105% of the economic value we generated 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 2023, around 90% of the economic value we generated (15.6 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. In addition, around 82% of payments to suppliers went to businesses who operated in the Philippines. Furthermore, around 7% of the economic value we generated flowed to our employees.

The taxes we pay to government contributes to their ability to provide social services to its citizens. In 2023, we paid around 420 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 the expectations of our investors 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 could be impacted by various risks. Thus, we take an effort to systematically identify these risks, understand its implications to our business, ensure that they are adequately managed, and that mitigation plans are defined. Among the risks are the following:

Table 3

KEY BUSINESS RISKS	DESCRIPTION
High Dependence of Business to Philippine Economic Performance	The Company's growth prospects are directly related to the economic growth in the Philippines. The Company's growth may be influenced in part 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 can also be no assurance that an economic slowdown in the Philippines will not occur. Any deterioration of the economic environment in the Philippines could materially and adversely affect demand for the Company's products, business, financial condition, and results of operations.
Macroeconomic challenges and geopolitical risks	The global economy is expected to be challenging given the lagged impact of tighter monetary and fiscal policies. The construction industry has been improving post-pandemic, however, its outlook in the next quarters is challenged by the high interest rates and elevated inflation rate, which could soften demand from the private sector. The cement oversupply and softening of the construction sector may also lead to slower project completions. Geopolitical tensions such as the war in Ukraine and the Middle East as well as the tensions in West Philippine Sea and other parts of the South China Sea are also affecting economic growth and business continuity.
Climate related risks and environmental concerns	Environmental activism and increasingly complex environmental protection and political/social/regulatory constraints can limit access to raw materials and result in difficulty in obtaining permits, impacting financial results and business continuity. These challenges include new or proposed tax laws or ordinances that increases cost of raw materials for the company. There are also increasing challenges and opportunities to achieve Climate Action targets of the company due to stringent government policies, and lack of government incentives or investments or even policies to transition the Philippines to a green and circular economy. Potential business disruptions due to natural calamities because of climate change may impact marine and logistics operations and/or business activity and may result in business interruption and/or affect our ability to sell our products. Climate-related events could have a material adverse effect on our people, business, financial condition, and results of operations. Likewise, business continuity protocols during natural calamities/disasters must be reviewed thoroughly to minimize negative effects of such disruptions.

A Reduction or Delay in Public or Private Construction Projects	The Company's principal business is reliant on public and private construction activity in the Philippines. Interruptions or delays in, or the termination of, public or private construction projects may materially and 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.
High Debt with Restrictive Terms	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. All of this could materially and adversely affect the Company's business, prospects, financial condition and results of operations.
Price Fluctuations from Oversupply of Cement	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 specifically from Vietnam has substantially increased in the Philippines with government estimates saying that they have already reached 20% of the market. The presence of imported cement has adversely impacted profitability and viability of the local cement industry in the Philippines. An extended or substantial decline in the prices of cement in the Philippines may materially and adversely affect the Company's business, prospects, financial condition, and results of operations.
Operability of the Two Cement Plants	The Company is dependent on the continuing operation of the Company's two cement plants. These plants are subject to risks linked to industrial production, including, but not limited to, equipment breakdowns, labor stoppages, natural disasters, directives and policy changes from Government agencies and power interruptions. Any prolonged or significant disruption to the cement plants, whether due to repair, maintenance or servicing, contingencies, 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, typhoons, or other natural calamities, communal unrest or acts of terrorism, may disrupt our operations, damage our cement plants, inventories and could materially and adversely affect the Company's business, prospects, financial condition, and results of operations.

Highly Competitive Markets	The markets in which the Company operates are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants such as new brand introductions by local manufacturers and importers. 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 especially those coming from Vietnam are also considered as competitors due to the influx of imported cement in the country. All of this could materially and adversely affect the Company's business, prospects, financial condition, and results of operations.
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. These fluctuations could increase the Company's cost of capital and, in turn, materially and adversely affect the Company's business, prospects, financial condition and results of operations.
Regulatory Risks	New regulatory developments may increase the 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 materially and adversely affected by regulations applicable to it or to other third parties that provide the Company with products and services.
Industry Disruptions by Emerging Technologies or Innovations	Innovation aiming to increase efficiency in our industry has been increasing, with digitalization, automation, new materials and products, new construction methods and technology, sustainable practices, new players or other alternative solutions, which could potentially disrupt the construction materials industry value chain. Should the Company be unable to adapt to potential industry disruptions, our competitiveness may be affected, and may have a material adverse effect on our business financial condition, liquidity, and results of operations.

Apart from these business risks, we also recognize that inequitable economic value distribution could have implications on creating more inequality in society and may possibly reduce the ability of our stakeholders to meet their agreements with us. Inequality drives the poor performance of our suppliers and their employees, which couldalso affect our long-term viability. The succeeding items provide approaches to how we optimize our economic performance by aiding an equitable flow of economic value to our stakeholders. The aforementioned risks, aswell as the other 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, 2023 filed with the SEC (the "2023 Annual Report"), are not the only risks we face, and any of the risks described above and in the 2023 Annual Report could significantly and adversely affect our business, liquidity, results of operations or financialcondition, as well as, in certain instances, our reputation.

Management Approach for Impacts and Risks

The Company operates in a rapidly changing business environment that exposes the company to risks and opportunities that could impact the achievement of its strategic priorities.

Risk & Opportunity Management System. Cemex has global policies and procedures designed to operate an Enterprise Risk Management (ERM) system across the organization to identify, anticipate, and manage the main risks and opportunities that affect our business. Our ERM system follows a bottom-up and top-down strategy to foster information flow across the organization, support better-informed decision making and enhance risk and opportunity management. ESG risks and opportunities, including those related to climate change, are managed within the ERM system. On an annual basis, Cemex performs internal and external assessments of the effectiveness and maturity level of its ERM system.

Risk & Opportunity Governance. Our Board of Directors provides strategic guidance and oversight on risk and opportunity management by regularly discussing the enterprise risk and opportunity agenda and reviewing the effectiveness of our risk and opportunity management system enforced by our ERM department, including guidance on ESG matters, including but not limited to human rights and climate-related risks and opportunities.

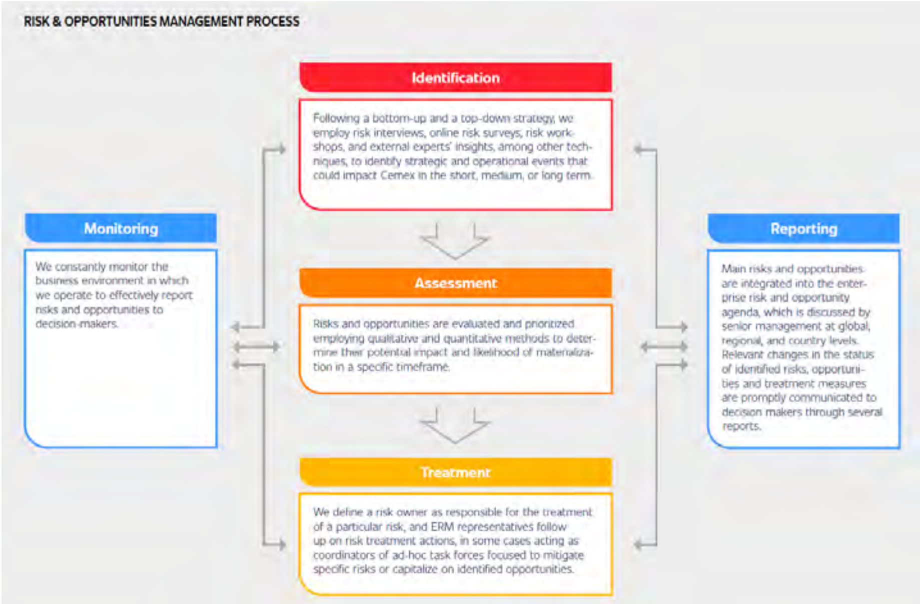
Risk & Opportunity Management Process. We have put in place an ERM framework to maximize sustainable value creation to our stakeholders. This proactive and structured approach aims to prevent and/or minimize the impact of potential risks and capitalize on opportunities. A Strategic and Operational Risk Agenda ("Risk Agenda") is developed to identify the risks and manage the different scenarios according to such risk. The Risk Agenda is an integral part of the risk management cycle and provides an overview of potential issues that could affect company priorities and strategic objectives. The Risk Agenda provides insight into current and potential events/trends that could have foreseeable impact on assets and consequences for the Company's priorities and objectives. Its aim is to support strategic, operational and investment decision making, while keeping the risks and opportunities in mind.

The Risk Agenda has been developed following a thorough assessment process based on comprehensive analysis of threat environment, actors and causes; review of vulnerabilities related to CHP value chain, assets, and priorities; and in-depth consultations with internal and external stakeholders and expertise. It is not a standalone tool or solution and is intended to support the wider ERM goals and further development of risk mitigation. All the risks are examined from a local and regional perspective, with several that are of global nature with certain regional features particularities.

Risks are categorized according to Cemex Risk Taxonomy, and based on actual and perceived issues, that currently or are predicted to occur in the future. The risk scenarios provide detail of their consequence on the objectives of the Company with focus on Health and Safety, and ZERO4Life, ESG strategy, growth path, financial results, business continuity and reputation capital.

It provides a structured approach designed to manage all important risks including, but not limited to, 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 and opportunities 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:

Identification - Following a bottom-up and a top-down strategy, we employ risk interviews, online risk surveys, risk workshops, and external experts' insights, among other techniques, to identify strategic and operational events that could impact Cemex in the short, medium, or long term.

Assessment - Risks and opportunities are evaluated and prioritized employing qualitative and quantitative methods to determine their potential impact and likelihood of materialization in a specific timeframe.

Treatment - We define a risk owner as responsible for the treatment of a particular risk, and ERM representatives follow up on risk treatment actions, in some cases acting as coordinators of ad-hoc task forces focused to mitigate specific risks or capitalize on identified opportunities.

Reporting - Main risks and opportunities are integrated into the enterprise risk and opportunity agenda, which is discussed by senior management at global, regional, and country levels. Relevant changes in the status of identified risks, opportunities and treatment measures are promptly communicated to decision makers through several reports.

Monitoring - We constantly monitor the business environment in which we operate to effectively report risks and opportunities to decision-makers.

We have several processes designed to 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 meetings to discuss various significant matters affecting the Company, 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 the Company, and (iii) other initiatives developed to promote plant, logistics and organizationalefficiencies and improvements.

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

Business Continuity & Crisis Management Program

Our Business Continuity & Crisis Management (BC&CM) program is fundamental to the ERM system. The BC&CM program enables a proactive and effective risk management response during disruptive events by assisting business units in safeguarding life, acting responsibly, and recovering business promptly, aiming to reduce the cost of disruptions, legal and financial exposures. Types of Risks The program includes training, protocols, and drills aligned with our company values and is managed by local Rapid Response Teams (RRTs) deployed across our business units and, if required, escalated to country or functional areas, regional, or global RRT. RRTs are trained multidisciplinary teams responsible for monitoring, communicating, activating, coordinating, and delegating the execution of event driven, stakeholder-driven, or process-driven protocols, as well as timely objective-driven decisions.

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	• Scanning and review of local, regional, and international news and economic information from traditional and non-traditional sources. • Monitoring of public and private construction information from publicly available sources. • Active engagement with business leaders and associations on business climate in the Philippines	• Maximize organic growth by delivering superior customer experience • Capitalize on CEMEX Go digital platform • Drive operational excellence and EVOLVE processes • Monitoring and scenario planning to anticipate potential risks and opportunities
Macroeconomic challenges and geopolitical risks	• Active engagement of government stakeholders and business leaders on various economic challenges and opportunities. • Monitoring of economic and political landscape from various sources	• Discipline in cost savings initiatives and mitigating actions (e.g. use of renewable energy, alternative fuels) • Implement the Company's pricing strategy intended to offset the impact of input cost inflation in our products • Enhance other revenue streams through circular economy, other

		products and services, and digitalization • Completion of strategic investments
Climate related risks and environmental concerns	• Regular meetings to ensure compliance with Sustainability Targets • Risk assessments to be regularly conducted.	• Business continuity plans implemented as needed • Strengthen collaboration between Legal and Public Affairs teams to address political concerns, if any • Stakeholder Management, Communications, and legislative lobbying • Push for implementation of projects according to the Company's Future In Action strategy and roadmap • In 2023, the Company established the Sustainability Department to coordinate and promote the agenda and roadmap of the company on sustainability aligned with the Future in Action agenda of Cemex.
Pandemics, epidemics or outbreaks of infectious diseases, including the COVID-19 Pandemic	• Scanning of local, regional, and international news on health emergencies, pandemics, epidemics or outbreaks of infectious diseases, including the COVID-19 Pandemic and its variants. • Monitoring of official statements and news releases made by World Health Organization (WHO), Centers for Disease Control and Prevention (USA), the Department of Health (Philippines), and other reputable research groups.	• Activation of Rapid Response Teams and implementation of Business Continuity Plans, in line with government guidelines, to minimize operational disruptions • Adherence to strict health and safety protocols to safeguard our employees, their families, our customers, suppliers, and communities • Promotion of the importance of vaccination and booster shots employees, contractors, community, and clients. • Enhanced customer experience through CEMEX Go online platform, the use of virtual and digital options, multiple communication channels, and distribution network • Prudent fiscal management • Implementation of cost saving initiatives and delay of capital expenditures • Providing support to communities

Reduction or Delay in Public or Private Construction Projects	• Scanning of local, regional, and international news and economic information from traditional and non-traditional sources • Monitoring of public and private construction information from publicly available sources.	• Deliver superior customer experience • Leverage sales through CEMEX Go digital platform • Customer segmentation and customizedvalue propositions • Drive operational excellence
Highly Competitive Markets	• Scanning of local, regional, and international news and economic information from traditional and non-traditional sources • Monitoring of public and private construction information from publicly available sources. • Regular assessment of sales and operations strategy	• Deliver superior customer experience • Leverage sales through CEMEX Go digitalplatform • Customer segmentation and customizedvalue propositions • Drive operational excellence • Promote "Build Lokal" initiative with the government to support the local manufacturing industry
Price Fluctuations from Oversupply ofCement	• Scanning of regional cement supply and demand dynamics • Monitoring of public and private construction information from publicly available sources. • Regular assessment of sales and operations strategy	• Deliver superior customer experience • Leverage sales through CEMEX Go digitalplatform • Customer segmentation and customizedvalue propositions • Drive operational excellence
Operability of the Solid Cement and APO Cement Plants	• Annual external 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 site on the plant's loss prevention systems and equipment maintenance • Annual site audit by Cemex Corporate Headquarters' Process Assessment Certification System (PACS) team to ensure standard operational practices are in place • Regular internal audit on the plant's • Integrated Management System on Health and Safety (ISO 45001), Environment (ISO 14001), and Quality (ISO 9001) • Implementation of monthly system check on Health, Safety and Security performance of the plant • Monthly review and administration of key performance indicators and initiatives	• Adopting high health and safety standards and ensuring nothing comesbefore the health and safety of our employees, contractors, and the community • Drive operational excellence • Secure supply of required materials through long-term renewable contractsand framework agreements • Monitor inventory and identify critical levels • Investment in equipment to monitor, control and abate emission levels in ourkilns beyond compliance with local regulations • Consistently record and report environmental, health, and safety incidents 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

	• Regular conduct of on-site Continuous Improvement meetings • Regular review, scheduling and execution of plant equipment preventive maintenance, and equipment Capital Expenditures • Conduct of Operational Risk Management Assessment	• Have business continuity plans to avoid major disruptions to our business • Asset insurance and protection – 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	• Continuous monitoring of company financial condition, ratios, and projections • Regular assessment of sales and operations strategy	• Focus on EBITDA growth • Maintain profitability through cost andoperational efficiencies • Drive prudent financial strategy • Manage working capital efficiently
Fluctuation in Interest Rates	• Scanning of news and economic information • Continuous monitoring of company financial condition, ratios, and projections	• Focus on EBITDA growth • Maintain profitability through cost andoperational efficiencies • Drive prudent financial strategy • Manage working capital efficiently
Regulatory Risks	• Monitoring of local, regional, national, and international news and regulations • Active participation in government forums and policy hearings to be updated on new regulations as well as submit Position Papers on policy matters affecting the company.	• Compliance with laws and regulations • Commitment to conduct all businessactivities with high ethical standards • Enforcement 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 promotion of the Company's anti-corruption and bribery policies andtrainings • Acknowledgement and understanding of our Code of Ethics and Business Conductby employees • 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 • Incorporation of compliance-related • initiatives in the management of third parties

		• Continue Stakeholder Engagement strategy of the Public Affairs Department.
Industry Disruptions by Emerging Technologies or Innovations	• Staying up-to-date with latest construction industry innovations • Evaluation of technologies and processes utilized by the Company	• Continue with our research and development efforts on products, materials, and technologies • Leverage access to knowledge, expertise, and portfolio of products and solutions of Cemex • Deliver a superior customer experience and continue with our digitalization efforts (e.g. CEMEX Go) • Promote internal and external innovation

Approaches to Optimize our Economic Impacts

We continue to strive to improve our policies and systems to ensure that our resources are correctly managed and controlled. Our policies and monitoring system on governance and anti-corruption are designed to achieve this. The anti-corruption section of this document will provide more details.

We negotiate our contracts with our suppliers and service providers with integrity as one of our key values, aiming to select the most competitive alternative for our company and respect fair prices. This seeks that our suppliers do not compromise important aspects of their operations, which may affect 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 2023, around 18.3 B PhP or 105% 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 facilities, we aim to offer inclusive employment opportunities to local community members. Whenever possible, we aim to 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 strive to continue to strengthen our distribution network around the country, to provide wider 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 look to 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 13% 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 several 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 external tax advisory firms. This combined external and internal tax-related knowledge and capability help ensure that the Company is timely 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 engage qualified tax advisors who expressly abide by our Anti-Bribery policies and who themselves have established their own anti-bribery controls. We have in place 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 advisor, 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 agreed with the tax consultants prior to the start of engagement. Finally, in instances where we have engaged tax advisors to represent us in tax audit cases, there is no success-fee based remuneration for advisors.

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, and other institutions) to better understand their needs and prioritize these recommendations based on our available resources. These projects are mostly infrastructure-related such as provision of water systems, road repairs, educational learning programs and provision of school supplies, health and safety needs, as well as livelihood programs which create economic opportunities for the community.

Opportunities and Management Approach

At CHP, while we have put in place measures designed to manage our risks and optimize the value that we create anddistribute to our stakeholders, we see an opportunity to assess our suppliers and hold them to the same standards applicable to ourselves. As a management approach, we review our supplier accreditation and assessment processes to find opportunities to encourage them to seek to distribute economic value to their stakeholders in an equitable way. Specifically, we 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 90% of the economic value we generated in 2023 flowed to our suppliers of goods and services.

Climate-related risks and opportunities

The operability of our two cement plants is 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 materially and adversely affect the Company's business, prospects, financialcondition, 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 because of climate impacts would also have financial implications for our business.

The Company has strengthened the disaster response capabilities in our areas of operations through the launch of Disaster Relief Hubs containing humanitarian supplies essential to support employees and neighboring communities during natural disaster emergencies. Typhoon disaster preparedness trainings were likewise conducted to several employees to help mitigate risks associated with natural disasters.

Climate-related issues are discussed at both CHP's management and board levels along with other risks. We continue to put emphasis into these risks to build better understanding of its business implications.

Cemex and the Company believes that concrete, an end-product of cement, can help society contend with the negative consequences of climate change by protecting people, property, and the environment, through climate-proofing to cope with more extreme weather events. As countries develop, it is likely that cement and concrete products will remain vital in building additional housing, and transport and energy infrastructure that are able to adapt to expected climate change effects, due to its versatility and robustness to build resilient structures. The Philippines is a country that is exposed to extreme weather events. The Company recognizes the opportunity to respond to societal needs quickly, by offering innovative products and solutions, that help solve humanity's most pressing needs: resilient buildings and infrastructure appropriate for disaster relief, energy efficiency, and affordability.

Refer to section on "CEMEX: FUTURE IN ACTION" in this report for more information on our climate action programs.

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 annual anti-corruption training	100	%
Percentage of employees that have received annual anti-corruption training	91[2]	%

To reinforce the regular training conducted on anti-corruption and anti-bribery, the Company's Legal Department also conducted focus group discussion with specific departments which usually deal with government agencies and third parties. Aside from these trainings, our employees are likewise trained on Anti-Money Laundering, Data Retention, Conflict of Interest, Conflict Minerals, Insider Trading, Anti-Trust, Data Privacy, Code of Ethics and Business Conduct, and other specific trainings for selected individuals depending on the nature of his/her job or function.

Main Matters Covered by Our Global Ethics and Compliance Program

We have policies, controls, procedures, guidelines, and processes, including due diligence and third-party risk management frameworks, that assist us with the following:

Third Parties: Reviewing third parties with whom we do business. Cemex places a high priority on verifying that third parties we do business with are reputable and aligned with our values.

Conflicts of Interest: Having oversight that employees are acting in accordance with Cemex's best interests.

Anti-Corruption and Anti-Money Laundering: We emphasize a zero-tolerance stance on bribery and corruption, as well as on money laundering.

International Trade Compliance and Sanction Programs: We follow the applicable trade control, economic sanctions, and anti-boycott laws wherever we operate. We incorporate sanctions screening into our due diligence procedures to avoid any transactions or dealings with blacklisted individuals or entities, or those included in sanctioned programs or based in, or operating in, sanctioned countries.

Antitrust Compliance: Cemex is committed to conducting our business in accordance with the principles of fair trade and competition in the countries where we operate.

Data Protection and Privacy: We comply with applicable legal requirements in relation to personal data and the rights of data subjects.

[2] *In 2023, 435 out of 480 employees (91%) underwent training on anti-corruption. These employees were prioritized as their roles involve interaction with third-parties or government entities.*

Training on Business Ethics and Compliance Principles

Cemex's business ethics and compliance principles are continuously reinforced with employees through trainings, compliance sessions, communications, and self-reporting requirements. In 2023, one of our most widely disseminated courses was "ETHOS: Do The Right Thing", a one-hour training that reinforced our Code of Ethics values and standards. The training course covered issues such as fraud, verbal harassment, sexual harassment, conflicts of interest, and the protection of confidential information. This training not only provided tools for ethical decision-making, but also offered a general overview of our ETHOS program. Employees were encouraged to leverage ETHOSline for confidentially addressing ethical concerns.

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 2023, we did not identify any incidence of corruption. This was determined by reviewing our records consisting of 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, communities, government, and providers of capital. Corruption could increase the cost of doing business whichhas 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 could be subject to corruption risks. Hence, employees involved in such functions receive training on anti-corruption and anti-bribery policies, including third parties who interact with the Company's employees.

Management Approach for Impacts and Risks

Commitment to Compliance. We are committed to conducting our business in compliance with applicable laws, regulations, and corporate policies, controls and procedures, and in accordance with high ethical standards, as embedded in our Code of Ethics and Business Conduct ("Our Code"), which is periodically ratified by our employees. Cemex's commitment to compliance is clearly communicated by our company's leadership. Our values and ethical standards are conveyed throughout our organization through communication campaigns, trainings, Our Code, and other corporate policies, controls and procedures, and through internal meetings. Additionally, one of our core values is to Act with Integrity. This core value is a must in our day-to-day interactions, as it is crucial for Cemex's sustained success in fostering a workplace environment in which our people can thrive. Our value of Acting with Integrity is even included as one of the six core competencies that are taken into consideration in employee performance evaluations, which are linked to our executive variable compensation.

Global Compliance Program. Our governance best practices include robust global compliance, audit, and training programs, as well as initiatives on ethical business dealings and conflicts of interest, among other related matters. Cemex's Global Compliance Program incorporates risk analysis, due diligence and third-party risk management, training, legal audits and investigations, and global communication campaigns at all levels of our organization.

Our Policy. Our anti-corruption policy is embedded in Cemex's Code of Ethics and Business Conduct (our "Code"). It expressly declares that the organization rejects all forms of corruption. It is designed to govern our relationships with all of the Company'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, insider trading, political activities, 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, forgiveness of debt, and opportunities.

The Company, its directors, officers, employees, authorized representatives, agents, and/or contractors shall not 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. Before dealing with any third party, the Company must first analyze if it is reputable, confirm it has agreed to comply with our Code, 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 and accept gifts and hospitalities according to the Company's and Cemex'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. The Company's Legal Department reviews contracts and agreements with any third party. If the Company requires material deviations therefrom, these are to be reviewed by its 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 party to disciplinary action.

Reporting and Investigations. We prioritize a trusted reporting system for ethics and compliance concerns. Employees, stakeholders, and third parties can raise issues via available reporting channels, such as our online portal (ETHOSline), email, phone line, or local and global committees. We strongly encourage reporting and maintain a strict no-retaliation policy for those who report in good faith. ETHOSline is our institutional reporting mechanism, accessible through our website, mobile devices or our intranet, that is open and free for anyone to use. This secure, confidential, and independent platform is available 24 hours a day, seven days a week, to both employees and the general public, including third parties, to report any allegations of misconduct anonymously or confidentially. To secure confidentiality, ETHOSline runs on a platform provided by NAVEX Global, a third-party expert on ethics and compliance reporting.

Detection and Action. Our Code describes the process for investigating any potential violations of our Code, including its implementing policies like the Cemex Global 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 Cemex's Code of Ethics and Business Conduct is publicly available at:
https://www.Cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics

Opportunities and Management Approach

At CHP, we intend to 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, including third parties, can anonymously report any incidence of corruption. We will also continue our annual Anti-Corruption and Anti-Trust Seminars, including focus group discussions with key departments/business units, to continually put emphasis and importance of this matter.

If there are concerns or suspected ethics, governance, or compliance violations, it is 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, so 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, we determine and implement consequences if our Code is violated.

ENVIRONMENT

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. The Company's owned-and-controlled operations do not include quarrying and transportation of raw materials which are carried out by the Company's third-party suppliers.

Table 7

INPUT RESOURCES	PROCESSES	ENVIRONMENTAL IMPACT
Materials • Limestone • Clay • Pozzolan Energy • Liquid Fuel	1. Quarrying of Raw Materials *Note: This process is carried out by a third-party supplier.*	• Biodiversity • Fugitive Dust Emissions • Noise • Vibration
	2. Transporting the Raw Materials *Note: This process is carried out by a third-party supplier.*	• Fugitive Dust Emissions from Hauling • Emissions from Truck Exhaust
Materials • Limestone • Clay • Pozzolan • Alternative Raw Material Energy • Electricity	3. Crushing	• Dust and Gas (So_x, No_x) Emissions • Noise
Materials • Mixed Grade Limestone • Pyrite /Iron Concentrate Energy • Electricity	4. Pre-homogenization	
Materials • Mixed Grade Limestone • Pyrite /Iron Concentrate • Mineralizers • Decarbonated Raw Materials • Alternative Raw Material • Water (cooling) Energy • Electricity • Liquid Fuel	5. Raw Material Grinding	
Materials • Fine Raw Meal Energy • Electricity	6. Raw meal Homogenization	• Dust and Gas (So_x, No_x) Emissions

Materials • Kiln Feed • Water (cooling and dust management) Energy • Primary Fuels • Alternative Fuels • Electricity	7. Calcination	• CO_2 Emissions • Major Air Emissions (mainly So_x, No_x and dust) • Noise
Material • Pozzolan Energy • BFO • Used Oil	8. Raw Material Drying	• CO_2 Emissions • Dust • Noise
Material • Clinker • Gypsum • Pozzolan • Alternative Raw Material • Water (cooling and dust management) Energy • Electricity • Liquid fuel	8. Cement Milling	• Dust and Gas (So_x, No_x) Emissions • Noise
Materials • Cement • Cement Bag Energy • Liquid Fuel • Electricity	9. Cement Packaging 10. Cement Delivery	• Dust and Gas (So_x, No_x) Emissions • Cement Sweeping • Hardened Cement

The following sections provide the Company's 2023 performance on managing these material topics.

CEMEX: FUTURE IN ACTION

The path to carbon neutrality

Our purpose is to build a better future, and to do that, we must address humanity's most pressing issue: **climate change**. As one of the world's largest building solutions providers, climate action has been a priority for Cemex for many years.

Cemex and CHP are fully aware that our production processes have a carbon footprint. According to the Global Cement and Concrete Association (GCCA), the global cement industry is the source of about 5% - 8% of the world's CO_2 emissions. We also know that the end-product of cement, ready-mix concrete[3], is the most used man-made material in the world and plays an essential role in society's development and growth. This sets the stage for us to contribute to climate change mitigation by reducing CO_2 emissions in our production processes, as well as the entire life cycle of our products.

We believe that our products are **essential** to society; they bridge the gap between the urbanization path and building a sustainable future for all. Our goal is to continue providing construction products and building solutions that society increasingly demands and to do so with a net-zero CO2 footprint.

We are convinced this transition is **achievable**. For many decades we have leveraged our technical capacity to implement sustainable practices that mitigate CO2 emissions across our operations. Going forward, our plan is to accelerate the use of these proven technologies and develop new partnerships, innovation tracks, and cutting-edge technologies required to deliver on our decarbonization ambition.

Additionally, we have recognized that this evolution can be **profitable.** On one end, in a circular and green economy, our largest production costs, such as energy, can be converted into an income stream. On the other end, new market segments are emerging and demand for sustainable smart building solutions and products with a lower carbon footprint is growing.

Future in Action is our plan going forward that focuses on achieving sustainable excellence through climate action, circularity, and natural resource management with the primary objective of becoming a net-zero CO2 company.

Climate Action Goals and Ambitions

Recognizing that global climate action goals require stronger efforts, and ensuring sustainability is at the core of everything we do, Cemex created Future in Action, a program focused on developing lower-carbon products, solutions, and processes to become a net-zero CO_2 company.

The objective is clear: achieving carbon neutrality. To reach it, Cemex is setting aggressive decarbonization goals with a very specific roadmap to achieve them and working with external partners to validate and endorse our commitments.

[3] *Cement is the basic ingredient of concrete.*

Our ultimate goal is to become a net-zero CO_2 company by 2050. To ensure we are on the right track, Cemex has set the most ambitious 2030 targets available to the industry:

2030

Scope 1 Goals for cement[4]

- 31% reduction in CO2 emissions in cement to 430 net kg of CO2 per ton of cementitious product, representing a 47% reduction in vs. 1990 baseline.
- <68% clinker factor
- >55% alternative fuels

Scope 2 Goals

- 58% reduction in CO2 emissions to 24kg CO2 per ton of cementitious product

Scope 3 Goals[5]

- 25% reduction in CO_2 per ton of purchased clinker and cement
- 30% reduction in transport emissions
- 40% reduction of scope 3 emissions per ton of purchased fuels
- 42% reduction in absolute scope 3 emissions from the use of traded fuels

2050: Net-Zero CO2 emissions across the company.

Our Focus

Future in Action recognizes that the opportunity for reducing emissions is not limited to the production process but to the entire life cycle of our products, as well as transforming the industry's value chain. Future in Action focuses on achieving sustainable excellence through climate action, circularity, and natural resource management with the primary objective of becoming a net-zero CO_2 company.

To do this, the program concentrates on six pillars:

- **Sustainable Products and Solutions**

  We offer customers a comprehensive portfolio of products and solutions with sustainable attributes like lower carbon. In 2023, Vertua® accounted for 66% of our total cement sales. Cemex became the first company in the industry to provide third-party validated environmental impact information globally for all core products in our main markets. CHP is the first company in the Philippines to provide clients with a Sustainability Review and Dashboard to determine the carbon footprint reduction of the cement products they order from our plants vs. traditional cement products.

- **Decarbonization of Operations**

  We continue to evolve our production process to reduce our carbon footprint. In 2023, we have recorded an alternative fuel substitution rate of 27% and a significant reduction in clinker factor. Since the launch of our Future in Action program in 2020, we reduced Scope 1 CO2 emissions by 18%. We also operationalized our new 4.5MW Waste Heat Recovery Facility in APO Cement Plant and commissioned hydrogen injectors to both our plants in the Philippines.

[4] *vs. CEMEX 1990 baseline*

[5] *vs. CEMEX 2020 baseline*

- **Circular Economy**

  We have become waste consumers by prioritizing circular economy principles in our manufacturing processes. Through our Regenera business which we launched in 2023, we leverage our global expertise and infrastructure to use waste and industrial byproducts as sustainable substitutes for fossil fuels and raw materials. In 2023, we repurposed nearly 700 thousand metric tons of waste, supported by forty local governments and several private sector partners.

- **Water, Biodiversity, and Air Quality**

  We positively impact nature through conservation, restoration, and enhancement efforts throughout our value chain. We prioritize sites with the highest water-related and biodiversity risks. Water Action Plans are in place in all our plants. Rehabilitation plans are developed by our principal raw material suppliers for 100% of its quarries. We monitor our clinker production through the Continuous Emission Monitoring Systems (CEMS) to assess any effects on air quality. We have also planted more than 19,000 trees in 2023 covering 38 hectares of land together with our partners and suppliers.

- **Innovation and Partnerships**

  We are the first cement company in the Philippines to join the Net-Zero Carbon Alliance (NZCA), an association of companies in the Philippines who have committed to be Net Zero by 2050, or earlier. We are also the first cement company in the Philippine to use biosolids as alternative fuels in partnership with Manila Water. We are also the first partner of Ayala Corporation's Integrated Waste Management company for the sustainable disposal and coprocessing of residual waste.

- **Promoting a Green Economy**

  We embrace policies grounded in circular economy principles encompassing products with sustainable attributes, investments in clean electricity, and funding for research and development. Our advocacy is reinforced by our collaboration with many industry and multinational organizations. In addition, our Vice President for Commercial was elected as the Chairperson of the Cement Manufacturers Association of the Philippines (CeMAP) early 2024, one of many industry organizations in which CHP's leadership is involved. Among CeMAP's priorities is to collaborate with governments and other industries to promote a more circular, lower-carbon economy.

Global Alignment and Validation

Cemex is among the first companies in the global cement industry to validate its 2030 decarbonization goals through the Science-Based Targets initiative for alignment under their new 1.5ºC scenario, the most ambitious pathway defined for the industry. This validation includes scope 1, 2, and 3 targets, allowing us to contribute to meet the Paris Agreement goals and comply with the Business Ambition for 1.5°C by the United Nations. These goals keep us on the right path to achieving our ultimate goal to become a net-zero CO_2 company by 2050.

Cemex joined the United Nations' "Race to Zero" campaign, and Cemex is a founding member of the First Movers Coalition, an initiative of the World Economic Forum to create market demand for zero carbon solutions.

Reaching a milestone in Co2 reduction

In 2023, the Company reached the 51% reduction level in CO2 emissions per ton of cement, compared to its 1990 baseline. From 2020 to 2023 alone, the Company reduced 18% of its net CO2 emissions per ton, representing 35% of the total CO2 reduction since 1990, demonstrating the company's accelerated efforts to further reduce its cement operations emissions.

The Company intends to reach up to a 67% reduction by 2030 as we continue to increase the use of alternative fuels and decarbonated raw materials, reduce our clinker factor, focus more on using clean energy in our cement operations, and pay more attention to water usage in the cement production process.

OUR SUSTAINABILITY PROGRESS

Table 8

Focus Area	Key Performance Indicators (KPI)	2023 CHP	2030 Global CEMEX Targets	Link to priority SDGS
Health and Safety	Employee fatalities (No.) Employee Lost Time Injuries (LTI) frequency rate	0 0	0 0	9, 11 9, 11
Customer Centricity	Net Promoter Score (NPS)	73	70	9
Sustainable Products and Solutions	Vertua® cement sales vs. total cement volume sold (%)	66	50 in 2025	11,13
Climate Action	Reduction in CO_2 emissions per ton of cement vs. 1990 baseline (%)[6] Alternative fuels rate (%) Clean electricity consumption in cement (%) [7]	51 27 12	>47 55 65	9,11,13
Air Emissions	Reduction of dust emissions per ton of clinker vs. 2005 (%) Reduction of NOX emissions per ton of clinker vs. 2005 (%) Reduction of SOX emissions per ton of clinker vs. 2005 (%)	68 (7) 98	95 47 67	12
Biodiversity	Quarry rehabilitation Plans & Quarry Biodiversity Action Plans (%)[8]	100	100	11,13
Water	Reduction in specific freshwater withdrawal in cementitious vs 2020 (%)	8	20	12
Circular Economy	Total waste–derived sources managed (k tons)	~700	41,000	9,11,12
Employee Experience	Employee Net Promoter Score (eNPS)	55	≥43	9,11
Communities	Community engagement plans with formal stakeholder dialogues and committees in all priority sites (%) Community partners (No. of people in thousands)	100 ~409	100 30,000	9,11
Suppliers	Sustainability assessment of critical suppliers by an independent third–party (% spend)	70	90	9,11,12,13
Ethics and Compliance	Implementation of Ethics & Compliance Continuous Improvement Program (%)	91	100	9

[6] *Reduction in net CO2 emissions per ton of cementitious product vs. 1990 baseline; target aligned with SBTi 1.5°C scenario*

[7] *Our definition of clean energy includes renewable energy sources such as solar, wind, hydro, and biomass, together with power generated from waste heat recovery systems*

[8] *Biodiversity initiatives are carried out by the Company's principal raw material suppliers at their quarry sites*

AWARDS AND RECOGNITIONS IN 2023

In the annual Cemex Global Awards, CHP received an award for all the categories representing the company's key priorities – Health and Safety, Sustainability, and Customer Centricity. These awards confirm that our hard work does not go unnoticed, and our contributions make a difference.

Our achievement in these areas establishes our firm commitment to building a positive health and safety culture that prioritizes our employees, customers, and entire operations; our focused efforts in achieving our sustainability goals; and our continuous pursuit of delivering a superior customer experience that defines the Cemex brand. It is worth mentioning that under the Superior Customer Experience Awards, we have been winning Best Initiative Implemented for four years in a row now.

Health & Safety Category

Fit4Life Contribution Awards
- Sleep Well Campaign – Philippines
- Food 4 Life Campaign – Philippines

Health & Safety Sector Awards
- Solid Cement, 2nd Place Cement Sector, Best Performance
- Supply Chain Luzon Philippines, Most Improved in Road Transportation

Contractor Management Award
- Look After Me Campaign
- Driver's Risk Assessment and Monitoring
- Working at Heights Simulation Facility

Customer Centricity Category

Digital Marketing Award
- CEMEX Go Rewards, digital marketing excellence
- CEMEX Go, Distributors Philippines CEMEX Go Revenue Large Market category
- Best Initiative Implemented, Digital Queuing System

Sustainability Category

Future In Action Milestones
- APO Cement, Most Improved Clinker Factor reduction in whole Cemex
- Solid Cement, Most Improved Net Kg. CO_2 reduction in whole Cemex

Change Management Award
- 3E (Energy Efficiency EMEA) Campaign of EMEA and the Philippines
- Behaviors that Save the Planet Campaign of the Philippines

SUSTAINABLE PRODUCTS & SOLUTIONS

Committed to Build a Sustainable Future

Cemex strives to lead the development of innovative solutions that seek to contribute to building resilient infrastructure, climate-smart urban development, promoting economic growth, preserving the environment, and improving everyone's quality of life.

As part of our Future in Action program, we offer products that help customers reduce the carbon footprint of their construction processes. In 2023, we became the first in our industry to provide third-party validated environmental impact information globally for all core products in our main markets. High-profile projects using our products with sustainable attributes extend across our regions, proving widespread customer acceptance. CHP is the first company in the Philippines to provide clients with a Sustainability Dashboard to determine the carbon footprint reduction of the cement products they order from our plants vs. traditional cement products.

Vertua®: More sustainable by design

Vertua® is a portfolio of sustainable products that leverage cutting-edge technology and innovation to help clients meet their construction needs sustainably. Vertua's ambition is to extend its value to all the products in Cemex's portfolio in the near future and keep making the industry more sustainable in innovative ways.

When our clients use Vertua®, they can measure the sustainable impact of their project because all the attributes are verifiable, each product has a fact label that outlines the specific characteristics of its environmental impact and benefits. This can be reflected both in the product manufacturing process and in the useful life of the project.

Cemex's Vertua® products reduce CO_2 emissions by at least 25 to over 40 percent, compared with the industry baseline for regular ordinary Portland Cement. Vertua®-branded product Rizal High Strength Blended Cement Type IP bear the Vertua® Plus seal, signifying that these have corresponding classifications indicating the amount of CO_2 reduced in their production. With their strength, durability, and lower emissions, this product is suitable for green and resilient megastructures.

CHP also launched lower carbon cements – APO and Rizal Portland Vertua® Ultra Type IT – in 2022. Produced by mixing clinker with at least 2 additives such as limestone and pozzolan, both are eco-friendly cement products that follow the highest quality standards and are compliant with the requirements of ASTM C595-2021 and PNS 63: 2019. APO and Rizal Portland Vertua® Ultra Type IT are manufactured at APO Cement Plant in Naga, Cebu and Solid Cement Plant in Antipolo, Rizal, and are designed to have at least 40 percent lower CO_2 footprint. In 2023, we relaunched Cemex Palitada King, a Type N masonry cement is specially formulated and manufactured with superior properties for mortar applications. As part of Cemex's Vertua product line, Palitada King has lower CO2 per square meter by as much as -62% vs Ordinary Portland Cement. We also have a Type M masonry cement produced in APO Plant that is also part of the Cemex's Vertua® products.

The Department of Public Works and Highways (DPWH) has officially accredited and authorized the use of Blended Hydraulic Cement Type IT and IP in government infrastructure projects following the ASTM C595 requirements as required in the DPWH Blue Book.

In an official letter of DPWH, the government agency confirmed that said the use of blended hydraulic cement Type IT must have the requisite certification in accordance with PNS 63:2019, and must be utilized according to DPWH Standard specification and tested using ASTM C595. Our APO and Rizal Portland Vertua® Ultra Type IT follow the highest quality standards and are compliant with the requirements of ASTM C595 – 2021 and PNS63: 2019, for both chemical and physical property requirements as required by items 700 and 300 of the DPWH Blue Book. The Company is one of only three cement manufacturing groups in the country given the accreditation and authorization to have its blended hydraulic cement Type IT used in public works.

In 2023, 66% of the Company's total cement sales were Vertua® cement products, as we see more clients switching to lower carbon cements. In addition, by producing lower-carbon cements, we estimate that the Company had an equivalent GHG avoidance of 35,143 tCO2e, or approximately 581 thousand tree seedlings grown for 10 years.

DECARBONIZING OUR OPERATIONS

Our Pathway to Carbon Neutrality

We are evolving our production process to reduce its carbon footprint every step of the way.

Future in Action concentrates on the following levers to reduce our carbon emissions, and achieve our 2030 goals:

- Increasing the use of alternative fuels instead of regular fossil fuels
- Reducing the clinker factor in our cement
- Optimizing thermal efficiency in our kilns
- Increasing the use of decarbonated raw materials in clinker

Alternative fuel and co-processing

Alternative fuels can eliminate our reliance on fossil fuels, powering our kilns while also providing other benefits for the environment. Alternative fuels, particularly biomass, are a by-product of humanity, which otherwise end up in landfills. The ensuing decomposition generates methane, a greenhouse gas up to 80 times more harmful to the environment than CO_2.

Co-processing is a more efficient waste management solution than landfilling and incineration, this means that the cement industry is a net consumer of waste and contributes to a more Circular Economy. In 2023, our plants have significantly increased RDF consumption, achieving nearly a 27% substitution rate by providing circularity solutions to waste management companies, communities, local authorities, and municipalities. Recovered residual waste was converted into RDF and used as an alternative fuel in our Solid Cement plant. RDF constitutes over half of our alternative fuels substitution rate, which is close to 50% in this plant.

By 2030, the Company aims to source 55% of its fuel consumption in cement from alternative fuels.

Clinker factor reduction

Clinker, the key component of cement, is produced by fusing together limestone, clay, and other materials in a rotary kiln at temperatures nearing 1500 Celsius. This is a very energy-intensive and carbon-emitting process. In fact, most direct CO_2 emissions in the cement production process are generated by the chemical reaction of clinker production in our kilns. Our efforts concentrate on substituting it with by-products from other industries like blast furnace slag and fly ash. Waste from other industries and alternative raw materials allow us to reduce the clinker factor while maintaining the same quality and durability of our products.

Renewable and Cost-Effective Energy

During 2023, around 12% of our operation's power came from low carbon electricity sources. Through this action, our indirect emissions, related to the electricity consumed in our plants, also contribute to reducing our carbon footprint.

In 2023, the Company took a significant step in its CO2 reduction commitment with the operationalization of a 4.5MW heat recovery facility in its APO Cement Plant in Naga City, Cebu. This hi-tech heat recovery technology provides clean energy to the cement production process by capturing the excess heat from the plant's machines and converting it into electricity. APO Cement Plant will be able to self-generate 7% of its power requirement using this heat recovery technology, further allowing the Company to contribute to climate neutrality equivalent to 7,441 cars off the road in a year and 516,930 tree seedlings grown in ten (10) years.

The Company's 's first heat recovery facility was inaugurated in 2015 in its Solid Cement Plant in Antipolo City, in collaboration with Sinoma Energy Conservation Ltd. This heat recovery facility has a rated capacity of 6 megawatts. Currently, Solid Plant is able to self-generate 21% of its power requirement using the technology. APO Cement's heat facility was designed, built and will be operated and managed by Sinoma Energy Conservation (Cebu) Waste Heat Recovery Co. Inc.

The Company is also exploring opportunities to source part of our power requirement from solar energy. In addition, the current electricity supply agreements that APO Cement and Solid Cement have with their respective grid electricity suppliers contain certain proportions of clean energy.

By 2030, the Company aims to source 65% of its electricity consumption in cement from clean energy sources.

Refer to section on "AIR EMISSION – GREENHOUSE GASES (GHG)" in this report for more information on how we are decarbonizing our operations.

INNOVATION AND PARTNERSHIPS

Cemex participates and has access to the development of key technologies to reach our decarbonization targets. Cemex desires to position itself as industry leader in mitigating climate change and ensure execution of strategy/technology roadmaps. To help achieve this goal, Cemex strives to channel its efforts on the following:

- Establish and Review the Strategic Road Map
- Be on the Technological Forefront
- Communication and Marketing of Achievements
- Coordinate Relationships with Associations & Consortiums

CHP-Manila Waters pioneers use of biosolids as alternative fuel

CHP and Manila Water Co. signed a partnership allowing the use of biosolids as alternative fuels, a first in the Philippines and a major accomplishment in helping address climate change in alignment with the Philippine government's priority thrust toward adaptation and resiliency.

Biosolids are organic materials coming from a sewage treatment process. Wastewater undergoes full treatment and clean water is discharged to rivers, and byproducts such as biosolids can be turned into useful resource, such as alternative fuels. Use of biosolids as alternative fuels is an important step to sustainability and developing climate-friendly energy solutions that help address climate change.

The Company has been offering co-processing as a reliable and efficient waste management solution. Currently, there are more than 40 local government units and corporations working together with the Company in pursuing innovative and effective waste management system in the Philippines. These partnerships have helped reduce wastes that end up in landfills or bodies of water.

The partnership with water and wastewater service provider Manila Water will utilize the co-processing technology of Cemex which has demonstrated to be a proven sustainable waste disposal solution recognized by the Department of Environment and Natural Resources (DENR).

First to Use of Hydrogen Injectors

As an industry pioneer, Cemex has adopted hydrogen injection to improve combustion conditions, allowing for greater use of alternative fuels and reducing CO_2 emissions from fuel consumption. In 2023, Cemex used hydrogen injection in our kilns in all of its European plants. It continued the global rollout of this technology, and we now use hydrogen injection technology in the Philippines, yielding positive results.

CHP is the first use of hydrogen technology in the Philippines. This hydrogen technology approach is an essential element to complement the continuous-combustion industrial process which considerably improves our overall operational effectiveness. As far as we know, this is the first hydrogen technology being used in any of the cement plants in the Philippines. It is also one of the major sustainability-linked innovative projects of Cemex globally under its Future In Action program.

With this technology, we can accelerate decarbonizing our operations and will allow us to increase the use of alternative fuels. In so doing, we are diverting more residual wastes, especially plastic wastes, away from landfills and bodies of water, and reduce our dependency on fossil fuels.

Partnership on Solar Energy between APO Cement and Filinvest-Engie

In the fourth quarter of 2023, APO Cement and Filinvest-Engie Renewable Energy Enterprise, Inc. ("FREE") entered into a 25-year solar power purchase agreement under which FREE shall, at its own cost, design, finance, build, operate, and maintain an on-site 10.08MW solar photovoltaic electric generating facility to provide power to APO Cement's plant in Naga City, Cebu. Subject to operational and environmental factors, and assuming peak conditions, it is expected that up to 8% of the plant's electricity requirement, if fully operational, can be supplied by this new solar generating facility. This is one of the biggest solar projects in the Province of Cebu. To date, it is projected that once the solar photovoltaic electric generating facility becomes operational, APO Cement will become the biggest user of solar energy among cement plants in the Philippines.

Ayala, Cemex Philippines team up for waste management

Ayala Corporations's logistics arm AC Logistics, through its wholly owned subsidiary Waste and Resources Management Inc. (WARM), has partnered with the Company to develop, construct, operate and maintain waste management facilities and solutions around the country. The partnership is part of efforts to help address the growing challenge of managing solid waste in the country.

The partnership between the Company and WARM aims to provide proactive and sustainable solutions to the growing problem by exploring opportunities aligned with the principles of Republic Act 9003 or the Ecological Solid Waste Management Act of 2000, which empowers institutional mechanisms for solid waste management and resource conservation. The partnership will also improve WARM's existing waste management facilities that feature various waste processing techniques such as shredding, production of refuse-derived fuel (RDF), and materials recovery mechanisms that maximize the value of wastes throughout the operations.

PROMOTING A GREEN ECONOMY

Collaboration and Leadership

Cemex believes that global industry collaboration is key in accelerating the development of strategic climate action enablers at a global scale. Therefore, Cemex employees are active members and hold leadership positions in national, regional and global industry associations in the countries where Cemex operates.

Promoting a Circular Economy

Cemex and the Company promote and advocate for a circular economy, primarily focusing on:

Waste Directives for Energy Recovery: The Company advocates for waste management policies that enable the valorization of waste streams and the understanding that our cement plants consume residues which simultaneously reduces landfilling and our CO_2 footprint by replacing the use of fossil fuels. In 2023, the Philippine government passed the Extended Producers Responsibility (EPR) Law which requires obliged enterprises to recover, recycle, or offset their plastic footprint in the market with a minimum of 20% of their footprint beginning 2023. This legislation was supported and advocated by CHP through CeMAP.

Low Carbon Cements: The Company promotes a more widespread adoption of blended cements with a lower clinker factor in all types of projects. Lower clinker cements have the same performance standards as conventional cement; and are key for advancing global CO_2 reduction targets. In 2023, the Department of Public Works and Highways issued an Order allowing the use of ternary blended cement in government infrastructure projects. Our Vertua products APO and RIZAL ternary cement are now allowed to be used in various government projects in the Philippines. CHP supported this policy change through CeMAP and other cement companies.

Clean Energy: The Company advocates for renewable energy policies that enable and promote the energy transition and clean energy generation. This will be key to achieving our target of 65% clean energy consumption by 2030. In 2023, the Philippines opened to full foreign ownership of renewable energy projects in the Philippines. The policy change allows foreign investors to hold 100 percent equity in the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal energy resources, to attract foreign investments to boost the country's renewable energy sector and meet its long-term climate targets. CHP is supportive of policies that will allow more sources of renewable energy in the Philippines.

Recycling Demolition Waste: The Company promotes the recycling of concrete waste from demolition and construction activities, and advocate to implement waste directives to ensure the proper disposal of concrete and enable it to be used again in the production process of cement and ready-mix concrete. This is a developing topic in the Philippines but the Company through its Admixture and Regenera teams are studying the potential of recycling concrete waste in the Philippines.

Government & Multilateral R&D Funding: The Company promotes government and multilateral funding for research and development aimed at accelerating the development and implementation of Carbon Capture, Utilization, and Storage (CCUS) technologies, or any other technology that can scale the decarbonization process. This is a developing topic in the Philippines but CHP is studying the potential of CCUS and other decarbonization technologies in the Philippines.

In our evolution towards a green economy, the Company assists a just transition by integrating all stakeholders, from employees to neighboring communities.

The Company's efforts include developing the right skills and capabilities in our employees, promoting a constant dialogue with our communities, reaffirming the Cemex commitment to the UN Sustainable Development Goals, the Nationally Determined Contributions of the Philippines in the Paris Agreement, and advancing our Sustainability and Climate Action agenda.

Extended Producer Responsibility Law

The Company welcomes the passage of the Extended Producers Responsibility (EPR) Law in the Philippines.

The Philippines is one of the largest contributors of mismanaged plastics that end up in either landfills or waterways. In the recent onslaught of super typhoon Karding in Luzon, debris of plastic wastes were found in the beach area of Manila Bay which were jointly cleaned up by volunteers and government workers. Through the years, the government has been implementing strategies to address the challenges of plastic waste management such as the implementation of Republic Act No. 9003, or the Ecological Solid Waste Management Act, which is an integrated solid waste management approach based on the 3Rs (reduce, reuse, and recycle).

In 2022, the government took another step in addressing the country's plastic waste problem by passing Republic Act No. 11898, or the Extended Producers Responsibility (EPR) Act. The said law requires large companies to recover the plastic packaging waste they are producing, meaning; these enterprises are mandated to be environmentally responsible throughout the life cycle of their products, especially at their post-consumer or end-of-life stage. Covered companies or enterprises should recover wastes they produced through (1) buy-back (2) collection for reuse/recycling (3) clean-up of wastes (4) establishment of recycling, composting, thermal treatment, and other waste diversion or disposal facilities.

Beginning 31 December 2023, covered companies are required to recover at least 20% of their plastic footprint in 2022. The rate of recovery increases every year until it reaches 80% recovery rate on 31 December 2028 and every year thereafter. The failure to implement recovery measures will be penalized through fines ranging from P5 million to P20 million.

Co-processing is a solution that converts residual wastes such as plastics into alternative fuels for cement kilns that forms part of the process in making cement. With co-processing, this avoids methane emissions in landfills since non-recyclable wastes are redirected instead to cement kilns. Methane has a global warming potential of 80x higher than CO2 in the first 20 years of release. Co-processing is a sustainable solution and supports circular economy making it a perfect solution for EPR compliance not just at 20% recovery rate but even as high as 100% recovery thereby achieving the plastic neutrality goal of covered companies in the EPR law.

The Company is recognized as a reliable partner of various local governments in solid waste management since non-recyclable and non-reusable wastes are sent to its cement facilities for co-processing, thereby reducing the amount of waste that are brought to landfills, or worse, thrown to waterways. We have more than 40 local governments that are already co-processing their residual wastes with us, and several others are already in the pipeline as more and more local governments are seeing the benefits of co-processing and how it helps them regulate and manage waste in their respective cities or municipalities.

With the passage of the EPR law, this creates an opportunity for Public-Private Partnership in waste management. The Company supports collaborative schemes to partner with government in the management and diversion of residual wastes and allow the private sector to contribute directly to waste management.

In a letter dated 15 December 2023, the Environmental Management Bureau of the Department of Environment and Natural Resources (DENR), have found both APO and SOLID Plants to have submitted complete and consistent EPR programs in conformity with the EPR Act and its implementing rules and regulations.

Cemex's Vertua® Ultra now authorized for use in government infrastructure projects in the Philippines.

The Philippine government through the Department of Public Works and Highways (DPWH) has officially accredited and authorized the use of Blended Hydraulic Cement Type IT in government infrastructure projects following the ASTM C595 requirements, or the Standard Specification for Blended Hydraulic Cements.

Prior to this authorization, the only type of cement used by the government for public works is Ordinary Portland Cement (OPC) or as an alternative, Type IP Blended Cement, in case Type I is not available. Other blended cement types such as Type IT, Type IL, or Type IS are not allowed by the government even if they have the same performance requirements of a Type IP cement.

With this new policy, the government is finally taking advantage of the opportunity to make use of locally manufactured blended cements which was produced with minimal carbon footprint compared to OPC. This is line with the government's priority agenda of care for the environment and readiness of the Philippines regarding climate change adaptation and mitigation efforts.

CHP is one of the first cement companies in the Philippines to be given accreditation and authorization to have its blended hydraulic cement Type IT used in public works. Our low carbon cement products, APO and Rizal Portland Vertua® Ultra Type IT, are two eco-friendly cement products that follow the highest quality standards and are compliant with the requirements of ASTM and Philippine National Standards for both chemical and physical property requirements as required by DPWH Standard Specifications for Public Works and Highways.

Both products are '*low carbon by design*' and are especially produced to have at least 40% lower CO2 footprint. Currently, these products are the most sustainable cement products in the Philippine market. These Vertua products also perform as required in mortar and concrete in terms of strength and durability compared to previous products.

The Company continues to promote a green economy and have been introducing innovative processes in recent years to fulfill the company's Future in Action agenda.

CIRCULAR ECONOMY

Based on the principles of the circular economy, Cemex contributes to mitigating the waste management challenges faced by cities, governments, and communities around the world.

A circular economy demands that society reduce waste, conserve resources, and minimize environmental impact. We know this starts with us, and it's why we've designed our manufacturing processes to become waste consumers and actively reduce our CO2 emissions. Circular economy solutions help us break free from the linear take-make-waste model by reducing waste and pollution and keeping materials and products in use for longer.

We aim to maximize the use of non-recyclable waste and byproducts with a particular focus on three waste streams: 1) municipal and industrial; 2) construction, demolition, and excavation waste (CDEW); and 3) industry byproducts. We utilize the waste streams in three of our climate action decarbonization levers: Alternative fuels, clinker substitution, and alternative raw materials.

Ours is one of the few industries that can repurpose waste efficiently and effectively. In 2023, we repurposed close to 700,000 tons of waste. In this regard, Cemex's main objective is to maximize the use of waste produced by society and other industries within our plants. By 2030, Cemex's goal is to increase by more than 50% the amount of waste and by-products it captures as alternative fuels and alternative raw materials.

CHP adopts Cemex know-how to responsibly acquire, process, store, and recover energy from waste. Cement kilns are ideal for safely and sustainably disposing of non-recyclable waste, which can be used as an alternative to fossil fuels instead of being incinerated or landfilled. CHP is also sourcing waste minerals for use as alternative raw materials. This is possible because in the cement production process it replaces part of the clinker with by-products from other industries such as fly ash and slag. Cemex may also use construction and demolition waste as alternative aggregates.

CHP's Solid Cement Corporation has been honored in 2023 by the Department of Environment and Natural Resources (DENR) with its Hall of Fame Award for its outstanding Solid Waste Management Practices since 2017. This recognition celebrates the company's successful waste diversion projects and maximizing the use of alternative fuel for its operations, a testament to Cemex's unwavering commitment to environmental sustainability and exemplary waste management operations.

Cemex Philippines launches Regenera for circular economy and sustainable urban development

In early 2023, the Company launched *Regenera,* a business specialized in providing circularity solutions through the recovery, management, recycling, and sustainable disposal and diversion of waste. Regenera leverages Cemex's global expertise and infrastructure to use municipal waste and industrial byproducts as sustainable substitutes for fossil fuels and natural raw materials in its production processes.

In the Philippines, where waste generation is a growing concern, the Regenera program is especially relevant. According to the World Bank, a staggering 2.7 million tons of plastic waste are generated in the Philippines annually, and an estimated 20 percent ends up in the ocean.

The Company through Regenera has partnered with more than 40 local government units and various private organizations to further these initiatives. For instance, the partnership with Unilever Philippines and the City Government of Pasig incentivized households and community junk shops towards the proper segregation and recycling of flexible plastic waste. Another project involves plastic waste reduction efforts between Solid Cement and Plastic Credit Exchange (PCX), and Greencycle, and APO Cement with Friends of Hope, Inc. (HOPE). In 2023, the Iloilo City Government has partnered with CHP for co-processing wastes in its APO Plant to combat plastic pollution which will likewise benefit 250 waste pickers organized under Uswag Calahunan Livelihood Association (UCLA) in Iloilo City.

The partnership with Manila Water to use biosolids as alternative fuels is a first in the Philippines and a significant accomplishment in helping to reduce carbon footprint. The Company will continue to work with key stakeholders to advance its co-processing initiative and promote sustainable solid waste management practices.

The commitment to waste management aligns with Cemex's overarching sustainability goals. The company aims to build a sustainable future by actively minimizing waste generation, optimizing the use of resources, and promoting circular economy principles. Additionally, Cemex's waste management solutions not only aim to protect the environment and conserve natural resources, but also benefit communities by creating jobs and promoting sustainable development.

To learn more about Regenera, visit https://www.Cemex.com/regenera

WATER & BIODIVERSITY

Cemex and the Company strive to carry out our business activities responsibly and sustainably, minimizing the environmental impacts and maximizing the value generated to society.

Optimizing Water Management
Water is humanity's most precious resource. It is also a key input in ready-mix concrete and is needed to produce cement and aggregates as well as to cool, remove dust, and clean. The preservation of water, humanity's most precious resource, is a top priority for the Company and fundamental to our Future in Action commitment to carrying out our activities sustainably. Water is a key input in our cement and aggregates production, as well as in the cleaning of plants, trucks, and equipment. To optimize its use and protect the ecosystems we rely on, our company has a comprehensive process that prioritizes sites with the highest water-related risks and the most significant commercial impact, which includes maintenance routines installing water recycling systems, and monitoring discharge quality.

New Freshwater Use Targets and Roadmap
In 2022, we set new 2030 targets on freshwater withdrawal reduction that strengthen our water policy principles and take us a step further in our water strategy. Our objective is to switch to non-freshwater consumption instead of fresh water, which competes with human and agricultural consumption. By increasing the use of water from treatment plants, rain, and residual from other industries, we aim to access enough water and reduce the pressure aggravated by climate change and competing priorities. The Company aims for a 20% reduction in specific freshwater withdrawal in cement by 2030.

Increasing the Use of Non-Freshwater Across Our Operations
Cemex is working with the sustainability consulting firm Environmental Resources Management to develop a global zero freshwater and zero discharge framework and an associated measurement protocol. These will be used to assess progress and communicate in a transparent and accurate manner on this material topic, while at the same

time promoting the replacement of withdrawn freshwater with alternative sources and zero wastewater discharge. These actions will be implemented in our different business line plants.

Preserving Land, Biodiversity, And Ecosystem Services

Protecting and enhancing biodiversity and the natural environment beyond our operations is fundamental to mitigating climate change through healthy natural ecosystem services. In 2023, our principal raw material suppliers continued implementing a three-layered strategy focused on: enhancing the biodiversity in and around the quarries, including the implementation of rehabilitation plans; conservation initiatives, and the development of local Biodiversity Action Plans (BAPs).

Our Biodiversity Policy addresses how to responsibly handle natural resources by integrating practices with the best standards and aligning biodiversity initiatives with decision-making processes, management systems, and business models. The policy is aligned with the Convention on Biological Diversity. Furthermore, Cemex continues to integrate proposed biodiversity management best practices across its operations, aligned with its commitment to the Global Cement and Concrete Association (GCCA) sustainability guidelines.

Cemex Biodiversity Action Plans

Cemex and the Company recognize the importance of protecting biodiversity and its intrinsic value across our operations. To this end, our Biodiversity Action Plans (BAPs) guide operational sites to incorporate biodiversity management into their standard processes. Cemex 2030 goal is to have BAPs in place for all active sites identified as High Priority.

Since 2022, our principal raw material suppliers, IQAC and ALQC have completed their Quarry rehabilitation Plans & Quarry Biodiversity Action Plans for their existing quarries.

RESOURCE MANAGEMENT – ENERGY

Energy Consumption Within the Organization

Table 9

DISCLOSURE	USAGE QUANTITY FOR THE YEAR			Where it is used in the process
	Quantity[9]	Units	Quantity in GJ	
Energy Consumption (Bunker Fuel)	1,442	K li	58,384	Cement Production, Power Generation
Energy Consumption (Diesel)	8,984	K li	321,414	Cement Production, Power Generation
Energy Consumption (Special Fuel Oil)	0	K li	0	Cement Production
Energy Consumption (Primary Fuels)	219,728	t	7,093,103	Cement Production
Energy Consumption (Alternative Fuels)[10]	107,552	t	2,812,189	Cement Production
Energy Consumption (Electricity)	399,642	MWh	1,438,710	Cement Production

Reduction of Energy Consumption

During the year, we implemented initiatives in our cement plants to improve our energy efficiency. This resulted in reductions in energy consumption.

The following provides details of these initiatives:

1. **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 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.

2. **Reduction in specific power consumption.** Increasing efficiency through optimization of operational parameters, use of grinding aids, and maintenance to support condition of equipment.

ENERGY CONSUMPTION AND EFFICIENCY
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 fuelsand a considerable amount of electricity. Therefore, we continue to invest in best available technology to improve our energy efficiency and control systems to keep our emissions within regulatory compliance.

[9] *This consumption covers operations owned and controlled by CHP and does not include supply chain consumption.*
[10] *Includes fossil-based waste*

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 to determine the impacts of our improvement projects. This process is guided by the ISO 50001:2018 Energy Management System standards. Our compliance to the standards is being audited by a third-party audit firm.

Opportunities and Management Approach

At CHP, we continue to aim to improve the frequency and extent of data we 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 would also provide immediate feedback on operational settings that is intended to yield 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 10

DISCLOSURE	QUANTITY	UNITS
Materials used by weight or volume[11]		
• Renewable[12]	-	-
• Non-renewable		
Main Raw Materials[13]	7,457,139	T
Recycled/Alternative Raw Materials[14]	566,135	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 could 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. 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. Buffer zones are customarily planted with trees aside from its natural vegetation.

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[11] Additives included in Recycled/Alternative Raw Materials

[12] Cement is the basic ingredient of concrete. Concrete can be recycled as aggregate for other applications, including as a basematerial or in the production of ready-mix concrete, helping to avoid carbon emissions and costs associated with its disposition, or with the extraction and transport of raw materials.

[13] Main Raw Materials considered are conventional Raw Materials used for Clinker and Cement Production

[14] Recycled/Alternative Raw Materials considered are non-conventional Raw Materials used for Clinker and Cement Production

3. Natural disasters and hazards such as landslides, earthquakes, fires, floods, typhoons, and other similar events. We strive to recognize and anticipate risks relevant to these hazards that could disrupt operations and cause damage to the facilities. A real-time weather station to monitor typhoons, temperature and heat index that may cause fires were installed. We look for our suppliers to put procedures in place designed to deal with these hazards to mitigate their impacts. Our mining contractor also installed a monitoring instrument and equipment in the mining areas to monitor movement of areas and other important parameters relevant to the mining activities. Company-wide drills are conducted to ensure employees know what to do in case any ofthese hazards occur.

Environmental hazards such as floods and landslides are often blamed to mining activities even if there are other scientific, man-made, or natural causes. This perception has led some local governments to issue mining ban ordinances. To manage this, our raw material supplier ensures that all the approved submitted environment, health and safety, and social programs of the company are properly implemented and ensure that all the stakeholders involved in quarry operations including local government are well informed of the company's manner of operations through quarterly Multi-Partite Monitoring Team (MMT) as well as the Mine Rehabilitation Fund Committee (MRFC) meetings as chaired by the Regional Director of Mines and Geosciences Bureau (MGB).

We recognize that the extraction of raw materials has inherent impacts on the environment and surrounding communities. We have been working with our principal raw material suppliers, i.e. Island Quarry and Aggregates Corporation and APO Land & Quarry Corporation, to put in place measures to ensure responsible quarry operations on their part. We have worked, and continue to work, with our suppliers as they undergo their respective certification processes for Integrated Management System (IMS) in accordance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. We actively monitor their compliance with applicable regulatory requirements. Quarry operations are also being monitored quarterly by a Multi-Partite Monitoring Team (MMT) composed of DENR, PENRO, CENRO, LGU, NGO's, other relevant government agencies and company representatives to ensure implementation of environmental programs.

In 2023, APO Land & Quarry Corporation (ALQC), the Company's principal supplier in Cebu for limestone, clay, and greywacke, won the Titanium Achievement Award during the Presidential Mineral Industry Environmental Award for the 2nd consecutive year. ALQC won the award in recognition of its satisfactory environmental, safety and health management and community development in the conduct of its quarry operation. ALQC highlighted its safety performance, clocking in nearly 323,000 manhours without any accident. Furthermore, ALQC's approved Social Development Management Programs (SDMP) were 100% implemented through the several community engagement activities and projects focusing on health and safety, education, livelihood, and environmental preservation.

Over the years, ALQC has been a recipient of many awards and recognition from the Department of Natural Resources (DENR) and Philippine Mine Safety and Environment Association (PMSEA). These include the Gawad Tugas Award given by DENR Region 7 (2015, 2016 and 2018), and the following from PMSEA: PMIEA Platinum Award (2017), Zero Lost Time Incident Award (2006, 2007, 2008, 2010, 2011 and 2014), Safest Mining Operations Award (2013), Safest Quarry Operations Award (2011-2013) and Best Mining Forest Award in 2010.

As these suppliers move land, soil structures are disrupted, liberating silt that could potentially disrupt bodies of water downstream. To manage this, they have put in place siltation ponds which are 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 done in the mine sites to manage dust.

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

Some of the innovation we work on to reduce clinker factor includes:

1. Use of CEMEX-patented admixture to substitute clinker, while maintaining strength and quality.

2. Compressive strength optimization. This is done through optimizing the:

    a. Fineness of blended cement. Compressive strength is maximized at a certain level of cement particle fineness. Higher cement fineness translates to a more reactive cement, which in turn 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 Pozzolanic activity results to better cement quality and strength.

    c. Clinker convertibility through use of Mineralizer. Mineralizers lowers the temperature needed to produce clinker from raw mix, 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. This is done in coordination with CEMEX's Global R&D department.

Opportunities and Management Approach

At CHP, we constantly work with our third-party suppliers to ensure the sustainability of the materials we use for ourplants, mitigating risk and impact along the way. We strive to meet customer expectations, as well as marketdemands, by providing quality products at optimal clinker factor levels. We also continue to promote measures designed to ensure the mitigation of our impacts.

ECOSYSTEMS AND BIODIVERSITY

Table 11

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 Limestone and Pozzolan Quarry Site	51.7	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 precautions designed to ensure that there be no harm in the biodiversity of 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 third-party 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 suppliers allocate resources to restore and rehabilitate mined-out areas. For instance, our suppliers have implemented our standards of rehabilitating the disturbed areas incorporating Biodiversity Action Plans in the progressive and final rehabilitation programs and projects. A total of 19,099 trees were planted covering 38 hectares and 50,150 seedlings were potted in 2023 by CHP and other partners. 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 in order to restore biodiversity. 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

At CHP, we continue to explore ways we can contribute to restoration of biodiversity within or adjacent to our spheres of operation. Every two years we regularly 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 12

DISCLOSURE	QUANTITY	UNITS
Water Withdrawal	1,076,593	Cubic meters
Water Consumption	1,072,882	Cubic meters
Water Recycled and Reused	12,252	Cubic meters

Effluents

Table 13

DISCLOSURE	QUANTITY	UNITS
Total Volume of Water Discharges	3,711	Cubic meters
Percent of Wastewater Recycled[15]	2.44	%

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 Cement and APO Cement Plants. It is used in the recovery of excess heat from the cement kilns 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 Solid Plant running.

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

When Manila Water's supply for our industrial use could not meet our requirements, we are compelled to extract water from the Tagbac river, Rizal. We recognize this could potentially affect nearby communities such as those in Sitio Tagbac, Antipolo City, Rizal. In our APO Cement Plant in Cebu, the six 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 have set-up a closed-circuit water system which entailed investing in two 150,000-gallon water tanks. Used water flows into a recovery pond, then it is siphoned again into the water tanks to be used in the cement cooling system. In APO Cement Plant, we can recycle about 1.4 percent of the water we use. Aside from the closed-circuit water system, APO Cement Plant is recycling Reverse Osmosis Reject Water back to the spray process. In 2023, around 12,252 m3 of Reverse Osmosis Reject water was recycled which is about 2.46% of APO Cement Plant Total Water Consumption. We aim to reduce 20% of our freshwater withdrawal by 2030 through water reuse, recycling and wastewater treatment.

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[15] Number is based on APO Plant only as it is the only plant with a water recycling facility.

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.

Recently, we have invested in recycling of water discharged from the WHR Facility in our Solid Cement Plant. Discharged water rate is quite significant at 6 cubic meter per hour. This water is now being reused in cement mill operations.

Our effluents account for around 1% of our total water withdrawal. Since our process does 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

We are evaluating an investment in a rainwater catchment basin for APO Plant which can store a significant amount of water to augment our water needs and reduce our dependence from our deep wells. We have conducted a study for the proposed pilot project of around 10,944 square meter area. Reduction of deep well operations saves both electricity and ground water withdrawal. Natural source of water is preserved and contained in a water basin. This is used in the water sprinkling of the roads.

AIR EMISSION – GREENHOUSE GASES (GHG)

Table 14

DISCLOSURE	QUANTITY	UNITS
Direct (Scope 1) GHG Emissions	2,221,253	tCO2e
Energy indirect (Scope 2) GHG Emissions[16]	319,941	tCO2e

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

Table 15

DISCLOSURE	USAGE QUANTITY FOR THE YEAR			GHG (tCO2e)
	Quantity	Units	Emission factor	
Energy Consumption (Bunker Fuel)	1,442	K li	77.4 kg CO2/GJ	4,519
Energy Consumption (Diesel)	8,984	K li	74.1 kg CO2/GJ	23,818
Energy Consumption (Special Fuel Oil)	0	K li	77.4 kg CO2/GJ	0
Energy Consumption (Primary Fuels)	219,728	t	93.7 kg CO2/GJ	664,566
Energy Consumption (Alternative Fuels) [17]	107,552	t	67.2 kg CO2/GJ[18]	188,373
Energy Consumption (Electricity)	399,642	MWh	APO: 0.833 tCO2e/MWh Solid: 0.751 tCO2e/MWh	319,941[19]

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

Cement is the basic ingredient of concrete, the end-product that is the second most widely used material in the world after water. There are no substitutes for the key attributes of concrete: strength and resilience.

As a result, we believe concrete has a critical role to play in the transition to a Low-Carbon Economy.

The presence of a robust and sustainable cement and concrete industry is closely linked to the economic development of local regions and countries. The Company believes that the availability of the building materials we offer are the foundations of sustainable economic development: creating affordable homes, supporting the local construction industry, fortifying infrastructure, and providing building solutions for critical societal services like healthcare, education, mobility, energy, and industrial development.

Consistent with the priorities of Cemex, the Company believes that climate change is one of the biggest challenges ofour time and support the urgency of collective action to ensure compliance by all parties in the implementation of the Paris Agreement commitments, the Nationally Determined Commitments of the

[16] *This is based on external power consumption of APO Plant and Solid Plant.*
[17] *Includes fossil-based waste*
[18] *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.*
[19] *CO2 emissions stated only includes Scope 2, that is, the CO2 of the external power consumption.*

Philippines in the Paris Agreement, and the fulfilment of the UN Sustainable Development Goals on Climate Action. Advancing on climate solutions requires a collaborative cross-industry action and cooperation with governments, non-profit organizations and multilateral institutions.

Management Approach for Impacts and Risks

We have been working to take full advantage of proven technologies and maximize the technical levers currently available in the cement production processes to reduce our carbon footprint.

To achieve our 2030 goals, decarbonizing our operations focuses on maximizing the following levers to reduce our carbon emissions:

- **Production of Low Carbon cements**
  We continue to use admixtures to reduce the amount of clinker we use per metric ton of cement we produce. Lowering clinker factor, using cement additives or clinker substitutes, helps reduce the energy and carbon footprint of producing a metric ton of cement. In 2023, our Solid Plant and APO Plant achieved operational milestones related to clinker factor reduction. These efforts resulted in 35,143 tCO2e avoidance for the year, which is equivalent to 581 thousand tree seedlings grown for 10 years.

- **Increasing the use of alternative fuels (AF) instead of regular fossil fuels**
  The Company contributes to the circular economy through the co- processing of plastics and inorganic waste. We actively collaborate with local governments, organizations, and communities to help with one of society's most pressing issues: waste management. The ability of cement plants to use waste as alternative fuel not only reduces fossil fuel consumption, it also reduces the amount of waste deposited in landfills where it produces methane, a greenhouse gas that is 80 times more harmful to the environment than CO2. We have been recycling more waste than we have generated in our operations.

  The Company optimizes its fuel mix with available alternative fuels such as refuse-derived fuel (RDF), waste rubber tires, waste plastics, rice husk, among others. The use of AF reduces GHG emissions from the displacement of coal needed to fire the kilns. In 2023, about 45.4% of the fuel used in Solid Cement Plant kiln was sourced from AF, while in APO Cement Plant, AF used accounts for 19.4%. On the average, AF use is at 27%, translating to about 159,420 tCO2e avoided as a result of the use of AF. This is equivalent to greenhouse gas emissions from 37,942 gasoline-powered passenger vehicles driven for one year. In 2023, we saw record usage of RDF in both of our plants.

- **Optimizing thermal efficiency in our kilns**
  The use of mineralizer reduces the temperature needed to produce clinker as well as improve the reactivity of clinker. This lowers 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 produce more cement with lower energy and carbon intensity. Through this the Company was able to avoid approximately 2,904 tCO2e in 2023, or approximately 45 thousand tree seedlings grown for 10 years.

- **Increasing the use of decarbonated raw materials in clinker**
  We have made headway in using decarbonated raw materials (DRMs) in our operations. These hold great potential to avoid process CO2 emissions. However, quality and scarcity are currently a challenge. APO currently utilizes Clay and Bed Ash as DRMs with a combined substitution amounting to 9% as of 2023. Through this the Company was able to avoid approximately 89,018 tCO2e in 2023, or approximately 1.47 million tree seedlings grown for 10 years.

- **Increasing clean energy consumption**
  We are sourcing more clean energy with the successful commissioning of the heat recovery facility in APO Cement Plant in 2023, where 7% of APO's power requirement can be self-generated. Our Solid Cement Plant is able to self-generate 21% of its power requirement through heat recovery.

Table 16 provides certain CO2 emissions avoidance from our Future in Action initiatives:

Table 16

DECARBONIZATION INITIATIVES	EQUIVALENT CARBON REDUCTION (in tCO2e)
Production of low carbon cements	35,143
Use of alternative fuels	159,420
Optimizing thermal efficiency in our kiln	2,904
Use of decarbonated raw materials	68,913

Opportunities and Management Approach

At CHP, one of the challenges we face to increase the production of lower-carbon cement is the acceptability of suchproduct 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 lower environmental impact. We look to further increase our use of alternative fuels and search for more suppliers of waste we can use in our fuel mix. These wastes could include refuse- derived fuel, industrial waste, rice husk & biomass, hazardous waste, and treated & processed medical waste. We continue evaluating the use of alternative raw materials for clinker production.

AIR EMISSION – POLLUTANTS

Table 17

DISCLOSURE	QUANTITY (Concentration)	UNITS	ABSOLUTE QUANTITY	UNITS
No_x	758	mg/Nm^3	2,308	t
So_x	1	mg/ Nm^3	5	t
Persistent organic pollutants (POPs) – Dioxins and Furans	0.04	$ng/TEQ/ Nm^3$	N/A	
Volatile organic compounds (VOCs)	3	mg/ Nm^3	10	t
Hazardous air pollutants (HAPs) – Benzenes	0.083	mg/ Nm^3	1.305	t
Particulate matter (PM)	15	mg/ Nm^3	52	t

Note: The values provided are the average of 3 cement kilns. POPs testing is done every 2 years.

AIR EMISSIONS

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

Air emissions 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 emissions are among our important environmental impacts as they have the potential to harm our people in the plant and those in surrounding communities. Hence, we take this condition very seriously, and we work to make sure our emissions are continuously monitored and controlled to ensure a level within or even below the regulatory limits.

Management Approach for Impacts and Risks

Both APO Cement Plant and Solid Cement Plant are fitted with electrostatic precipitators (Eps) and bag house dust collectors to contain theseairpollutants. We have also converted one EP into hybrid bag filters in APO Plant to further reduce emission levels as additional 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 5.6 million was 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 practices that we regularly execute to keep air pollutants within acceptable range. These include:

1. Optimal operations efficiency. Once attained, it aims for pollutants to stay 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. Routine Inspection at Cement Kiln and feed end to ensure no oxygen restriction in the system that cause inefficient combustion.

4. Seeking optimal raw meal and clinker burnability as well as stable coating profile to reduce Nitrogen Dioxide and Sulfur content.

5. Use of low-sulfur coal and ensure enough oxygen in the system for efficient combustion and lower SO_X emission.

6. Upgrade of Continuous Emission Monitoring System at both plants to conform with local regulations.

Regarding emission limits, the Company takes initiative beyond regulatory requirements, as CEMEX, as a global company, seeks to ensure that the limits are compliant with the existing regulations across its operations. The Company observes a protocol to shut-down operations and implement corrective action in cases of exceedance of emission limits.

Opportunities and Management Approach

At CHP, we continue to strengthen our commitment to better environmental performance. Maintaining operationalefficiency is key and continuous monitoring and immediate action are vital to ensure this impact is effectivelymanaged. We also keep an eye for better technologies and systems that could further improve our ability tocontain air pollutants.

WASTE MANAGEMENT

Solid Waste

Table 18

DISCLOSURE	QUANTITY	UNIT	% SHARE
Total solid waste generated	2,042,475	kg	100%
• Reusable / Recyclable	1,833,691	kg	89.77%
• Composted	6,016	kg	0.295%
• Co-processed in our facilities	60,888	kg	2.98%
• Waste sent for disposal	141,880	kg	6.94%

Hazardous Waste

Table 19

DISCLOSURE		QUANTITY (in kg)		
HW No.	**Hazardous Waste Generated in 2023**	**APO**	**SOLID**	**TOTAL**
I101	Used Oil	31,681	86,706	118,387
I101	Sludge (Oil/Water Mixture)	25,137,000	58,800	25,195,800
I102	Used Vegetable Oil	362	170	532
I103	Tallow	-	541	541
I104	Oil Contaminated Materials (Oily Rags, Oil Filter, Oil Separator, Spill Mat, Eco Drain)	733	2,685	3,418
C399	Other Alkali Wastes	-	2,619	2,619
D406	Used Lead Acid Batteries	70.61	1,500	1570.61
D407	Fluorescent Bulbs / Tubes	0	519	519.09
D407	Mercury (Liquid) and Mercuric Chloride Powder	0	5	5
F601	Solvent	-	6,650	56,650
F603	Ink Formulation	-	510.5	510.5
G704	Free Lime Washings / Filter Paper from Free Lime	42,595.36	-	42,595.36
H802	Used Grease	6,804.72	15,292	22,096.22
J201	Contaminated Containers (Empty IBCs/ Empty Chemical Gallons / Paint Cans)	16945.68	7,377	24,322.68
M501	Pathological Waste (Clinic Waste and PPEs and Used Face Mask)	98.91	5,880	5,978.91
M506	Waste Electrical/Electronic Equipment	-	5,106	51,06
Total weight of Hazardous Waste Generated		**25,236,411**	**194,361**	**25,430,772**
Total weight of Hazardous Waste Transported[20]		**0**	**90,652**	**90,652**
Total weight of Hazardous Waste Co-processed		**25,218,454**	**54,000**	**25,272,454**
Total weight of Hazardous Waste on Storage		**17,957**	**49,709**	**67,666.09**

[20] *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.*

WASTE MANAGEMENT

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. The 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 procure that waste volume stays within 0.2% of the total cement bags used.

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 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 manage different types of wastes generated in our facilities, as follows:

Table 20

SOURCE	WASTE TYPES	MANAGEMENT APPROACH
Periodic Maintenance and Annual Shutdown	• Scrap Metals • Scrap Wood • Packaging Materials • Paper • Cardboards • Plastic Wrappers	• 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	• Food Wastes • Packaging Wastes • Cutleries • Food Trays and Boxes • Used Paper • Other office-related wastes	• "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 for disposal
Packhouses	• Cement Bags	• 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. In 2023, 99% of our hazardous waste generated were fed to our cement kilns as alternative fuels.

Opportunities and Management Approach

At CHP, we see an opportunity for reduction and better management of our solid wastes particularly those producedin offices and in our canteens. We intend to encourage our employees to use more reusable items and stay away from disposables. We expect to study how to shift to recyclable packaging to reduce the residual component of our wastes that end up in landfills. Increasing use of recyclables could 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 21

DISCLOSURE	QUANTITY	UNITS
Total Amount of Monetary Fines for Non-compliance with Environmental Laws and/or Regulations	0[21]	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

On 21 December 2022, APO Cement Corporation was required by DENR-EMB Region XI to pay a fine for failure to obtain a Hazardous Waste Generator ID in 2021 for its terminal in Davao City. In March 2023, APO paid the prescribed penalty in compliance with the order of DENR-EMB Region XI.

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. Lists laws and regulations applicable to the Company and is reviewed and updated every May and November of the year.

2. A Matrix of Permit Conditions. Lists conditions provided in permits and is reviewed twice a year along with the Matrix of Compliance Obligations.

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[21] *In an Order issued on 21 December 2022, the DENR-EMB Region XI directed APO to pay a penalty of Php50,000.00 for failure to register as Hazardous Waste Generator for its Davao Terminal. At the time however, the operations of APO's Davao Terminal were temporarily suspended and the terminal was on skeleton workforce. APO has since coordinated with the EMB Region XI on compliance with the relevant ECC conditions for its Davao terminal.*

3. Compliance Monitoring Report and Self-Monitoring Report. These are mandatory reports that cover compliance with conditions of the Company's Environmental Compliance Certificate. Review is done quarterly seeking to ensure compliance.
4. Incidence, Non-Conformity and Corrective Actions Procedure. During the compliance reviews, the reviewer is expected to 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 should 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 the 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, as well as in the conduct of trainings to continually update and remind the concerned personnel on the necessary measures, processes, and reportorial requirements for compliance with applicable laws and regulations.

Opportunities and Management Approach

At CHP, we intend to continue to strengthen our compliance procedures, seeking that all existing andnewly hired personnel receive appropriate training on the subject. We also continue to monitor new regulations that affect our operations. We 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

Empowering Our Workforce

As we navigate the path towards achieving NetZero operations, our commitment to a just transition extends to our valued workforce. Recognizing the profound impact of these changes, we focus on empowering employees through upskilling, reskilling, and creating new opportunities within a green economy. Our mission is clear: To ensure every team member actively participates in this transformative journey, leaving no one behind.

Through robust processes enriched by listening mechanisms, we identify areas for improvement in capabilities, leadership, performance, and overall employee experience. This feedback informs the creation of transition plans that foster continuous workforce development and promote an inclusive and equitable transition. Our dedication to workforce development is evidenced through a spectrum of initiatives, including comprehensive development programs, innovative training platforms such as Cemex University, scholarships, and more.

Philippine Employee Data

Table 22

DISCLOSURE	QUANTITY	UNITS
Total Number of Employees	697	Employees
• Number of Female Employees (23%)	162	Employees
• Number of Male Employees (77%)	535	Employees
Attrition Rate[22]	9.9%	Rate
Ratio of Lowest Paid Employee Against Minimum Wage[23] • Antipolo • Cebu • Metro Manila	 37% 40% 13%	Rate

[22] *Attrition rate = No. of turnover for the year / Total headcount at the end of the year*

[23] *The lowest paid employees account for an exceedingly small fraction of the total employee population. Antipolo = 1/243; Cebu =1/293; Metro Manila: 1/205*

Philippine Employee Benefits

Table 23

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		0.0%	0.2%	This can be used if leave credit has been exhausted. Only APO Cement employees and hires as of April 1, 2021, onwards can apply for this benefit. The rest are entitled to unlimited sick leave credit. Low Availment shows that sick leave credits provided by the company aresufficient to cover sick days.
Maternity Availment		4.9%	n/a	Female employees are covered by this benefit upon pregnancy regardless of type of delivery (miscarriage, normal or caesarian).
Calamity Loans Availment		0%	0%	Only employees whose barangay has been declared under calamity can apply for this type of loan.
Loans Availment		13.6%	15.9%	
PhilHealth	Y	6.8%	11.6%	All employees are covered as provided by law. Only employees who undergo a procedure or get admitted can avail themselves of this benefit.
Pag-IBIG Contribution Loans Availment	Y	100% 13.0%	98.8% 16.4%	Certain employees are exempted from paying Pag-IBIG Premium.
Parental Leaves	Y			All relevant employees are covered.
Solo Parent Leave		2.5%%	0.0%%	This is on top of vacation and sick leaves of relevant employees.
Maternity Leave		4.9%	n/a	Female employees can apply for this benefit upon pregnancy regardless of type of delivery (miscarriage, normal or caesarian).
Paternity Leave		n/a	3.4%	Male employees whose spouse has given birth can apply for this benefit.
Vacation Leaves	Y	95.06%	95.14%	Unutilized vacation leave credit at the end of the year can be carried over up to 1st quarter of the following year.
Sick Leaves Availment	Y	56.17%	30.47%	Cash conversion is provided for certain employees who did not avail of sick leave, based on specific conditions.
Medical Benefits (aside from PhilHealth)	Y			

Health Maintenance Organization (HMO)		88.3%	76.4%	All employees are enrolled upon hiring; their dependents are enrolled upon regularization.
Housing Assistance (aside from Pag-ibig)	Y	4.9%	22.6%	Housing is offered for employees based in Luzon and Visayas-Mindanao.
Retirement Benefit Availment (aside from SSS)	Y	0%	3.9%	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.
Further Education Support	N	n/a	n/a	
Company Stock Options Granted	N	n/a	n/a	
Telecommuting	Y	59.9%	16.4%	This is available to all Makati office-based employees (except for Sales).
Flexible-Working Hours [24]	Y	59.9%	16.4%	Makati-based employees have the option to choose their work schedule while Luzon and Visayas-Mindanao employees are on a compressed workweek.
Group Life, Accident and Disability Insurance Availment	Y	0.0%	0.2%	All employees are enrolled upon hiring.
Transportation Benefit	Y	40.7%	29.0%	This is applicable to relevant employees.
Meal Allowance	Y	100%	98.7%	This is applicable to relevant employees.
Rice Allowance	Y	100%	98.7%	This is applicable to relevant employees.
Medicine Allowance	Y	100%	98.7%	This is applicable to relevant employees.
Uniform Allowance	Y	86.4%	89.5%	This is applicable to relevant employees.

Diversity and Equal Opportunity

Table 24

DISCLOSURE	QUANTITY	UNITS
By Gender		
% of Female Workers in the Workforce[25]	23	%
% of Male Workers in the Workforce	77	%
By Generation		
Traditionalist (1928-1945)	0	%
Baby-boomers (1946-1964)	1	%
Generation X (1965-1980)	40	%
Millennials (1981-1996)	54	%
Generation Z (1997-2010s)	5	%
Employees from Indigenous Communities and/or Vulnerable Sectors	1	Employees

[24] *Starting from our report for 2021, compressed workweek was no longer considered under flexible-working hours.*

[25] *This percent is based on total headcount covering plant-based employees and corporate office employees. For corporate office and support areas, females comprise 52%.*

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. These socioeconomic challenges could disrupt our business activities and create an environment that is less conducive for business to thrive. Hence, we remain committed to providing 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 with the requirements of the job and workplace conditions.

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 23%, females make up 52% in our main offices and support areas.

We strive to 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 those 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 higher rates versus the minimum wage at 37% in Antipolo, 40% in Cebu, and 13% 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 Philippines. In 2023, living wage for a family of five in NCR is Php 25,793 per month. Overall, the compensation of 648 of 697 employees or 93% 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 HMO coverage and their dependents are also enrolled upon regularization. We also provide them with opportunities to acquire their own home, which is fundamental to their family's security. We fully understand the importance of competitive compensation and benefits packages in improving employee experience, and in managing attrition and its relevant costs. In addition, mental health & wellbeing initiatives was one of the core and important strategies in reinforcing the company's drive for safety and security for its employees this year.

We value the physical health and overall wellbeing of our workers. In 2023,the Company facilitated a special vaccination program such as HPV or cervical cancer and pneumococcal for employees and dependents and implemented new programs such as Nutrition Counselling and Wellness Diary to promote wellness. We also continued with our flu vaccinations, health checks, Annual Physical Examinations and Executive Check-ups as a mandatory requirement for employees to assess their health status. Significant medical findings gathered from the health checks will be used as basis for the various health and safety programs that will be implemented for 2024.

In 2023, CHP has achieved its record high Employee Net Promoter Score (eNPS) of 55 points. The eNPS survey measures employee engagement level, career growth feedback, work environment, and employee empowerment. This year's results sustained "World Class" remarks which is translated as, "*The strongest and most competitive scores. Employees act as brand ambassadors in private and professional life, demonstrating the value of the company and their employment through their energy and activity. This falls into the top of*

Perceptyx clients." CHP has been consistently achieving the "World Class" category since 2021 and has strengthened further validated when CHP got certified as a Great Place To Work (GPTW) organization.

Furthermore, we have further strengthened its initiative on employee engagement pertaining to sustainability. Earlier in 2022, Behaviors that Save Our Planet was launched as our local strategy to bring our Future in Action agenda down to the individual level, and this campaign has been recognized by Cemex in its Global Awards. In 2023, the Company organized training programs to strengthen our sustainability culture and align our workforce toward becoming a net-zero CO2 company. With our Future in Action program as the foundation, we continue to address organizational design, tie a portion of variable compensation on select employees to the achievement of our CO2 reduction goals, and promote sustainability training. This approach propels us toward our environmental objectives and serves as a powerful engagement tool, fostering a shared commitment to a sustainable future.

We are including our largest resource, our People, in achieving our Climate Action goals by actively contributing to climate change mitigation and carbon footprint reduction. All of us have the responsibility to Save Our Planet. It is a collective effort, and it starts with changing our Behavior. The objectives are as follows:

1. Increase employees' awareness and adherence to Cemex's Behaviors that Save Our Planet and Future in Action global strategy on climate action
2. Encourage active participation of employees in Behaviors that Save Our Planet activities, both company-sponsored initiatives and individual or group initiatives.
3. Measure the impact of collective initiatives (CO2 reduction/ Carbon Footprint)
   a. Cut Green House Gasses (MT)
   b. Equivalent to Trees Planted (number)

Achieving Our Diversity, Equity, and Inclusion

In 2023, we continued creating an inclusive and respectful workplace that values diversity. Our commitment enables us to build diverse teams that encompass a broad range of characteristics, including gender identity, age, race, religion, disabilities, and beyond. Our diverse teams help foster an environment that encourages various perspectives, backgrounds, and life experiences. We embed Diversity, Equity, and Inclusion (DEI) in our daily operations in five key areas:

1. Integrating Embracing Diversity as a core value
2. Driving gender and multicultural representation in senior leadership
3. Embedding inclusion in all aspects of our workforce experience
4. Acknowledging participation in affinity groups
5. Providing physical and emotional safety and wellbeing to our people

Aside from making our environment better through our sustainability efforts, we also introduced programs which supports in promoting the Company as a diverse and inclusive organization through the following strategies :

1. **Improved women's representation through different measures and programs by:**
   - representation across the organization by attracting, hiring, retaining and developing female talents.
   - Consistent representation of women in Cemex Institutional Programs such as CONNECT, THRIVE, and COACHUP
   - Women Mentoring Program
   - Institutional Flex Work Policy

2. **Increased local Diversity & Inclusion initiatives ranging from facilities, benefits, and other employee engagement programs such as :**

- International Women's Month
- Improved Maternity Benefit
- Lactation room
- Pride Month
- Engagement with visually impaired group

3. Promote a positive employee experience through CEMEXperience program

- Hiring Process improvement
- Onboarding Process

Opportunities and Management Approach

At CHP, we aim to improve our approach in evaluating the effectiveness of our employee's benefits structure and the over-all employee experience. In 2023, we conducted another review of the benefits we provide to our employees and we implemented improvements such as additional features in our HMO coverage such maternity coverage, dental surgery, lasik surgery, internal prosthetic devise, COVID Home Care including RT-PCR test, optical and prescribed out-patient medicines reimbursement. and in several compensation and benefits policies to align with market practice. The results of the eNPS surveys have been valuable resources for basing human resources and organizational initiatives to provide employees with an overall positive work experience. In 2024, CHP will focus on building a more positive work experience through career growth, people & culture, pride in company, training & development, process efficiencies, and rewards & recognition.

In February 2023, the Company announced that it received a distinct achievement as the first cement company in the Philippines to be certified as a Great Place to Work®. Great Place to Work certification is given by Great Place to Work®, the global authority in workplace culture, providing workplace culture assessments that validate employee experience.

EMPLOYEE TRAINING AND DEVELOPMENT

Table 25

DISCLOSURE	QUANTITY	UNITS
Total Training Hours Provided to Employees		
• Female Employees	7,335	Hours
• Male Employees	18,576	Hours
Average Training Hours Provided to Employees[26]		
• Female Employees	46	Hours/employee
• Male Employees	35	Hours/employee

EMPLOYEE TRAINING AND DEVELOPMENT

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

More technical and leadership trainings are organized to address the skills and competency gaps as identified during the Individual Development Plan (IDP) formulation and Competency Gap Analysis (CGA) exercises. In addition, we have increased face to face training programs and have unified training programs across sites. Training needs are assessed based on a competency-based development plan and rolled out through the individual development plan (IDP) of each employee. Employee development plans are formed through a consultative process looking at the strengths of individual employees, their career aspirations, and the areas where they can build additional competencies. The IDP stems from a framework wherein 70% of the development planned for the employee comes from real-life experience, 20% comes from learning from peers or others, and the remaining 10% is drawn from classroom-type learning. The immediate supervisor evaluates the performance and current competencies of their staff and discusses 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.

To provide continuous development opportunities and programs, CHP has introduced new ways of training and learning programs this year. Learning programs organized with reference to the employees' IDP and the organizational key priorities for the year specifically on the campaign and inculcation of the Our Behaviors program.

In 2023, we introduced a new local flagship learning development program. Internal Training Circle (ITC) was founded which aims to foster a culture of continuous growth while achieving organizational effectiveness. We recognize the need to further promote an environment that nurtures employees' unique talents and skills and maximize a wealth of knowledge and experience, equipping talents with the necessary knowledge and tools, and help build CHP to being the most efficient and sustainable company in the industry. ITC Program is one of CHP's talent development efforts by building its own pool of subject matter experts (SME), functional trainers, and resource speakers to conduct internal training and learning sessions. Internal talents are tapped to facilitate learning sessions and leverage their knowledge and expertise. This is one of the effective ways to promote continuous learning culture while achieving organizational efficiencies.

[26] *In 2023, the Company continued to maximize the use of technology in its training programs. As employees continued to become accustomed to the use of virtual meeting applications, employees are more able participate in online training even if they are based in the corporate office, plants, terminals, or warehouses. The Company consolidated training programs across sites, such as those under the classifications of technical, leadership, behavioral, and mandatory/regulatory trainings.*

Furthermore, Our Behaviours is a local campaign for the 5 identified behaviors which promote a performance driven mindset and the enables each one towards the achievement of organizational goals. These behaviors are (1) Accountability, (2) Proactivity, (3) Collaboration and Open Communication, (4) Competitiveness, and (5) Innovation.

Meanwhile, numerous institutional Cemex programs were launched in 2023 such as CoachUp! and new LEAP modules New LEAP training modules. In terms of developing behavioral and leadership competencies, we have strengthened our top talents are engaging them with Regional and Global leadership programs such as CONNECT, THRIVE, and CoachUp!. CoachUp! is Cemex's online Coaching program in partnership with CoachHub. This is a leadership development program which is anchored to the new Cemex EMEA Leadership Framework that enables leadership capabilities to thrive in the new normal. New LEAP training modules were also launched modules to further strengthen and develop the sales workforce. Additionally, new topics were included which emphasized sustainability.

Opportunities and Management Approach

Training and development are at the core of our employee value proposition. We put great emphasis and attention on continuous learning and development opportunities for our people. Moreover, training and development are fundamental to our engagement and performance. Making sure that our people are competent to perform their tasks and able to progress through their career paths. Training is also provided to strengthen our culture, values, and general organizational capabilities which are critical to 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 and potential loss of life and property. Hence, we seek to ensure that all employees receive the training that they need.

At CHP, we continuously enhance our online training and development offers, by providing various platforms and opportunities for the employees to learn and develop. In 2024, we aim to introduce more blended learning programs and/or re-introduce more face-to-face classroom-type trainings. We aim to build a stronger internal training pool in conducting trainings, maximize the wealth of knowledge and expertise of talents, and also optimize Cemex University's wide range of online training programs which ranges from leadership, behavioral, and general business learning paths.

We also expect to focus our efforts in promoting experiential learning since recent studies indicate that this approach is more effective. On-the-job learning and learning from others should be complemented by instructor-led (classroom-type) learning and learning from others, the formulation of our Individual Development Plan framework: 70% Real Life Experience, 20% Learning from Others, and 10% Classroom Learning. We also expect to continue to improve our performance in providing equal training opportunities for all employees while using a more individual approach in providing these development opportunities for the personal and professional growth of every employee. In 2023, CHP was able to increase the training hours for women and provide more learning opportunities for female talents to participate in local, regional, and local Cemex institutional programs. Lastly, CHP will include more programs to promote and discuss more about sustainability and diversity and inclusion in 2024.

LABOR-MANAGEMENT RELATIONS

Table 26

DISCLOSURE	QUANTITY	UNITS
% of Employees Covered with Collective Bargaining Agreements	30%	%
Number of Consultations Conducted with Employees Concerning Employee-related Policies	14	#

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 strive to 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. These fosters trust and transparent communication which is fundamentalto maintaining a harmonious Union-Management relationship. This year, we successfully concluded our CBA Negotiation within 3-days, due to what we believe is a good Labor-Management relationship between Company & the Union.

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). Discussions usually involve matters regarding 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 decisions are discussed in the next LMC. Minor concerns at the plant level are addressed by the plant management.

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

Opportunities and Management Approach

At CHP, 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 strive to strengthen our culture and values to align all our stakeholders to a common goal. We also work to find ways to better see each other's points of view and resolve problems in acollaborative approach.

WORKPLACE CONDITIONS

Occupational Health and Safety

Table 27

DISCLOSURE	QUANTITY	UNITS
Employee Safe Man-Hours	1.5 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	16	#

OCCUPATIONAL HEALTH AND SAFETY

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

Health and safety is our company's top value and strategic priority. Regardless of one's role with Cemex – whether an employee, contractor, supplier, or community member– we strive for everyone to return home safely to their family every day.

In 2023, we continued strengthening our three health and safety focus areas:

Zero4Life - We are committed to a work environment with zero injuries. For the past eight years, our Lost Time Injury Frequency Rate has been between 0.0, a positive industry benchmark.

Health & Safety Culture - Our standardized global programs instill consistency across geographies and highlight local best practices, so we all learn from each other and foster a common principle of care.

Well-Being - Four pillars underscore Cemex's Global Well-Being: Emotional and physical health, financial fitness, and workforce experience. Our goal is to support employees and to help them live a happy and healthy life inside and outside of work.

Our Zero4Life Commitment

Zero injuries across our business. That's our goal. With our passionate commitment to health and safety, we continue to lead the industry in safety. We have a wide range of strategies that start with integrating health and safety into all operational levels and are framed by our global policy and management system. We monitor leading and lagging indicators, implement regional and local initiatives, and adopt best practices, all in the spirit of continuous improvement. In addition to our approval and Health & Safety induction process for all contractors, our Contractor Health & Safety Verification program helps us verify that all contractors are qualified and able to comply with health and safety processes while working with us. During the year 2023, the Health & Safety our employees, contractors and other stake holders remained on top of the Company's priorities. While we are not yet where we want to be, we continued to firmly believe that Zero (0) is attainable and the team worked hard and consistently towards improvement and achieving this goal. Aligned with our battle cry Zero4Life, we believe that nothing is equally important as ensuring that everyone goes home safe to their families at the end of the day and protecting nearby communities from the inherent risks in our day-to-day operations. Health & safety is not just about compliance; it is a way of life.

The Company's health and safety strategies are based on a global Cemex system, the Cemex Health & Safety Management System (HSMS). The Cemex HSMS and its 15 elements has been created in consultation with stakeholders across Cemex, to provide a practical, risk-based approach on managing health & safety issues. HSMS was designed to support all sites and businesses across Cemex to implement, document, maintain and continuously improve a healthy, safe, reliable and efficient operations.

To address the challenges and ensure that we move closer towards our Zero4Life goal during the year 2023, the Company implemented various health and safety initiatives and below are some of the activities and programs that we have implemented.

1. Visible-felt Leadership (VFL) Engagements
2. Health & Safety Awards and Recognition for leaders, front-line workers, and contractors
3. Weekly Incident and Safety Discussion with Leaders
4. Monthly National Health & Safety Council Meetings
5. Monthly Road Transport Safety Committee Meetings
6. Improvement on truck monitoring (GPS and cameras)
7. Fleet Safety Plan for Haulers
8. Near-miss/Hazard Alert Reporting and Close-out
9. Cross Safety Inspection and Audits
10. Take5 and Take5 Together Initiative
11. Vulnerable Road Users campaign to for Internal and External Stakeholders
12. Stress Management and Mental Health Campaigns and Virtual Seminars
13. Health Checks
14. Sports and wellness activities

Based on our evaluation of 2023 performance, these activities have resulted to increased awareness and accountability in health and safety in our leaders and frontline workers. We were able to achieve zero (0) fatalities and concluded the year without lost time injuries (LTI). We also saw a 41% reduction in total number of incidents, including property damages, compared to 2022. The resumption of various health and wellness initiatives like the sports activities & mental health campaigns have also helped our workers to be relieved of the stress and anxiety caused by the pandemic and lockdowns from the previous years. These results provide both motivation and clear evidence that our continuous improvement commitment is producing positive outcomes, yet we will not be satisfied until we achieve zero injuries and property damages across all our operations.

CHP and Grab Philippines ink partnership for road safety program

Road safety is a global priority. In the Philippines, the high number of road accidents make it one of the most pressing health and safety concerns in the country. According to World Health Organization (WHO), Developing economies record higher rates of road traffic injuries, with 93% of fatalities coming from low- and middle-income countries.

To help save lives and reduce the cases of serious injuries from road accidents, CHP and Grab Philippines inked a partnership to promote health and road safety initiatives. For both CHP and Grab, safety is of topmost priority, thus, this partnership commits to increasing awareness of the presence and needs of vulnerable road users and reducing the number of accidents especially in high-risk areas such as intersections, crosswalks, roundabouts, etc. through education of vulnerable road users.

For Cemex, building a culture of safety is very important considering the impact of road accidents not only to lives lost on the road but also the impact on national economies. The World Health Organization (WHO) reported that road injuries cost countries 3% of their annual GDP. In CHP, a road safety education campaign has been going on since 2013 through its Listo Tayo Road Safety program. It aims to promote a culture of safety across Cemex operations, for employees, stakeholders, and community members. The program has helped road users to be mindful of the critical importance of being alert on the road and knowing our shared responsibility lies in keeping the roads safe.

Opportunities and Management Approach

At CHP, while our efforts helped us to prevent fatalities and LTIs across our operations in 2023, we need to continue with our efforts to reduce incidents. We also experienced very unfortunate non-culpable road accidents and a case health-related fatality. The main opportunities for improvement are contractor management, port & shipping safety, driving safety and health & wellness and, after a thorough evaluation of the incidents that the company experienced in 2023, management has created a comprehensive health & safety improvement plan to ensure that we can be closer to our Zero4Life goal this year 2024.

LABOR LAWS AND HUMAN RIGHTS

Human Rights are the universal, inalienable, and fundamental rights inherent to all human beings. We strive to reinforce our respect for human rights through our core value of Acting with Integrity to embed it in the way we do business. Our Aspiration Respect for human rights is fundamental to being a responsible and ethical business. We strive for our strategy and support our operations to be aligned with universal human rights principles, and we actively advocate for sustainable practices within the cement industry.

Upholding Our Human Rights Commitments

Our policies facilitate the implementation and safeguarding of our Human Rights commitments. We expect our employees, suppliers, contractors, and other business partners to consistently abide by applicable policies and procedures wherever we operate. We seek to engage with third parties who are able to meet our Human Rights principles and practices. Cemex Management Systems & Processes Human rights are integrated into Cemex's existing risk management approach and are also addressed through our due diligence process. We continue to make progress in developing and implementing preventive measures to mitigate adverse human rights impacts in our operations, primarily focusing on the top five salient human rights issues identified through our Human Rights Self-Assessment.

Table 28

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

Through ETHOSline, employees and third parties may anonymously report a violation of our Code. The platform is managed bya 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 29

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 our 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 claim 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 looking to prevent discrimination 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's policies and applicable laws. Our Code covers important principles for the Company and provides guidance to keep our values in mind when making decisions. We are also governed by CEMEX's and the Company's internal policies, as well as applicable law, which we also follow in situations that are not specifically covered in our Code.

We make available to our stakeholders copies of our Code and relevant internal policies and regularly conduct trainings to ensure they understand these topics and they make appropriate decisions. These resources are made available through our intranet and CEMEX and the Company's official websites.

We Report

Our first line of support is our immediate supervisor. Supervisors are expected to 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, with a reminder that it should always be done in good faith.

- **ETHOSline.** This automated channel is managed by a third-party provider and allows for anonymous reporting of ethics violations and/or complaints for all employees.

- **ETHICS Committees.** This local committee serves as the managing committee for all ethics-related topics. The committee supports communication efforts, and processes of case management processes.

- **Audit Committee.** As part of its responsibilities, the Company's 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 of or complaints about our Code. These departments will submit the report to the applicable responsible teams to facilitate cases management processing 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 raised. CEMEX and the Company have 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 employees 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 always comply with our Code, our policies, and the law always.

Opportunities and Management Approach

At CHP, we will continue to promote and increase employee awareness about our Code and how they can report any suspected case, and continuously inspire compliance while seeking that violations are appropriately acted upon. We 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 look to understand our stakeholders more to develop creative ways to inspire them to always abide by our policies and applicable law.

SUPPLY CHAIN MANAGEMENT

Suppliers' Code of Ethics and Conduct

Our commitment to managing supplier relations in accordance with applicable laws and regulations is rooted in fostering a culture of integrity, honesty, respect, transparency, and open communication that seeks to strengthen our bonds. Aligned with our principles, policies, and values, we promote the understanding and adherence of our suppliers to not only some of our policies but also to the Cemex's Code of Ethics and Business Conduct and the Code of Conduct When Doing Business with Us. Further, our suppliers' acknowledgment of our Code of Ethics and Business Conduct, Code of Conduct when Doing Business with Us, Global Anti-Corruption Policy, and Global Anti-Money Laundering Policy, among other policies and principles, is integral to comply with our suppliers' registration process. In particular, respect for human rights is embedded in our Code of Ethics and Business Conduct, Code of Conduct when Doing Business with Us.

Supplier Accreditation Policy can be found in Annex B.

Evaluation for Supplier Accreditation

Table 30

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 template of General Terms and Conditions for our suppliers include 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 act or,

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 relatedto this Agreement. The parties acknowledge and agree that they will not be in breach of the terms hereof when any suchbreach 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 15.6 B PhP or 90% of our 17.4 B PhP revenue and other income generated in 2023 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 consistent with the Company's. Many of the risks that could compromise our assets and affect our ability to meet our stakeholders' expectations are related to our suppliers.

For these reasons, we continually work to engage and align our suppliers with our core values, including our emphasis on health and safety, our 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 require our suppliers to comply with the Cemex's Code of Ethics and Business Conduct and Code of Conduct When Doing Business With Us.

Our commitment to health and safety extends to our contractors — reinforcing our number one priority. The Company's Contractor Health and Safety Verification Program is designed to certify contractor compliance with stringent health and safety standards, proper training, and applicable accreditations in the execution of their work within the Company's operations. This is done in partnership with specialized firms. In 2023, the Company reached an 83% contractor health and safety verification rate.

We closely cooperate with our suppliers, striving to implement the most sustainable practices in our day-to-day operations. The Company's Supplier Sustainability Program has strengthened our value chain's consistency and respect for our sustainability principles, policies, and practices. In 2023, the Company's Supplier Sustainability Program evaluated 70% of critical suppliers. These suppliers are those business partners who could significantly impact our core businesses; in particular, those suppliers with the highest spending or who could affect the continuity of our operations, including health, safety, and environmental risks.

Management Approach for Impacts and Risks

To work towards ensuring that the suppliers we engage meet our minimum standards, specific procedures are in place 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 31

RISKS/SUSTAINABILITY TOPICS	MANAGEMENT APPROACH UPON ACCREDITATION	MANAGEMENT APPROACH FOR ACCREDITED SUPPLIERS
Environmental Performance / Pollution Control	Major vendors are assessed for environmental performance once 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 Child Labor	Legal documents, such as Business Permits, Department of Labor and Employment registration, SEC/DTI incorporation and registration documents (ex. certificates of incorporation and articles of incorporation/partnership) are required. These	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.
Human Rights	Documents help validate that the third party complies with applicable laws and part of our contract to adhere to human rights.	Part of the contractual commitment of suppliers to comply to work with Cemex otherwise the contract can be terminated.
Bribery and Corruption	Suppliers are required to sign a "Letter of Commitment" for Anti-Bribery.	Part of the contractual commitment of suppliers to comply to work with Cemex otherwise the contract can be terminated.

Compliance to Fiscal Policies and Payment of Right Taxes	Legal documents, such as Business Permits, BIR registration, SEC and Articles of Incorporation, are required. These documents require the company to comply with all existing Laws.	Part of the contractual commitment of suppliers to comply to work with Cemex otherwise the contract can be terminated.
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. A third-party assessor evaluates the health and safety policies of the vendors and submits to CHP a detailed report of their findings.
Labor Standards, Health and Safety	Legal documents, such as Business Permits, Department of Labor and Employment registration, SEC/DTI incorporation and registration documents (ex. certificates of incorporation and articles of incorporation/partnership) are required. These documents help validate that the third party complies with applicablelaws.	
Business Ethics and Governance	Legal documents, such as Business Permits, Department of Labor and Employment registration, SEC/DTI incorporation and registration documents (ex. certificates of incorporation and articles of incorporation/partnership) are required. These documents help validate that the third party complies with applicablelaws.	Part of the contractual commitment of suppliers to comply to work with Cemex otherwise the contract can be terminated.

Opportunities and Management Approach

At CHP, we have identified gaps and areas for improvement to seek that our suppliers meet environmental, social, and governance standards consistent with ours. Moving forward, we expect 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. **Anti-Bribery and corruption** – information on 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 systems consistent with the Company

We also expect to investigate 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. The Company aims to have training opportunities and self-assessment tools for Small & Medium Enterprise (SME) suppliers interested in including robust sustainability practices in their business model.

RELATIONSHIP WITH THE COMMUNITY

Empowering Communities for a Sustainable Future

Cemex's commitment to people extends beyond our workforce to communities and local economies. We actively engage in initiatives aimed at promoting employability in a net-zero economy through comprehensive upskilling and reskilling programs. Collaborations with governmental bodies, evidenced through partnerships in the regions where we operate, showcase our dedication to fostering skills crucial for the future. Through our involvement in digital skills programs, we strive for swift integration into the workforce, providing individuals with newfound economic opportunities and potential for social mobility. These programs go beyond technical skills, training in essential social and life skills to contribute to long-term job retention.

OPERATIONS WITH SIGNIFICANT IMPACTS ON LOCAL COMMUNITIES: APO CEMENT PLANT
General Description of our Operations: APO Cement Corporation produces both Blended and Portland cement, operating two (2) cement lines, a jetty, and a power plant. With an annual cement grinding capacity of 3.8 million tons, we serve customers primarily in the Visayas and Mindanao regions through an extensive marine and land distribution network. The plant not only boosts the City of Naga's local revenue but also contributes to socio-economic development by generating employment and implementing social programs in education, health, safety, livelihood, and infrastructure. APO Cement's commitment to the community is reflected in its Annual Social Development Program (SDP), which allocates budget and guides the implementation of projects for sustainable development. **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 offer some of them with employment opportunities such as those 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 has the occasional dust emission, particularly during equipment start-up. **Mitigating Measures:** Undesirable impacts, specifically on the dust issues, are being managed by continuous improvement of our operational processes. This includes the efforts of our operations team in monitoring processes and investing in equipment, seeking to ensure that these are in perfect working conditions. We provide street sweepers in various areas to help clear the area. 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 Corporation, with an installed annual cement grinding capacity of 1.9 million tons, is currently advancing the Solid Cement New Line Project. This initiative aims to establish a new integrated cement production line, projecting an additional annual capacity of approximately 1.5 million tons upon completion. The plant's operations play a pivotal role in the socio-economic advancement of the City of Antipolo, fostering local revenue growth, generating employment for residents, and spearheading social development initiatives. Solid Cement's strategic focus encompasses education, health and safety, livelihood, and infrastructure, contributing to the overall progress and sustainability of the city and its populace. These community-centric programs are primarily executed through Solid Cement's Annual Social Development Program (SDP), guiding the allocation of resources for diverse projects that empower communities toward sustainable development. **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. We offer certain sectors with employment opportunities, 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 usually include road safety which the company addresses through its road safety seminars and roadshows for both drivers and residents (which also includes students and the elderly). **Mitigating Measures:** Solid Cement collaborates with the local government leaders to get feedback on community concerns with the goal of a systematic resolution. Additionally, a multi-sectoral monitoring team conducts regular visits and audits to ensure that Solid Cement complies with government policies. Deviations from the standards is customarily 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.

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

We recognize that our actions today shape a better tomorrow. Embracing ethical business practices, environmental sustainability, and social responsibility, we aim for positive change on issues where we can make meaningful contributions. With transparency, accountability, and dedication, we work in partnership with the communities where we operate to foster diversity and inclusion and champion innovation for social good. Our Social Impact Strategy guides us in these endeavors. Our Social Impact Strategy Our process is structured to identify and manage risks and impacts from our operations. It includes developing, evaluating, and tracking action plans and communicating outcomes through community engagement. This comprehensive approach includes stakeholder identification and the facilitation of inclusive, responsive, and substantive dialogues with our communities. Risks and impacts, including those related to human rights, are meticulously identified in this process.

Our operational success is reliant on societal collaboration and acceptance, a vital factor for our plant's continuity. To address community concerns effectively, we have put in place systems for gathering input and elevating issues from our communities. Regular engagement with local leaders complements our government meetings, ensuring we grasp and act upon community needs. Following a shared value cycle, our business aligns with community perspectives, leading to initiatives that benefit all parties across environmental, social, and economic dimensions.

In our commitment to environmental responsibility, we collaborate with both private and public entities, promoting proper waste management. This not only safeguards natural spaces but also fosters job creation, contributing to a circular economy.

The Company's social endeavors find strength through the Cemex Philippines Foundation, established in 2003. Functioning as a non-stock, non-profit organization with Solid Cement Corporation and APO Cement Corporation as active members, the foundation focuses on environmental sustainability, resilient infrastructure, and building communities. Through the "Build the Nation Together" program, various impactful initiatives are executed, aiming to empower and uplift lives in collaboration with socio-civic organizations and the Philippine government. A summary of the projects implemented in 2023 is presented in Table 32, and details are provided in Annex C:

Table 32

PROGRAMS	SDG PRIORITY	OUTPUT/OUTCOMES	NO. OF BENEFICIARIES
Build A Safe & Healthy Citizenry: Kalusugan, Kaligtasan, Kahandaan – Batang Alerto Project	**3: Health and Wellbeing** **11: Sustainable Cities and Communities**	The Batang Alerto program is an emergency preparedness program for schoolchildren. Anchored on the core value of Ensuring Safety among our stakeholders, the Batang Alerto program is designed to teach community youth on the proper disaster responses when faced with emergency situations. The program leverages on the expertise of the Company and its emergency response teams in the plants on disaster preparedness.	475 students
Build Environment: Tamang Segregasyon at Edukasyon para sa Kalikasan (TSEK)	**13: Climate Action** **3: Good Health and Wellbeing** **11: Sustainable Cities and Communities**	The TSEK program aims to promote and educate communities on proper waste segregation and disposal. The TSEK project included the donation of two plastic shredder machines which will be utilized by the local government units into converting plastic wastes into shredded material. A garbage disposal truck was donated to the City of Antipolo while IEC materials were also generated to provide visual support to the	3 partner LGUs with 37 partner communities for waste diversion

		waste management education of partner communities.	
Build Education: Support for GMA Kapuso Foundation's Kapuso School Development Program	**4: Quality Education** **11: Sustainable Cities and Communities**	The provision of cement for the construction of classrooms in partnership with GMA Kapuso Foundation, Inc. served to improve the educational opportunities of students in the identified communities after their existing school structure was damaged by typhoons. The new, resilient structures are made of reinforced concrete that can withstand typhoon winds and earthquakes, and provides a more conducive learning environment.	204 students 1 school built.
Build Education: La Salle College Antipolo	**4: Quality Education**	The Company supported La Salle College Antipolo in the enhancement of their digital and onsite learning tools which will benefit enrolled students and scholars in their hybrid learning modes. The school community is an important stakeholder in Antipolo, Rizal.	1 partner school
Build Communities: Rizal and Cebu Community Projects	**11. Sustainable Cities and Communities** **8: Decent Work and Economic Growth** **5: Gender Equality**	The Company's annual Christmas Wish Project includes the provision of food and grocery packs for impact barangays and gift-giving to children in the community. In support of livelihood in the host communities, we partnered with Mettamatch, Inc. to conduct the Elevate Artificial Intelligence Data Annotation (AIDA) program that upskilled women in the City of Naga in the field of AI and data annotation. This gives them access to remote working opportunities and additional income sources, as well as promoting diversity and inclusion in the tech industry. In addition, we provided two (2) pump boats donated to the fishing community of Brgy. Tina-aan, Naga	2 partner LGUs 350 families 30 women 30 fishermen
Build Sustainable Partnerships: CSR Partnerships	**11: Sustainable Cities and Communities** **17: Partnerships for the Goals**	Through partnerships with like-minded institutions and key stakeholders we are able to provide additional support for infrastructure, education and environment-centered initiatives: • Cement donations to various stakeholders • Support for community-building programs • Support for disaster relief operations	3 institutions 2 NGOs 1 organization

Opportunities and Management Approach

At CHP, we remain open to supporting the needs of the communities around us. In our culture of Social Impact, we consider the economic, environmental, and social effects in our decision-making process. A people-centered approach and an alignment with priorities in the Sustainable Development Goals (SDGs) can help us identify their perspectives on how our business affects their well-being and quality of life. We can use these to co-create initiatives that minimize negative impacts and create shared value, generating both greater trust and competitiveness for the organization.

CUSTOMER EXPERIENCE

Customer-Centric Mindset

We place our customers at the center of everything we do. Our relentless focus on our clients helps us build a best-in-class customer experience that is a competitive advantage and a powerful differentiator for our company.

Partner of Choice for Sustainable Products and Solutions

We strive to be the partner of choice for all projects and emphasize our commitment to provide products and solutions that consider sustainability. With this goal in mind, we continuously innovate and develop construction products and solutions with sustainable attributes, including Vertua®, our portfolio of products and solutions with a range of sustainable attributes.

Customer Journey Experience

Our Customer Journey Experience (CJE) program proactively improves our customer experience from the inside out. Active in all regions, a CJE visit to a company location or customer site, allows participants to observe, listen to, and experience all moments of the customer journey. This exploration provides participants with new opportunities for continuous learning and improvement.

Digital First Customer Experience

We place digitalization at the core of our service improvement efforts. Our commitment to adopt digital technologies is reflected in our comprehensive integration of digital solutions throughout our operations. Cemex Go stands out as our flagship digital solution, symbolizing our dedication to enhancing customer experiences. Going beyond commercial processes, our digital strategy permeates every aspect of our business. From operations, production, and the supply chain to administration and support services, we have digitized processes to enhance customer experiences, increase efficiency, and foster growth. What began as Cemex's digital transformation five years ago has evolved into an ongoing journey, shaping an unparalleled omnichannel experience for our customers. Our dedication to customer satisfaction is highlighted by our Digital First philosophy, aiming for internal processes to align seamlessly to support a customer-centric experience. This approach transforms every customer-facing role into that of a digital promoter, embodying our commitment to active listening and continuous improvement.

CEMEX Go

CEMEX Go is the digital platform that transformed the way in which customers interact with the company. It is our flagship digital solution for customers worldwide that provides better services through digitalization. Cemex Go covers our customers' main business needs, helping us deliver a superior customer experience while making us a more efficient company.

Smart Service Centers

In 2023, we significantly advanced standard processes and platforms leveraging data to enable rich, agile, and personalized customer interactions. We are continuing to evolve our service centers to fully support a seamless, integrated, and digital customer experience under best-in-class global standards and performance management practices.

Going Paperless

Cemex's paperless initiative allows customers to interact directly with our systems via digital platforms and Application Programming Interfaces (APIs). By allowing systems to talk, Cemex helps customers reduce operating costs, optimize internal processes, and automate tasks such as orders, invoices, and payments. Strategy enhances productivity and saves resources by encouraging the digitalization of internal and customer processes. As of 2023, 86.21% of our invoices were delivered digitally, putting us on track to achieve our global paperless goal.

Table 33

DISCLOSURE	SCORE	DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY (Y/N)?
Customer Satisfaction	73	Yes

The Net Promoter Score (NPS) survey was conducted among active clients in our contact list. It is a standard methodology that measures how likely it is for a customer to recommend a company to others, which has a direct correlation with customer satisfaction and loyalty. Our customer population is divided into two groups. The first group is surveyed during the first and third quarters of the year, while the other group is surveyed during the second and fourth quarters of the year. This is designed to ensure that we capture the overall pulse of our customers throughout the year. Our 2023 company NPS is 73, compared with 65 the previous year. This is our highest NPS yet to date, exceeding our 2030 target of 70.

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

Customer experience is at the core of our continuous innovation and improvement.

We continue to develop enhancements to achieve our vision to become the most customer-oriented building materials solutions company in the market. We relentlessly persevere to inculcate and sustain our value of customer centricity across the organization and constantly ensure that we deliver Superior Customer Experience, anytime, anywhere.

With customer experience at the core of our continuous innovation and improvement, we are making an effort to adapt a "digital-first" mindset to keep up with the industry changes. As a testament to this, in four straight years, the Company won the "Best Initiative Implemented" award, this time, for its Digital Queuing System, under the Transactional Experience Category in the Global Awards for employees held by Cemex last May 2023. The event was held to recognize the efforts of colleagues and teams among Cemex operations globally for the year 2022.

We have achieved another significant milestone as 2023 marked the 5th year of CEMEX Go in the Philippines. With the theme, CEMEX Go High Five, the occasion was celebrated through different activities including daily tips for users, online games, trainings and trivias. The highlight of the celebration was the online webinar for CHP employees and customers, with a talk conducted by an expert on the topic of Digital Transformation and awarding of top CEMEX Go users for different categories such as top orders, usage, and loyal users for the past 5 years. The multi-device digital platform provides customers with a seamless experience for order placement, live tracking of shipments, and managing invoicesand payments for CEMEX's main products. Nearly all our clients have been onboarded in our CEMEX Go platform, with 55% (1,067) active users as of December 31, 2023.

With our customers at the heart of our operations, we highly value their feedback and insights which serves as our guide in our improvement efforts. We've conducted a quarterly customer survey, and we identified improvement areas: 1) Delivery Experience, 2) Product Availability and 3) Ordering Experience. We continue to innovate and find solutions to advance our performance on these 3 areas.

Aligned with our commitment to improve the Delivery Experience of our customers, we launched the Track Alert, a GPS-triggered automated SMS delivery notification service that informs customers once their assigned truck has been loaded and when it leaves the plant enroute to the delivery location. This initiative complements the CEMEX Go Track service, enabling customers to prepare to receive their orders.

We ended the year strongly with a Net Promoter Score of 80 in the fourth quarter of 2023, and an annual score of 73, reflecting the satisfaction of our customers with the quality of the products and services we provide. We continue to strive to implement service improvements in response to customer feedback and close collaboration among functional teams, driven by a focus on our customers.

Key to customer satisfaction is our complaints management. Complaints are monitored by our dedicated experts from our Customer Service Center. Once filed, the complaint is assigned to a department based on the type of complaint. The type of complaint and responsible department(s) are pre-evaluated based on past experiences. For new types of complaints, the customer experience team determines the responsible department(s) to be assigned to address the complaint. All complaint types must comply with its Service Level Agreements (SLA) that determines how long a complaint must be resolved. 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.

We have been using CEMEX's "Olivia" chatbot to assist our Customer Service Center. This artificial intelligence chatbot provides faster responses to our customers' most common questions.

Since the launch of our case management tool in late 2021, CEMEX Go CRM for Customer Service, complaints handling significantly improved. In 2023, on time complaints resolution is at 84%, exceeding the 60% projected target.

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 expected to be implemented promptly without disruption to other services provided. Full transparency is expected to be given to the clients on the progress.

Opportunities and Management Approach

At CHP, we continue to conduct daily alignment with all departments that have high impact on our operations and directly affects our customers, which include the Supply Chain, Procurement, Commercial, and Global Enterprise Services back-office teams. These departments continue to collaborate and innovate on ways to improve the overall customer experience. We leverage on our digital platforms such as CEMEX Go, Track Alert and Online Payment with our partner banks, and continue to innovate solutions that help provide a superior customer experience.

HEALTH AND SAFETY

Table 34

DISCLOSURE	QUANTITY	UNITS
Number of Substantiated Complaint on Products or Service - Health and Safety	6	#
Number of Complaints Addressed	6	#

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

Out of the six (6) health and safety complaints recorded by the Company, four 4) were related to damage to property incidents, while the remaining two (2) were related to client servicing on Personal Protective Equipment (PPE) non-compliance.

In order to address and prevent damage to property incidents from recurring, a series of measures were implemented. Drivers involved in incidents were required to attend defensive driving courses to improve their skills and reduce the likelihood of future accidents. Refresher training was conducted with the drivers, focusing on the four steps to safer movement, to reinforce their understanding of safe driving practices. Likewise, the Supply Chain required that (1) haulers inspect the availability of personal protective equipment (PPE) before leaving the garage; (2) in the truck footage review, check whether helpers who boarded the truck are accredited, which would count as a violation if not followed; and (3) all drivers and helpers take pictures of themselves wearing PPE at the client site as proof of compliance for the Supply Chain to validate and use as the basis for safety awards. Finally, collaboration between the Supply Chain and Commercial teams has led to improved journey planning, with routes selected based on safety and efficiency and potential hazards at delivery sites addressed ahead of time, ensuring that appropriate precautions are taken to prevent accidents and property damage.

Overall, we believe that these measures will help to prevent similar incidents from occurring in the future and ensure the safety of our drivers, clients, and the public.

Management Approach for Impacts and Risks

We take proactive steps to promote the use of basic personal protective equipment (PPE), including dust masks, goggles, and gloves, among our product users. We understand the critical importance of health and safety compliance, and we emphasize it during product-related trainings, both technical and health and safety-focused.

To ensure that our products do not pose any potential health risks to our customers, we regularly monitor and gather feedback from various channels, such as our service center, sales managers, landlines, and digital platforms. This approach allows us to promptly address any concerns raised by our customers and continuously improve our product offerings in terms of safety and quality.

Opportunities and Management Approach

At CHP, 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 intend to consider and evaluate factors that prevent workers from using PPEs in their workplaces, determine root causes, and offer solutions to improve adoptionof PPEs by the workers.

CUSTOMER MANAGEMENT – MARKETING AND LABELING

Table 35

DISCLOSURE	QUANTITY	UNITS
Number of Substantiated Complaint on Products or Service Marketing and Labelling	1	#
Number of Complaints Addressed	1	#

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. We strive for all cement bags we use to strictly comply 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 design markings such as logos, pantones, trademarks, PS 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 expected to be rejected. We also print traceability codes in our cement bags. This is an 11-digit number to trace each bag to provide details, such as when the cement was packed at the plant and which line. The traceability code is printed on each bag as it runs on the conveyor belt prior to truck loading. All Bulk and Tonner Bag Cement deliveries are provided with Mill Certificates ensuring compliance to requirements of the DTI, PS License Product Performance, and applicable product standards.

In 2023, a client picked up their order of APO Portland Type II, however it was encased in Cemex Portland Type II packaging—a result of a communication gap within the company. The Area Sales Manager, who greenlit the Cemex Portland Type II packaging, was unaware of the change in packaging. Taking swift action, the company reevaluated and enhanced its communication process, ensuring Marketing and Procurement provided timely updates on packaging availability. Supply Chain efficiently retrieved and, in collaboration with the ERM Team, disposed of all outdated packaging. Additionally, corrective measures included prompt re-invoicing for the client with accurate product details to fully address the oversight.

Opportunities and Management Approach

At CHP, we intend to continue to monitor any future regulations on labelling to comply with requiredstandards. We also intend to evaluate and consider new and better technology that should help improve tracking of labels of our different products.

All of the Company's facilities are compliant with the requirements of PNS 63:2019 on bag markings on the stripe of the cement bags for proper identification. A simpler color coding has been implemented to ensure proper identification by consumers.

DATA SECURITY AND CUSTOMER PRIVACY

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 a 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 2023 by the World Economic Forum.

We increasingly rely on a variety of information technology and cloud services, 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. The proper functioning of this technology and these systems is critical to the efficient operation and management of our business, as well as for the sales generated by our business. Our systems and technologies may require modifications or upgrades as a result of technological changes, growth in our business and to enhance our business security. These changes may be costly and disruptive to our operations and could impose substantial demands on our systems and increase system outage time. Our systems and technology, as well as those provided by our third-party service providers, such as International Business Machines Corporation ("IBM"), Microsoft and HCL Technologies, among others, 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, security breaches, computer viruses and cyber-attacks, including malicious codes, worms, ransomware, phishing, denial of service attacks and unauthorized access. For example, our digital solutions to improve sales, customer experience, enhance our operations and increase our business efficiencies could be impeded by such damages, disruptions or intrusions. Furthermore, while we expect to further integrate digital technologies into our operations as part of our Working Smarter digital transformation initiative and believe this is likely to assist us in fulfilling our strategic priorities, these integration efforts and the engagement of additional technology service providers and systems in our operations as part of Working Smarter could increase our exposure to these risks.

Management Approach for Impacts and Risks

Although, as of the date of this annual report, we are certified under and compliant with International Organization for Standardization ("ISO") 27001:2022 standards for information security management systems to preserve the confidentiality, integrity and availability of data and also are certified on the Payment Card Industry security standard which provides a trustful e-commerce mechanism for customers, and the majority of our cement plants received the ISO 27001:2022 certification, we cannot assure that we will always be able to retain or renew this certification or that our systems will not be subject to certain intrusions. In a global business environment that relies on complex digital networks, cybercriminals are often outpacing a company's ability to prevent and manage cyberthreats. The digitalization of global supply chains creates new risks as they increasingly rely on technology and other third parties. During 2023, there was a global trend of an increase in security threats, including, but not limited to, phishing, smishing and malware/ransomware campaigns, exploitation of video collaboration vulnerabilities, among other things; Generative Artificial Intelligence (AI) has become a concerning risk in the global threat landscape. It is being used to spread misinformation, disinformation, and deepfakes. These technologies are capable of creating convincing fake images, videos, and text that can be used to deceive people. For instance, deepfakes can be used to create fake videos of politicians or executives saying things they never said. This can be used to spread false information and manipulate public opinion. Furthermore, employees working from home increased cyber risk due to inadequate security configurations of domestic (home) networks and use of non-corporate devices. As of the date of this annual report, we have implemented additional cybersecurity technology and controls designed to reduce such risks and mitigate the impact of such risks, but these may also not be sufficient, and we cannot assure you that intrusions will not occur. As of December 31, 2023, we have not detected, and our third-party service providers have not informed us of, any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information, or any unlawful processing of personal data, could affect our compliance with data privacy laws and make us subject to regulatory action, including substantial fines and private litigation with potentially large costs, and could damage our relationship with our employees, customers and suppliers, which could have a material adverse impact on our business, financial condition, liquidity, results of operations and prospects.

Data Privacy and Security at CHP Policies and Measures

1. Appointment of a Data Protection Officer (DPO) by the Board of Directors and of Compliance Officers for Privacy

   The DPO is the officer of the Company who is concurrently serving as the Vice President for Legal of the Company. We have also appointed Compliance Officers for Privacy to support the DPO in his functions.

2. Functions of DPO unit and how accountability establishedAmong 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 securityclearances to and compliance by third-party service providers as certain renewal

of accreditations or certifications necessary to maintain the required standards in personal data processing; and
- advice management as regards the necessity of executing a data sharing agreement with thirdparties, 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 Securityincident management within the prescribed period.

e. Inform, conduct trainings, and cultivate awareness on privacy and data protection within the organization, includingall relevant laws, rules and regulations and issuances of the NPC.

f. Advocate for the development, review and/or revision of policies, guidelines, projects and/orprograms 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 authoritiesin all matters concerning data privacy or security issues or concerns.

h. Cooperate, coordinate and seek advice of the NPC regarding matters concerning data privacy andsecurity; 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, and 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.

We have put in place the following measures to manage risks around Customer Privacy and Data Security.

1. Enforce Information Security Policy and culture

   Most IT devices, especially 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, web security gateway, etc. are in place to ensure information are protected and secure. End users have installed Multi Factor Authentication (MFA) for cloud services and Two-factor authentication for computers also include drive encryption tools making it difficult for intruders to take control of devices.

The Company's Legal Department, also conducts annual regular trainings, attended by the management, directors, officers, and employees, on the pertinent policies and applicable laws related to Data Privacy and Protection, Confidential Information, and Data Retention.

2. Have cybersecurity controls and monitoring services in place

   We conduct regular check on the capability and preparedness of 3rd party IT partners to oversee thatvulnerabilities are identified and addressed. Our systems and electronic information are protected through a set of cyber- security controls, processes and proactive monitoring service 24/7 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 assist prompt recovery in case needed.

4. Insurance coverage

   Furthermore, in June 2023, our insurance program was renewed for 12 additional months. This program 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. Nevertheless, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or types of claims that may arise from an incident or the damage to our reputation or brands that may result from an incident. However, any significant disruption to our systems could have a material adverse effect on our business, financial condition, liquidity and results of operations, and could also harm our reputation.

   Among the measures taken by the Company which are designed to mitigate risks are the enforcementof 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 orcybersecurity controls.

Opportunities and Management Approach

At CHP, in order to strengthen our management system, we intend to continue to learn from the security lapses of other companies who experienced security breach. We expect to conduct regular trainings, briefings, and information campaign among direct or indirect workers on the importance of keeping corporate information secure and protected. We intend to 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

With the principle that sustainability is the only safe way to do business, sustainability and innovation are embedded in the Company's strategy and is linked across all functions of our operations as we strive to create value for our stakeholders.

Through innovative strategies, we aim to provide sustainable construction materials and solutions to our customers, our communities and other partners across the value chain. This is anchored on four priority goals aligned with the United Nations Sustainable Development Goals (UN SDGs):

- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- SDG 12: Ensure sustainable consumption and production patterns
- SDG 13: Take urgent action to combat climate change and its impacts

With a portfolio of sustainable products that leverage on advancements in technology, we are able to help our customers meet their construction needs sustainably, thereby contributing to a more sustainable industry.

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 07:2022 and ASTM C150:2022 standards.

Table 38

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
• Higher early days strength (3 and 7 days) vs Type IP or Blended Cements • Complies to two Portland Types I/II. • Higher Durabiity vs Regular Type I OPC vs Chemical Attacks on concrete. • Provides lower heat gain vs convention Type I OPC making it highly suitable for Mass Concrete Applications • High Compatibility to most Chemical Admixture in the market. • Longer workability retention allowing for ease of transport, pumping and placement of Concrete	This product contributes to reduction in 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. When used in concrete hollow blocks, more can be produced per bag, contributing to materials efficiency and cost savings for consumers. Infrastructure built with this cement that are exposed to aggressive chemical environments also last better, improving the life span of structures.	SDG 9 SDG 11 SDG 12 SDG 13

Product: Gray Ordinary Portland
Brand: Island Portland Cement
Description: General-purpose Type I Portland cement made for high performance applications. Achieves higher compressive strength in less time compared to other Portland cement. This meets PNS 07:2022 ASTM C150:2022 standards.

Table 39

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
• 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	This product contributes to reduction in 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. When used in concrete hollow blocks, more can be produced per bag, contributing to materials efficiency and cost savings for consumers.	SDG 9 SDG 11 SDG 12 SDG 13

Product: Masonry Cement
Brands: APO Masonry Cement (Vertua® Ultra)
Description: Type M masonry cements. Minimizes the carbon footprint of regular Portland cement by up to 32% and 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
• 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	This has lower product energy and carbon intensity by about one-third when compared to Portland cement due to lower clinker factor. Because of its properties, use of this product requires less cement and sand per square meter coveragecompared to Portland and Blended Cements, resulting to savings in material use.	SDG 9 SDG 11 SDG 12 SDG 13

Product: Masonry Cement
Brands: Cemex Palitada King (Vertua® Ultra)
Description: Type N masonry cements. Minimizes the carbon footprint of regular Portland cement by up to 40% and allows better moisture retention and adhesion strength. This meets PNS ASTM C91/C91M:2019 standards.

Table 41

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED
• 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	This has lower product energy and carbon intensity by about more than one-third when compared to Portland cement due to lower clinker factor. Because of its properties, use of this product requires less cement and sand per square meter coveragecompared to Portland and Blended Cements, resulting to savings in material use.	SDG 9 SDG 11 SDG 12 SDG 13

Product: Blended Cement Type IP
Brands: Rizal Portland (Vertua® Plus), APO Portland (Vertua® Plus)
Description: All-purpose Type IP 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 C595:2020 standards.

Table 42

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED

• Higher later days strengths
• Requires less water to hydrate all cement particles
  ○ Better workability vs Portland Cement.
  ○ More cohesive concrete mix.
  ○ Less Risk of Segregation
	This has lower clinker factor compared to Portland cements hence has lower energy and carbon intensity.
	
	This has longer-term durability versus Portland Cements as it yields a denser concrete.
		SDG 9
		SDG 11
		SDG 12
		SDG 13

Product: Blended Cement Type IP
Brands: Rizal High Strength (Vertua® Plus), APO High Strength (Vertua® Plus)
Description: All-purpose High Performance Type IP cement formulated with natural minerals that add beneficial properties, such as increased early 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 C595:2020 standards.

Table 43

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED

• Higher Early and later days strengths
• Improved Performance Allows for the same Flexibility of Type I OPC
• Requires less water to hydrate all cement particles
  ○ Better workability vs Portland Cement.
  ○ More cohesive concrete mix.
  ○ Less Risk of Segregation
	This has lower clinker factor compared to Portland cements hence has lower energy and carbon intensity.
	
	This has longer-term durability versus Portland Cements as it yields a denser concrete.
		SDG 9
		SDG 11
		SDG 12
		SDG 13

Product: Blended Cement Type IT
Brands: Rizal Portland (Vertua® Ultra), APO Portland (Vertua® Ultra)
Description: All-purpose Type IT cement formulated with natural minerals that add beneficial properties, such as increased strength and durability over time. Used for general construction applications and for structures requiring moderate sulfate resistance. This meets PNS 63:2019 and ASTM C595:2021 standards.

Table 44

KEY FEATURES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	SDG ADDRESSED

• Higher later days strengths
• Improved Performance All
• Requires less water to hydrate all cement particles
  ○ Better workability vs Portland Cement.
  ○ More cohesive concrete mix.
  ○ Less Risk of Segregation
	This has lower clinker factor compared to Portland cements and Blended Cements Type IP hence has lower energy and carbon intensity.
	
	This has longer-term durability versus Portland Cements as it yields a denser concrete.
		SDG 9
		SDG 11
		SDG 12
		SDG 13

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
6. Exclusive management talk or session (PEP Talk Sessions)
7. Weekly Message of Country President
8. Sustained employee engagement activities

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
Training Opportunities	Increased adaptation of training courses and programs Increased usage of Cemex University platform External Certification Program Institutional Leadership and Technical Training Programs	Increase in online training completions
Facilities Improvement	CAPEX projects and budgeted repairs	Investments on new plant equipment, plant facilities repairs
Benefits Improvement	Improvement of Benefits	Increased HMO limits, medicine allowance, service awards, maternity assistance
Holistic Wellbeing	Enforcement of Behaviors that Save Lives Flexible work arrangements Distribution of CEMEXtra Care Package Health & Wellness Programs including Mental Health Digital Citizenship	Stronger health and safety practices and mind

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 and other communication channels
5. Stakeholder engagement management
6. Ad hoc community consultations and meetings

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	SDG PRIORITY	KEY OUTCOMES
Request for support in community educational infrastructure	Conducted Brigada Eskwela activities which include the donation of items and deployment of employee-volunteers for the cleaning and beautification of schools (Rizal and Cebu)	**4: Quality Education**	Improved quality of education through the improvement of learning facilities in local public schools
Request for support in improvement of community facilities	Improved lighting conditions in community covered courts to ensure safety of the residents (Rizal)	**11: Sustainable Cities and Communities**	Improved serviceability and safety conditions of community spaces
Request for support in the underserved sector of the community	Conducted the Christmas Wish program for indigent children and senior citizens in the barangay for the donation of groceries, along with personal gifts from employee-volunteers (Rizal and Cebu)	**1: No Poverty**	Contributed to the local government's initiatives in supporting the indigent residents of the community; strengthened the positive relationship with our neighboring communities; and increased volunteerism among employees
	Partnered with Mettamatch Inc. (Connected Women) for the Elevate Artificial Intelligence and Data Annotation Program (AIDA) to upskill women in the community (Cebu)	**8: Decent Work and Economic Growth** **5: Gender Equality**	Empowered out of work or stay-at-home women in the community to seek remote working opportunities in the field of technology and artificial intelligence through their newfound skills; contributed to a diverse and inclusive economic sector
Request for support with the water challenges in impact schools and barangays	Constructed water systems in two schools and two barangays	**6: Clean Water and Sanitation** **3: Good Health and Well-being**	Produced sustainable infrastructure that improves the quality of life and addresses public health issues in hygiene and sanitation to our communities; strengthened the positive relationship with our neighboring community
	Provided support for the operations of the Vicente Mendiola Center for Health, a	**3: Good Health and Well-being**	

	hospital in the City of Naga (Cebu)	**11: Sustainable Cities and Communities**	
Dust emission along public roads and other road concerns	Water sprinkling and operational improvements (Rizal) Deployed street sweepers along N. Bacalso Avenue and informed haulers for the strict implementation of hauling policies (Cebu)	**3: Good Health and Well-being** **11: Sustainable Cities and Communities**	Improvements in monitoring plant operations and its impacts, strengthened coordination efforts with local government offices, and an improvement in the relationship with our neighboring community
Cement allocation for impact community	Donation of cement for improvement of pathways, canal, drainage, and public spaces and offices (Rizal and Cebu)	**9: Industry, Innovation and Infrastructure** **11: Sustainable Cities and Communities**	Produced sustainable infrastructure that improves road safety and addresses public health and safety concerns; strengthened the positive relationship with our neighboring community
Request for support in waste segregation initiatives	Conducted Cemex's Tamang Segregasyon at Edukasyon para sa Kalikasan (TSEK) program for Cabarrus Elementary School which consists of an IEC on proper waste segregation and the collection of residual wastes from the school community	**13: Climate Action** **11: Sustainable Communities** **15: Life on Land**	Increase in environmental awareness among students, diversion of waste from landfills, and improved sanitation in communities
Request for assistance in clean-up drives and tree planting activities	Encouragement for employee-volunteers to participate in the activities, donation of different seedlings/plants for tree planting (Rizal and Cebu)	**13: Climate Action** **11: Sustainable Communities** **15: Life on Land**	Increase in environmental awareness among community stakeholders and employees; a total of 19,099 trees planted in the communities
Environmental impact of operations	Team Up Clean Up activities which involved the cleaning and greening of facilities, as well as road and river cleaning activities in the community in partnership with government agencies and local government units (Rizal and Cebu)	**13: Climate Action** **11: Sustainable Communities** **15: Life on Land**	Supported the environmental stewardship initiatives of the local community and government agencies; fostered camaraderie, teamwork and volunteerism among employees

We recognize that our business is pivotal in the development of our communities. Through our community engagement programs, we can drive positive impact for all our stakeholders. Fostering this culture of sustainability across our value chain, including our partners and suppliers, is a key focus area in our agenda as we strive to help alleviate some of the most significant challenges in our communities.

Further strengthening our sustainability culture, our efforts in impact communities are enhanced by the shared objectives of our principal raw materials suppliers, Island Quarry and Aggregates Corporation in Rizal and APO Land & Quarry Corporation in Cebu, through implementation of meaningful social development programs that are aligned to UN Social Development Goals.

Table 47

SUPPORT	ACTIONS TAKEN	SDG PRIORITY	KEY OUTCOMES
Infrastructure	Road, pathway, drainage and fencing repair for public spaces and schools in community barangays and cement allocations to the LGU for public projects (Rizal and Cebu)	**9: Industry, Innovation and Infrastructure** **11: Sustainable Cities and Communities**	Produced sustainable infrastructure that improves road safety and addresses public health and safety concerns
	Installation of 30 units of street lights in 3 barangays (Cebu)		
Environment	Conducted a Waste Management Program for communities which entailed an IEC and the collection of residual plastic wastes from community members (Rizal)	**13: Climate Action** **15: Life on Land** **11: Sustainable Cities and Communities**	Increase in environmental awareness among community stakeholders and employees and improved sanitation and waste segregation in communities
	Monthly clean-up drives and tree planting activities in impact communities in partnership with Solid Cement and Apo Cement (Rizal and Cebu)		Supported the environmental stewardship initiatives of the local community and government agencies
Education	Provided scholarships for BS Mining and BS Geology students	**4: Quality Education**	Created employment opportunities, contributed to the improvement in the quality of education in the community, and improved the welfare of the local youth
	Improvement of facilities and water systems in impact community schools (Cebu)	**3: Good Health and Well-being** **4: Quality Education**	
	Honorarium for daycare teachers (Rizal)	**4: Quality Education** **8: Decent Work and Economic Growth**	
Health	Provision of medicines, vitamins, and medical apparatuses (Rizal)	**3: Good Health and Well-being** **11: Sustainable Cities and Communities**	Improved quality of life through better access to healthcare and sanitation
	Provided support for the operations of the Vicente Mendiola Center for Health, a hospital in the City of Naga (Cebu)		
Livelihood	Provided a TESDA livelihood training on soap-making	**8: Decent Work and Economic Growth**	Empowered the community in creating sustainable livelihood and developing financial security

		11: Sustainable Cities and Communities	
Emergency Preparedness and Disaster Response	Provision of communication equipment for use during emergencies	**3: Good Health and Well-being** **9: Industry, Innovation and Infrastructure** **11: Sustainable Cities and Communities**	Strengthened disaster response capabilities and infrastructure in communities at risk

CUSTOMERS

We obtain feedback from our customers through the following channels:

1. Net Promoter Score survey (quarterly)
2. Service Center
3. Customer Surveys (for new projects, new processes)
4. Focused Group Discussions
5. Sales Team Activities

Table 48 shows their concerns and the corresponding actions we have taken to address them.

Table 48

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
Rating on the NPS question: "*How likely is that you would recommend CEMEX to a colleague or business partner?*"	Close the Loop Process with Detractor and Passive Clients	Action plan from responsible unit on issues/concerns raised by said Detractors and Passives. 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 1-5 (Very Dissatisfied – Very Satisfied) on the different Action Drivers	Comments are addressed by concerned departments	Action plan from responsible unit on issues/concerns raised by customers with Very Dissatisfied – Neither Satisfied nor Dissatisfied rating. 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.	RCA 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. Can be process improvement or a project/initiative

INVESTORS

We engaged our investors through the following channels:

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

Table 49 shows their concerns and the corresponding actions we have taken to address them.

Table 49

COMMON FEEDBACK RAISED	ACTIONS TAKEN BY THE COMPANY	KEY OUTCOMES
• Inquiry on the Company's operations and financial condition amidst global economic and political uncertainty, and rising energy prices, inflation, and interest rates • Inquiry on updates pertaining to Solid Cement's New Line • Inquiry on CHP's metrics and actions related to ESG (Environmental, Social, and Governance)	Engagements and interactions through abovementioned channels	Understanding developments related to the Company, CHP's priorities, financial and operational condition, performance, business perspectives, and risks Strengthening of CHP's ESG strategy and actions taken to address climate change Adapting reporting and disclosure processes

REGULATORS

We obtain feedback from our regulators through the following channels:

1. Government websites, official social media accounts, and publications
2. Formal notices and letters via special courier, registered mail, or electronic mail.
3. Meetings, both face-to-face, virtual, and via telephone calls
4. Public hearings

Table 50 shows their concerns and the corresponding actions we have taken to address them.

Table 50

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 and watershed	Adopt-a-River Program, Clean-Up Drives and Tree-Planting Programs
	Endorse and implement waste management solutions	Tamang Segregasyon Para Sa Kalikasan (TSeK) 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

ANNEX B. PROCEDURE FOR ACCREDITATION OF SUPPLIERS AND CONTRACTORS

CEMEX PHILIPPINES	INTEGRATED MANAGEMENT SYSTEMS			SOLID CEMENT CORPORATION Tagbac, Antipolo City
	Document ID	IMS-PM-PRC-001		
	Document Title	PROCEDURE FOR ACCREDITATION OF SUPPLIERS		
	Revision Date	26 January 2022		
	Revision No.	2.0	*Page 1 of 5*	

Revision History

Version	Revision Date	Revision Notes
1	July 15, 2021	Updated to new IMS documentation format.
2	July 17, 2021	Include EHS audit for related vendors

Updated by: *Dante Calalang, 26 January 2022, Document Rev. No. 1.1*

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.	Acquire necessary information from prospective suppliers	Negotiator

1.1 For Local Suppliers

- 1.1.1 Accomplished New Version Supplier Information Sheet (pdf format)
- 1.1.2 BIR Form 2303 (Certificate of Registration) - tax registration
- 1.1.3 DTI / S.E.C. Certificate and Articles of Incorporation showing the names of shareholders/members and legal representatives
- 1.1.4 Sample Copy of Official Receipt/Invoice - tax registered invoice or billing statement
- 1.1.5 Current Year Business Permit
- 1.1.6 Valid ID's, & TIN ID / TIN # -of the legal representative
- 1.1.7 Company ID of representative
- 1.1.8 Proof of Billing of the company (like utility bills) must not be more than 3 months old.
- 1.1.9 Signed Third Party Compliance Declaration
- 1.1.10 Signed Data Information Consent Form
- 1.1.11 Special Power of Attorney / Secretary Certificate authorizing the representative to act on behalf of the company
- **1.1.12 Suppliers Health & Environmental Questionnaire (SOLID)**
- **1.1.13 Contractor's EHS Performance Questionnaire (IMS-PRC-019)**
- **1.1.14 Contractor General Information (IMS-PRC-020)**

1.2 For Foreign Suppliers

- 1.2.1 Accomplished New Version Supplier Information Sheet
- 1.2.2 Any business document (e.g. Articles of Incorporation, Business permit, etc.) that will support the establishment of the foreign company

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

DETAILS:

NO	ACTIVITY	RESPONSIBILITY
	1.2.3 Signed Third Party Compliance Declaration 1.2.4 Signed Data Information Consent Form 1.2.5 Valid ID / official identification of the legal representative/individual 1.2.6 Company ID of representative, if non individual 1.2.7 Proof of address (like utility bills) must not be more than 3 months old 1.2.8 Special Power of Attorney authorizing the representative to act on behalf of the company 1.2.9 Evidence of bank information/bank letter	
2	Conduct inspection and evaluate prospective suppliers 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: 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	Negotiator/End Users/ ***CEHSM AUDIT TEAM***
3	Health and Safety Requirements for Suppliers of Services (Contractors) Service Suppliers must provide the following documents for EHS Assessment Audit 3.1 A copy of your Environmental and/or Health & Safety policies 3.2 Statistics on safety performance (fatalities/work injuries/property damage/near-misses/etc) 3.3 A copy of your Organizational chart (Updated resume of Field Key Personnel, such as, Site Engineer, Safety Officer, Foreman, etc.) 3.4 Details of your insurance policies 3.5 A copy of your management system or plan that covers health & safety 3.6 Safety meeting minutes 3.7 Registers/records that you maintain of: 3.7.1. Equipment / tools 3.7.2. Employees / Working Personnel (names/age/length of service/qualifications, license expiry dates) 3.7.3. Employee training (required/received) 3.8 Equipment maintenance checklist (completed only) 3.9 Emergency Response Plan related to industrial incidents 3.10 Employee handbook or similar documents 3.11 Employee Training syllabus	CEHSM AUDIT TEAM

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DETAILS:

NO	ACTIVITY	RESPONSIBILITY
	3.12 A sample of Accident reports and the related investigation documents 3.13 Any reports of Audits similar to this by others that you wish to share with the Team 3.14 Other documentation related to EHS regulatory compliance New service suppliers will only be accredited upon adherence to above safety requirements and assessment by EHS team	
4.	Include audit of EHS group for items with high risk of EHS issues like fuel – BFO, diesel.	EHS Group
5.	Evaluate and determine if all requirements are met and endorse to Tax Team as supplier evaluator responsible 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. 4.1.1. For Service Supplier/Contractor, endorsement from Safety department regarding submitted safety documents is necessary. 4.2. Negotiator will seek also the approval of accreditation from the Procurement Manager **4.2.1** Negotiator will seek approval of accreditation from the Procurement Department Head if the payment terms is in 30/60 days 4.3. After passing all the criteria, the applicant will be accredited and may now be included in the SAP Vendor's Master List. 4.4. Suppliers will be informed in writing F-PRC-001 – Supplier Application Form for Registration F-PRC-008 – Quality & Capability Evaluation Form	Negotiator/Tax Department/***Asia-Vendor Master Team***

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DETAILS:

NO	ACTIVITY	RESPONSIBILITY

FORM

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ANNEX C. COMMUNITY PROGRAMS OF CEMEX PHILIPPINES FOUNDATION

Build A Safe & Healthy Citizenry

As the country continues to experience natural disasters due to climate change and the country's geographical location, Cemex Philippines continues to implement its disaster preparedness program for children in school communities near its cement plants located in Rizal and Cebu.

Build Education

With the goal of improving educational infrastructures for underserved communities, Cemex Philippines Foundation partnered with GMA Kapuso Foundation to build resilient school buildings that can withstand typhoons and earthquakes in areas affected by natural disasters.

The Foundation also continues to support a key educational stakeholder through the provision of desktop computers for the Specialized Laboratory and projectors for the hybrid learning modes of La Salle College Antipolo.

Build Communities

To build a better nation, we must prioritize building self-sustaining communities. Our efforts to help the communities in Antipolo, Rizal and Naga, Cebu have seen a promising move towards sustainability by enabling every individual to succeed. Cemex Philippines continues to reach out to our impact communities in support of sustainable livelihood programs and provided relief assistance during natural disasters through the provision of food, as well as building materials.

Build Environment

We strive to maintain our strong multi-sectoral resolve to keep a cleaner land, ocean, and air. Through our own Tamang Segregasyon at Edukasyon Program, we aim to equip communities with sustainable waste management knowledge and strategies to maintain a clean and healthy environment for all. We also contribute to the reforestation and improvement of waterways in surrounding communities.

Build Sustainable Partnerships

Cemex Philippines recognizes the importance of fostering cooperation with government and non-government organizations in widening the impact of its programs. Our collaboration with private organizations and 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 2023, Cemex Philippines partnered with like-minded institutions to support infrastructure, environmental rehabilitation and conservation efforts.

Build Volunteerism

Cemex Philippines also encourages its workforce to participate in collective efforts to build its impact communities. H.E.R.O. (Help. Engage. Reach. Out.) is the banner program of all our employee volunteerism activities. In 2023, employee-volunteers from Cemex Philippines participated in various environmental and disaster response-focused activities in key areas.

Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Philippines' securities laws. We intend these forward-looking statements to be covered by the "safe harbor" provisions for forward-looking statements within the meaning of the Philippines' securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "will," "may," "assume," "might," "should," "could," "continue," "would," "can," "consider," "anticipate," "estimate," "expect," "envision," "plan," "believe," "foresee," "predict," "potential," "target," "strategy," "intend" "aimed" or other forward-looking words. These forward-looking statements reflect, as of the date such forward-looking statements are made, unless otherwise indicated, CHP's expectations and projections about future events based on CHP's knowledge of present facts and circumstances and assumptions about future events. These forward-looking statements and information are necessarily subject to risks, uncertainties, and assumptions, including but not limited to statements related to CHP or the Company's plans, objectives, and expectations (financial or otherwise). Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to be correct, and actual results may vary materially from historical results or results anticipated by forward-looking statements due to various factors. Some of the risks, uncertainties, assumptions, and other important factors that could cause results to differ, or that otherwise could have an impact on the CHP and/or the Company, include, but are not limited to:

- changes in the Philippines' or other countries', in which we operate, general economic, political, and social conditions, including new governments, elections, changes in inflation, interest and foreign exchange rates, employment levels, population growth, consumer confidence and the liquidity of the financial and capital markets;
- the cyclical activity of the construction sector and reduced construction activity in our end markets;
- exposure to sectors that impact our and our client's business, particularly those operating in the commercial and residential construction sectors, and the infrastructure and energy sectors;
- volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans
- changes in spending levels for residential and commercial construction
- the availability of short-term credit lines or working capital facilities, which can assist us in connection with market cycles;
- the impact of Cemex's not maintaining investment grade debt rating on its and/or the Company's cost of capital and on the cost of the products and services purchased;
- availability of raw materials and related fluctuating prices of raw materials, as well as of goods and services in general, in particular increases in prices as a result of inflation;
- our ability to maintain and expand our distribution network and maintain favorable relationships with third parties who supply us with equipment and essential suppliers
- competition in the markets in which the Company offers its products and services
- the impact of environmental cleanup costs and other remedial actions, and other liabilities relating to existing and/or divested businesses;
- our supplier's ability to secure and permit aggregates reserves in strategically located areas;
- the timing and amount of national and local funding for infrastructure;
- changes in our effective tax rate;
- our ability to comply and implement technologies that aim to reduce CO2 emissions in jurisdictions with carbon regulations in place;
- The legal and regulatory environment, including environmental, energy, tax, antitrust, human rights and labor, welfare and acquisition-related rules and regulations;
- the effects of currency fluctuations on our results of operations and financial conditions;
- the Company's ability to satisfy debt obligations and/or the ability of Cemex, the ultimate parent company of CHP's major stockholder, to satisfy its obligations under its material debt agreements, the indentures that govern its outstanding notes and its other debt instruments and financial obligations, including its subordinated notes with no fixed maturity;

- adverse legal or regulatory proceedings or disputes, such as class actions or enforcement or other proceedings brought by government and regulatory agencies;
- loss of reputation of the Company's and/or the Cemex Group's brands;
- the Company's and/or the Cemex Group's ability to consummate asset sales, fully integrate newly acquired businesses, achieve cost-savings from cost-reduction initiatives, implement pricing initiatives for products and generally meet Cemex's business strategy's goals and failure to achieve cost-savings with cost-reduction initiatives and to implement pricing initiatives for products;
- the increasing reliance on information technology infrastructure for operations, sales in general, sales invoicing, procurement, financial statements and other processes that can adversely affect sales and operations in the event that the infrastructure does not work as intended, experiences technical difficulties, or is subjected to invasion, disruption, or damage caused by circumstances beyond our control, including cyber-attacks, catastrophic events, power outages, natural disasters, computer system or network failures, or other security breaches;
- climate change, in particular reflected in weather conditions, including, but not limited to, excessive rain and snow, and disasters such as earthquakes and floods, that could affect our facilities or the markets in which we offer our products and services or from where we source our raw materials;
- trade barriers, including tariffs or import taxes and changes in existing trade policies or changes to, or withdrawals from, free trade agreements;
- availability and cost of trucks, railcars, barges, and ships, as well as their licensed operators and drivers, for transport of our materials;
- labor shortages and constraints;
- our ability to hire, effectively compensate and retain our key personnel and maintain satisfactory labor relations;
- our ability to detect and prevent money laundering, terrorism financing and corruption, as well as other illegal activities;
- terrorist and organized criminal activities, social unrest, as well as geopolitical events, such as hostilities, war and armed conflicts, including the current war between Russia and Ukraine and conflicts in the Middle East;
- the impact of pandemics, epidemics or outbreaks of infectious diseases and the response of governments and other third parties, which could adversely affect, among other matters, the ability of operating facilities to operate at full or any capacity, supply chains, international operations, availability of liquidity, investor confidence and consumer spending, as well as availability of, and demand for, products and services;
- changes in the economy that affect demand for consumer goods, consequently affecting demand for the Company's products and services;
- the depth and duration of an economic slowdown or recession, instability in the business landscape and lack of availability of credit;
- declarations of insolvency or bankruptcy, or becoming subject to similar proceedings;
- natural disasters and other unforeseen events (including global health hazards such as COVID-19);
- Cemex's ability to implement its Future in Action climate action program and achieve the Cemex Group's sustainability goals and objectives; and
- the other risks and uncertainties described under "Major Risks Affecting the Business" in the Annual Report or elsewhere in this report.

Many factors could cause our expectations, expected results, and/or projections expressed in this report not being reached and/or not producing the expected benefits and/or results, as any such benefits or results are subject to uncertainties, costs, performance, and rate of implementation of technologies, some of which are not yet proven. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from historical results, performance, or achievements and/or results, performance or achievements expressly or implicitly anticipated by the forward-looking statements, or otherwise could have an impact on us. Forward-looking statements should not be considered guarantees of future performance, nor the results or developments are indicative of results or developments in subsequent periods. Actual results of our operations and the development of market conditions in which we operate, or other circumstances or assumptions suggested by such statements may differ materially from those described in, or suggested by, the forward-looking statements contained herein. Any or all of our forward-looking statements may turn out to be inaccurate and the factors identified above are not exhaustive. Accordingly, undue reliance on forward-looking statements should not be placed, as such forward-looking statements speak only as of the dates on which they are made. The information contained in this report speaks only as of the date of this Annual Report and is subject to change without notice, and except to the extent legally required, CHP expressly disclaims any obligation or undertaking to update or revise any forward-looking statements in this report, whether to reflect any change in its expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise. You should review future reports we file with the Securities and Exchange Commission of the Philippines.

There is currently no single globally recognized or accepted, consistent and comparable set of definitions or standards (legal, regulatory or otherwise) of, nor widespread cross-market consensus (a) as to what constitutes, a ‘green’, ‘social’ or ‘sustainable’ or having equivalent-labelled activity, product or asset; or (b) as to what precise attributes are required for a particular activity, product or asset to be defined as ‘green’, ‘social’ or ‘sustainable’ or such other equivalent label; or (c) as to climate and sustainable activities and their classification and reporting. Therefore, there is little certainty, and no assurance or representation is given that such activities and / or reporting of those activities will meet any present or future expectations or requirements for describing or classifying our activities as ‘green’, ‘social’ or ‘sustainable’ or attributing similar labels. We expect policies, regulatory requirements, standards, and definitions to be developed and continuously evolve over time.

Readers are urged to read this report and carefully consider the risks, uncertainties and other factors that affect the Company’s business and operations. This report also includes statistical data regarding, but not limited to, the production, distribution, marketing and sale of cement and other related products and services. Unless the context indicates otherwise, all references to pricing initiatives, price increases or decreases refer to the Company’s prices for its products. Some of this data was generated internally, and some was obtained from independent industry publications and reports, available at the date of this report, that CHP believes to be reliable sources. CHP has not independently verified this data nor sought the consent of any organizations to refer to their reports in this report. Unless the context indicates otherwise, all references to pricing initiatives, price increases or decreases, refer to the Company’s prices for products sold or distributed by the Company.

EXHIBIT A

Audited 2023 Consolidated Financial Statements
(with consolidated statements of financial position as at December 31, 2023 and 2022, and consolidated comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021) and Schedules

CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 5 1 8 8 1 5

COMPANY NAME

C E M E X H O L D I N G S P H I L I P P I N E S ,
I N C . A N D S U B S I D I A R I E S

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

3 4 t h F l o o r , P e t r o n M e g a P l a z a
B u i l d i n g , 3 5 8 S e n . G i l J .
P u y a t A v e n u e , M a k a t i C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	8849 - 3600	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
35 (as of 31 Dec 2023)	1st Wednesday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Steve Kuansheng Wu	steve.wu@cemex.com	(02) 8849 3647	

CONTACT PERSON's ADDRESS

34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

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

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

![CEMEX]

JOSÉ BLANCO
NOTARIO DE MADRID
0,15 €

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management of **CEMEX Holdings Philippines, Inc. and Subsidiaries** (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2023 and 2022, and each of the three years ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free form material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature **SERGIO MAURICIO MENÉNDEZ MEDINA**
Chairman of the Board

Signature **LUIS GUILLERMO FRANCO CARILLO**
President/Chief Executive Officer

Signature **STEVE KUANSHENG WU**
Treasurer/Chief Financial Officer

Signed this 12 day of April 2024

PAPEL EXCLUSIVO PARA DOCUMENTOS NOTARIALES

TIMBRE DEL ESTADO

0,15 €

HR8598504

…7/2023

…-**GITIMACIÓN. - YO, JOSÉ BLANCO LOSADA,** Notario de esta Capital y Colegio, **DOY FE:** ——

Que, por cotejo con otras indubitadas, considero legítima la firma y rúbrica que antecede, de Don SERGIO MAURICIO MENÉNDEZ MEDINA, con [redacted] puesta en el presente documento redactado en inglés, idioma conocido por mí, el Notario, y extendido en un folio de papel común que numero, reintegro y sello con el de la Notaría.——

En Madrid, doce de abril de dos mil veinticuatro.——

Libro 1. Asiento 303.——

JOSE BLANCO LOSADA · NIHIL PRIUS FIDE · NOTARIO DE MADRID

PAPEL EXCLUSIVO PARA DOCUMENTOS NOTARIALES

TIMBRE DEL ESTADO

0,15 €

HR9510495

07/2023

=FOLIO HABILITADO PARA LEGALIZACIONES POR EL ILUSTRE COLEGIO NOTARIAL DE MADRID=

Este folio ha quedado unido con el sello de este Ilustre Colegio Notarial al Testimonio expedido por
D. José Blanco Losada
Notario de Madrid
el día 12/04/2024

APOSTILLE (Convention de La Haye du 5 octobre 1961)	
1. País: ESPAÑA Country / Pays :	
El presente documento público This public document / Le présent acte public	
2. ha sido firmado por D. José Blanco Losada has been signed by a été signé par	
3. quien actúa en calidad de NOTARIO acting in the capacity of agissant en qualité de	
4. y está revestido del sello / timbre de SU NOTARÍA bears the seal / stamp of est revêtu du sceau / timbre de	
Certificado Certified / Attesté	
5. en MADRID at / à	**6. el día** 12/04/2024 the / le
7. por el Decano del Colegio Notarial de Madrid by / par	
8. bajo el número N7201/2024/023562 No sous no	
9. Sello / timbre: Seal / stamp: Sceau / timbre: FE PÚBLICA NOTARIAL CONSEJO GENERAL DEL NOTARIADO ESPAÑOL NOTARIADO EUROPA NIHIL PRIUS FIDE ILUSTRE COLEGIO NOTARIAL MADRID 0295021382	**10. Firma:** Signature: Signature : Doña Mª Eugenia Reviriego Picón Firma delegada del Decano

Esta Apostilla certifica únicamente la autenticidad de la firma, la calidad en que el signatario del documento haya actuado y, en su caso, la identidad del sello o timbre del que el documento público esté revestido.

Esta Apostilla no certifica el contenido del documento para el cual se expidió.

[No es válido el uso de esta Apostilla en España]

[Esta Apostilla se puede verificar en la dirección siguiente: https://eregister.justicia.es/]

Código de verificación de la Apostilla:NA:KLfG-5Nfm-Crig-f8Y5

This Apostille only certifies the authenticity of the signature and the capacity of the person who has signed the public document, and, where appropriate, the identity of the seal or stamp which the public document bears.

This Apostille does not certify the content of the document for which it was issued.

[This Apostille is not valid for use anywhere within Spain]

[To verify the issuance of this Apostille, see https://eregister.justicia.es/]

Verification Code of the Apostille:NA:KLfG-5Nfm-Crig-f8Y5

Cette Apostille atteste uniquement la véracité de la signature, la qualité en laquelle le signataire de l'acte a agi et, le cas échéant, l'identité du sceau ou timbre dont cet acte public est revêtu.

Cette Apostille ne certifie pas le contenu de l'acte pour lequel elle a été émise.

[L'utilisation de cette Apostille n'est pas valable en / au Espagne.]

[Cette Apostille peut être vérifiée à l'adresse suivante https://eregister.justicia.es/]

Code de verification de l'Apostille:NA:KLfG-5Nfm-Crig-f8Y5

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management of **CEMEX Holdings Philippines, Inc. and Subsidiaries** (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2023 and 2022, and each of the three years ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free form material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature **SERGIO MAURICIO MENÉNDEZ MEDINA**
Chairman of the Board

Signature **LUIS GUILLERMO FRANCO CARILLO**
President/Chief Executive Officer

Signature **STEVE KUANSHENG WU**
Treasurer/Chief Financial Officer

SUBSCRIBED AND SWORN TO before me this APR 1 2 2024 at Makati City
Affiant exhibited to me his/her

Signed this 12th day of April 2024

Doc. no.: 210
Page no.: 07
Book no.: 131
Series of 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll of Attorney No. 77376
MCLE Compliance VIII NO. 0001393-
Jan. 03, 2023 Until Apr. 14, 2028
PTR No.10073945/ Jan.02.2024/Makati City
IBP No.330740/ Jan.02.2024/Pasig City
1107 D Bataan St., Guadalupe Nuevo, Makati City

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023 and 2022 and
For the Years Ended December 31, 2023, 2022 and 2021

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
CEMEX Holdings Philippines, Inc.
34/F Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue
Brgy. Bel-Air, Makati City

Opinion

We have audited the consolidated financial statements of CEMEX Holdings Philippines, Inc. and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Goodwill Impairment Assessment</u>
Refer to Note 19 to the consolidated financial statements for the disclosure regarding the Group's Goodwill.

The Group has goodwill amounting to P27.86 billion as at December 31, 2023 which arose from the Group's business acquisition transactions in 2016. Such goodwill has been allocated to the Group's cash-generating units (CGUs), comprising APO Cement Corporation and Solid Cement Corporation. Management has undertaken an annual impairment review in respect of this goodwill in accordance with the requirements of PAS 36, *Impairment of Assets*, and concluded that there was no impairment as at December 31, 2023.

The Risk

In assessing impairment of goodwill, complex and subjective judgments in determining a number of key assumptions, such as growth rate, discount rate and other economic assumptions (i.e. inflation rate and gross domestic product growth), are made to determine its value-in-use. We focused on this area due to both the significance of the carrying amount of the goodwill and because management's assessment of the value-in-use of the Group's CGUs involves significant judgments about the future results of the business and the discount rates applied to future cash flow forecasts.

Our Response

Our procedures included assessment of the consistency and appropriateness of the allocation of goodwill to CGUs identified by the Group. We evaluated management's future cash flow forecasts and the process by which they were prepared and approved, including checking the mathematical accuracy of the underlying calculations. With the involvement of our valuation specialists, we assessed the methodology and key assumptions used by the Group in preparing the discounted cash flows for each CGU. We evaluated the key assumptions applied by comparing them to historical results and external economic forecasts, with the consideration of the potential risk of management bias. We performed our own sensitivity analysis on the key assumptions, such as discount rates and growth rates, used to assess the extent of change that individually would be required for the goodwill to be impaired. We also evaluated the adequacy of the disclosures in respect of the impairment assessment in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Markent Ronie R. Tampoc.

R.G. MANABAT & CO.

Markent Ronie R. Tampoc

MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-151-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 10075202
Issued January 2, 2024 at Makati City

April 12, 2024
Makati City, Metro Manila

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Notes	**2023**	2022
ASSETS			
Current Assets			
Cash and cash equivalents	*11, 22*	**P1,721,492**	P2,720,304
Trade receivables - net	*6, 12, 22*	**666,808**	637,410
Due from related parties	*13, 22*	**8,198**	4,108
Insurance claims and premiums receivable	*15, 22*	**396,317**	538,740
Other current accounts receivable	*15, 22*	**437,631**	69,249
Inventories	*16*	**3,672,655**	5,813,896
Derivative asset	*22*	**13,815**	49,605
Prepayments and other current assets	*17*	**3,580,246**	3,056,051
Total Current Assets		**10,497,162**	12,889,363
Noncurrent Assets			
Investment in an associate and other investments	*14*	**13,173**	13,173
Advances to contractors	*18*	**228,792**	768,525
Other assets and noncurrent accounts receivable	*15, 22*	**405,610**	638,789
Property, machinery and equipment and assets for the right-of-use - net	*18*	**27,514,960**	25,167,401
Deferred income tax assets - net	*25*	**826,230**	615,170
Goodwill	*19*	**27,859,694**	27,859,694
Total Noncurrent Assets		**56,848,459**	55,062,752
		P67,345,621	P67,952,115
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	*22*	**P4,721,459**	P5,730,604
Due to related parties	*13, 22*	**2,986,140**	4,674,927
Unearned income, other accounts payable and accrued expenses	*20, 22*	**1,735,282**	1,736,691
Current portion of:			
Lease liabilities	*13, 21, 22*	**261,443**	456,625
Long-term bank loan	*22, 24*	**417,734**	–
Short-term bank loan	*22, 24*	**145,000**	420,000
Contract liabilities	*6*	**224,860**	273,692
Income tax payable		**223**	5,712
Total Current Liabilities		**10,492,141**	13,298,251
Noncurrent Liabilities			
Long-term bank loan - net of current portion	*22, 24*	**6,227,927**	7,723,630
Long-term payable to a related party	*13, 22*	**5,967,992**	–
Lease liabilities - net of current portion	*13, 21, 22*	**2,263,267**	2,385,963
Retirement benefits liability	*23*	**268,317**	397,084
Deferred income tax liabilities - net	*25*	**130,705**	2,764
Other noncurrent liabilities		**–**	20,610
Total Noncurrent Liabilities		**14,858,208**	10,530,051
Total Liabilities		**25,350,349**	23,828,302

Forward

	Notes	2023	2022
Equity			
Common stock	*26A*	**P13,489,227**	P13,489,227
Additional paid-in capital	*26A*	**26,217,799**	26,217,799
Other equity reserves	*26B*	**1,355,714**	1,459,326
Retained earnings	*26E*	**932,460**	2,957,360
Equity Attributable to Equity Holders of the Parent Company		**41,995,200**	44,123,712
Non-controlling interest (NCI)	*26C*	**72**	101
Total Equity		**41,995,272**	44,123,813
		P67,345,621	P67,952,115

The accompanying notes are part of these consolidated financial statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in Thousands, except per share data)

		Years Ended December 31		
	Notes	**2023**	2022	2021
REVENUES	*6*	**P17,316,267**	P20,570,666	P20,886,573
COST OF SALES	*7*	**(13,742,696)**	(13,820,651)	(12,982,087)
GROSS PROFIT		**3,573,571**	6,750,015	7,904,486
OPERATING EXPENSES				
Administrative and selling expenses	7	**(2,700,861)**	(2,835,428)	(2,870,189)
Distribution expenses	*8*	**(2,446,877)**	(2,985,814)	(3,109,135)
TOTAL OPERATING EXPENSES		**(5,147,738)**	(5,821,242)	(5,979,324)
OPERATING INCOME (LOSS) BEFORE OTHER INCOME (EXPENSES) - Net		**(1,574,167)**	928,773	1,925,162
Other income (expenses) - net	*9*	**(1,542)**	(60,793)	1,947
OPERATING INCOME (LOSS) AFTER OTHER INCOME (EXPENSES) - Net		**(1,575,709)**	867,980	1,927,109
Foreign exchange gain (loss) - net	*22*	**65,856**	(934,080)	(437,485)
Financial expenses	*13, 18, 21, 24*	**(203,139)**	(161,360)	(196,410)
Other financial expenses - net	*10*	**(39,300)**	(69,510)	(78,243)
PROFIT (LOSS) BEFORE INCOME TAX		**(1,752,292)**	(296,970)	1,214,971
INCOME TAX EXPENSE	*25*	**(272,637)**	(717,247)	(489,468)
PROFIT (LOSS)		**(2,024,929)**	(1,014,217)	725,503
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurement on retirement benefits liability	*23*	**(34,195)**	30,297	89,324
Tax effect	*25*	**8,549**	(7,574)	(28,371)
		(25,646)	22,723	60,953
Items that will be reclassified subsequently to profit or loss				
Currency translation gain (loss) of foreign subsidiaries	*26*	**(93,616)**	887,489	518,556
Cash flow hedges - effective portion of changes in fair value	*22, 26*	**(14,431)**	19,532	12,374
Cash flow hedges - reclassified to profit or loss	*22, 26*	**(12,753)**	279	(24,179)
		(120,800)	907,300	506,751
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(146,446)**	930,023	567,704
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P2,171,375)**	(P84,194)	P1,293,207

Forward

	Notes	2023	2022	2021
PROFIT (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(P2,024,900)**	(P1,014,193)	P725,528
NCI		**(29)**	(24)	(25)
		(P2,024,929)	(P1,014,217)	P725,503
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(P2,171,346)**	(P84,170)	P1,293,232
NCI		**(29)**	(24)	(25)
		(P2,171,375)	(P84,194)	P1,293,207
Basic/Diluted Earnings (Loss) Per Share	*27*	**(P0.15)**	(P0.08)	P0.05

The accompanying notes are part of these consolidated financial statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands)

		Attributable to Equity Holders of the Parent Company						
	Notes	**Common Stock** (see Note 26)	**Additional Paid-in Capital**	**Other Equity Reserves**	**Retained Earnings**	**Total**	**NCI**	**Total Equity**
As at January 1, 2021		P13,489,227	P26,217,799	(P42,613)	P3,246,025	P42,910,438	P150	P42,910,588
Transactions with owners of the Company								
Share-based compensation	*26D*	–	–	3,130	–	3,130	–	3,130
Total comprehensive income:								
Profit for the year		–	–	–	725,528	725,528	(25)	725,503
Other comprehensive income for the year		–	–	567,704	–	567,704	–	567,704
As at December 31, 2021		13,489,227	26,217,799	528,221	3,971,553	44,206,800	125	44,206,925
Transactions with owners of the Company								
Share-based compensation	*26D*	–	–	1,082	–	1,082	–	1,082
Total comprehensive income (loss):								
Loss for the year		–	–	–	(1,014,193)	(1,014,193)	(24)	(1,014,217)
Other comprehensive income for the year		–	–	930,023	–	930,023	–	930,023
As at December 31, 2022		13,489,227	26,217,799	1,459,326	2,957,360	44,123,712	101	44,123,813
Transactions with owners of the Company								
Share-based compensation	*26D*	–	–	42,834	–	42,834	–	42,834
Total comprehensive loss:								
Loss for the year		–	–	–	(2,024,900)	(2,024,900)	(29)	(2,024,929)
Other comprehensive loss for the year		–	–	(146,446)	–	(146,446)	–	(146,446)
As at December 31, 2023		**P13,489,227**	**P26,217,799**	**P1,355,714**	**P932,460**	**P41,995,200**	**P72**	**P41,995,272**

The accompanying notes are part of these consolidated financial statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Notes	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit		**(P2,024,929)**	(P1,014,217)	P725,503
Adjustments for:				
Depreciation of property, machinery and equipment and assets for the right-of-use	*5*	**1,937,826**	1,913,344	1,936,443
Income tax expense	*25*	**272,637**	717,247	489,468
Financial expenses, other financial expenses (income) and unrealized foreign exchange result		**121,584**	985,815	608,738
Retirement benefit expense	*23*	**81,634**	84,261	84,927
Stock-based compensation expense	*13, 26D*	**42,834**	1,082	3,130
Loss (gain) on remeasurement of lease liability and derecognition of asset for the right-of-use from lease termination and sublease	*9, 10, 18*	**(471)**	218	(1,099)
Loss (gain) on disposal of assets	*9*	**(10,642)**	15,565	11,561
Gain on recognition of finance lease receivable and derecognition of property, machinery and equipment	*9, 10, 18*	**(11,815)**	–	–
Impairment loss (reversal of impairment loss) on trade receivables, inventory write-down and provisions (reversal of provisions) during the year	*16, 22*	**(11,208)**	15,333	(11,583)
Operating profit before working capital changes		**397,450**	2,718,648	3,847,088
Changes in working capital:				
Decrease (increase) in:				
Trade receivables		**(19,937)**	54,079	11,732
Due from related parties		**(60,730)**	758,298	560,154
Insurance claims and premiums receivable		**142,423**	(446,942)	(4,229)
Other current accounts receivable		**(102,917)**	25,142	(299)
Inventories		**2,085,745**	(2,687,488)	(752,450)
Derivative asset		**8,606**	(19,155)	(9,832)
Prepayments and other current assets		**(563,252)**	(1,076,488)	(446,447)
Increase (decrease) in:				
Trade payables		**(1,119,703)**	1,011,749	487,134
Due to related parties		**(1,725,142)**	1,801,449	223,494
Unearned income, other accounts payable and accrued expenses		**18,251**	434,013	(39,391)
Contract liabilities		**(48,832)**	(117,730)	86,291
Cash generated from (absorbed by) operations		**(988,038)**	2,455,575	3,963,245
Interest received		**51,367**	30,310	28,041
Interest paid	*21, 24*	**(911,255)**	(574,897)	(534,947)
Income taxes paid		**(240,451)**	(230,698)	(210,476)
Pension plan contribution	*23*	**(121,342)**	(138,219)	(84,432)
Retirement benefits paid to employees	*23*	**(107,381)**	(74,242)	(20,704)
Net cash provided by (used in) operating activities		**(2,317,100)**	1,467,829	3,140,727

Forward

	Notes	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, machinery and equipment		**P24,060**	P1,207	P7,431
Increase in other assets and noncurrent accounts receivables	*15C*	**(33,213)**	7,059	55,839
Collection (payment) of debt service reserve account	*15C*	**(50,520)**	(208,684)	294,974
Additions to property, machinery and equipment and assets for the right of use	*18*	**(2,452,129)**	(2,148,203)	(1,757,929)
Payment of advances to contractor	*18*	**–**	(872,079)	–
Proceeds from refund of advances to contractor	*18*	**–**	–	379,370
Net cash used in investing activities		**(2,511,802)**	(3,220,700)	(1,020,315)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Bank loan	*24*	**(7,207,958)**	(8,397,739)	(1,840,123)
Lease liabilities - net of interest	*21*	**(646,339)**	(587,246)	(608,184)
Long-term payable to a related party	*13*	**(68,606)**	–	–
Proceeds from:				
Bank loan	*24*	**5,819,000**	7,648,763	–
Long-term loan from related parties, net of issuance cost	*13*	**5,948,267**	–	–
Net cash provided by (used in) financing activities		**3,844,364**	(1,336,222)	(2,448,307)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(984,538)**	(3,089,093)	(327,895)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(14,274)**	(2,238)	119
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,720,304**	5,811,635	6,139,411
CASH AND CASH EQUIVALENTS AT END OF YEAR	*11*	**P1,721,492**	P2,720,304	P5,811,635

The accompanying notes are part of these consolidated financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

CEMEX Holdings Philippines, Inc. (the "Parent Company"), a subsidiary of CEMEX Asian South East Corporation (CASEC), was incorporated as a stock corporation on September 17, 2015 under Philippine laws, primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties, such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that the Parent Company shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

CASEC was incorporated as a stock corporation on August 25, 2015 under Philippine laws.

On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (CEMEX), a publicly traded variable stock corporation (*sociedad anónima bursátil de capital variable*) incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, Mexico.

The term "Parent Company" used in these accompanying notes to the consolidated financial statements refers to CEMEX Holdings Philippines, Inc. without its subsidiaries. The term "Company" refers to CEMEX Holdings Philippines, Inc., together with its consolidated subsidiaries. Unless otherwise indicated or the context otherwise requires, all references in these accompanying notes to the consolidated financial statements to "CEMEX Group" refer to CEMEX and its consolidated subsidiaries (other than the Company).

On January 1, 2016, the Parent Company became the holding company of the consolidated entities, majority of whom are doing business in the Philippines. The Parent Company's two principal manufacturing subsidiaries, i.e., APO Cement Corporation (APO) and Solid Cement Corporation (Solid), are involved in the production, marketing, distribution and sale of cement and other cement products. APO and Solid are both stock corporations organized under the laws of the Philippines. The Parent Company holds APO directly and indirectly, through Edgewater Ventures Corporation and Triple Dime Holdings, Inc., whereas the Parent Company holds Solid and Solid's subsidiaries directly and indirectly, through Bedrock Holdings, Inc. and Sandstone Strategic Holdings, Inc. (see Note 30).

The Company also includes CEMEX Asia Research AG (CAR), a wholly-owned subsidiary incorporated in December 2015 under the laws of Switzerland. Pursuant to license agreements that CAR entered into with the CEMEX Group, CAR became a licensee for certain trademarks, including the CEMEX trademark, and other intangible assets forming part of the intellectual property portfolio owned and developed by the CEMEX Group. CAR is engaged primarily in the development, maintenance and customization of these intangible assets for the Asia Region and it in turn provides non-exclusive licenses to Solid and APO to use the CEMEX trademark and other trademarks and intangible assets of the CEMEX Group.

In May 2016, the Parent Company incorporated a wholly-owned subsidiary named Falcon Re Ltd. (Falcon) under the Companies Act of Barbados. Falcon is registered to conduct general insurance business, all risk property insurance, political risks insurance and non-damage business interruption insurance, and received its license to operate as an insurance company in July 2016. Falcon acts as a re-insurer to the extent of 10% of the risks associated with the property insurance coverage and 100% of the risks associated with political violence and non-damage business interruption programs, professional liability program, and cyber risks for the operating subsidiaries of the Parent Company.

On June 30, 2016, the Philippine Securities and Exchange Commission (SEC) resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the Parent Company's initial public offering (IPO) of 2,337,927,954 common shares at P10.75 per share culminated with the listing and trading of shares of the Parent Company on the Main Board of the Philippine Stock Exchange (PSE), resulting in an increase in capital stock of P2,337,928 and additional paid-in capital of P21,959,159, net of P835,639 transaction cost that is accounted for as a reduction in equity. A total of 5,195,395,454 common shares of the Parent Company was initially listed on the PSE.

On April 2, 2019 and October 16, 2019, the Board of Directors (BOD) and stockholders of the Parent Company, respectively, approved the amendment of the Seventh Article of the Amended Articles of Incorporation of the Parent Company to reflect an increase in the Parent Company's authorized capital stock (ACS) from P5,195,395, consisting of 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395, consisting of 18,310,395,454 common shares with a par value of P1 per share. In connection with the proposed capital increase, a stock rights offering (SRO) was pursued by the Parent Company. On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the SRO is exempt from the registration requirements of the Revised Securities Regulation Code of the Philippines, and the board of directors of the PSE approved the Parent Company's application for listing of the shares to be offered in the SRO, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC's approval of the increase in its ACS.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of P1.00 per share (the "Rights Shares") at an offer price of P1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The proceeds from the Stock Rights Offering would be used primarily (i) to fund the expansion of Solid's cement plant in Antipolo City, Rizal, involving the construction and installation of a 1.5 million metric tons per year new integrated cement production line (the "Solid New Line Project"), including to pay outstanding amounts owed by Solid under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid, as the borrower, and CEMEX Asia, B.V. ("CABV"), as the lender (the "Solid Expansion Facility Agreement"), which facility agreement had been used primarily but not exclusively to fund the Solid New Line Project, and (ii) for other general corporate purposes, including to pay outstanding amounts owed by APO under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO, as borrower, and CABV, as lender (as assignee to CEMEX Hungary KFT) (the "APO Operational Facility Agreement").

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500.

On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed on the Main Board of the PSE. After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for ACS, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares at P1 par value per share or total par value of P13,489,226.

As of December 31, 2020, the shareholdings in the Parent Company owned by CASEC was 10,500,624,662 common shares at P1 par value per share.

In September 2022, CASEC increased its shareholdings in the Parent Company to 10,507,954,662 common shares at P1 par value per share.

In March 2023, in connection with the voluntary tender offer exercise launched by CASEC, CASEC acquired 1,614,000,000 common shares of the Parent Company at the Tender Offer Price of P1.30 with a total transaction price of P2,098,200. The cross sales were executed last March 29, 2023. As a result of the tender offer, CASEC owns and controls 12,121,954,662 common shares of the Parent Company (inclusive of 5 shares held by individuals), which is approximately 89.86% of the issued and outstanding common shares of the Parent Company.

Based on the lists of stockholders registered with the stock transfer agent of the Parent Company, the Parent Company had 35 and 32 stockholders as at December 31, 2023 and 2022, respectively, with each of PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino) recorded as a stockholder.

The Parent Company's principal office is at 34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Philippines.

NOTE 2 - BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for retirement benefits liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets and derivative financial asset and other investments that are measured at fair value.

C) DEFINITION OF TERMS

When reference is made to “P”, it means Philippine Peso. Unless otherwise indicated, the Philippine Peso amounts in the consolidated financial statements and the accompanying notes are stated in thousands. When reference is made to “US$” or dollar and “€” or euro, it means thousands of dollars of the United States of America (the “United States” or “U.S.”) and euros of the European Union, respectively.

D) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements of the Company are presented in Philippine Peso, the functional currency of the Parent Company and each of its subsidiaries, except for Falcon and CAR whose functional currencies are both in U.S. dollar. All values are rounded to the nearest thousand, except when otherwise stated.

E) STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

The line item “Other income (expenses) - net” in the consolidated statements of comprehensive income (loss) consists primarily of income and expenses not directly related to the Company’s main activity, or which are non-recurring in nature. Includes but not limited to recovery of receivable previously written - off, gain on sale of scraps, COVID-19 related expenses, gain or loss from disposal of property, machinery and equipment, transportation service income, other losses related to natural disasters, gain from lease adjustment, reorganization expenses, among others.

F) STATEMENTS OF CASH FLOWS

The consolidated statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange result and the following that did not represent sources or uses of cash:

a) The increases in other equity reserves associated with equity settled share-based compensation in 2023, 2022, and 2021 as part of the executive’s long-term compensation programs amounting to P42,834, P1,082 and P3,130, respectively, as described in Note 26D.
b) The Company has incurred liability amounting to P1,235,176, P1,132,315, and P1,015,874, arising from the acquisition of various property, machinery and equipment in 2023, 2022 and 2021, respectively.
c) The Company acquired right of use assets through recognition of lease liabilities amounting to P417,540, P1,578,972, and P357,052 in 2023, 2022 and 2021, respectively (see Note 21). In 2021, the Company derecognized right of use assets amounting to P8,318, upon recognition of receivables from a sublease classified as finance lease.
d) In 2023, the Company recognized finance lease receivables amounting to P15,482 and derecognized property, machinery and equipment with carrying amount of P3,667 due to an agreement to use the Company’s assets (see Notes 18 and 21).

G) APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were authorized for issue by the BOD on April 12, 2024.

NOTE 3 - MATERIAL ACCOUNTING POLICIES

A) CHANGES IN ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements except for the changes in accounting policies as explained below.

1. Adoption of Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's consolidated financial statements.

1.1 Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

*1.2 Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).*The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

*1.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes).*The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

1.4 International Tax Reform - Pillar Two Model Rules (Amendments to PAS 12). The amendments provide a temporary mandatory exception from accounting for deferred tax that arises from legislation implementing the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Under the relief, a company:

- discloses that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- discloses separately its current tax expense (income) related to Pillar Two income taxes; and
- in periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation.

2. Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company’s consolidated financial statements.

Effective January 1, 2024

2.1 Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
- clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability’s classification at that date;
- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity’s own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

*2.2 Supplier Finance Arrangements (Amendments to PAS 7, Statement of Cash Flows and PFRS 7, Financial Instruments: Disclosures).*The amendments introduce new disclosures about a company’s supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows, and the company’s exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:

- the terms and conditions of the arrangements;
- beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and
- the type and effect of non-cash changes in the carrying amounts.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, a company is not required to disclose comparative information for any prior reporting periods, information on carrying amounts for which suppliers already received payment and range of payment due dates as at the beginning of the annual reporting period the company first applies the amendments, and information for any interim period within the annual reporting period in which the company first applies those amendments.

Effective January 1, 2025

2.3 PFRS 17, Insurance Contracts, replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

- combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9, *Financial Instruments,* will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of the Parent Company and those of the subsidiaries in which the Parent Company exercises control (see Note 30), by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; or b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity.

C) USE OF JUDGMENTS, ESTIMATES AND CRITICAL ASSUMPTIONS

The preparation of consolidated financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the period. These estimates and underlying assumptions are reviewed on an ongoing basis using available information. Actual results could differ from these estimates.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, that have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining Functional Currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires the management to use its judgment to determine an entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each of the consolidated entities in the Company considers the following:

a) The currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled);
b) The currency in which funds from financing activities are generated; and
c) The currency in which receipts from operating activities are usually retained.

In case of a subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

Judgment on the Term to be Considered in Computing for Lease Liabilities

The Company determines the term of lease or right-of-use as the non-cancellable term of the arrangement, together with any periods covered by an option to extend the lease or right-of-use if it is reasonably certain to be exercised. The Company has contracts that include extension option to lease or right to use parcels of land. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease or right-of-use arrangement. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Company included the complete renewal period as part of the term for such leases or right-of-use arrangements of parcels of land as this is reasonably certain to be exercised considering the costs and business disruption required to replace the leased asset or right-of-use asset. After the commencement date, the Company reassesses the term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

Assessing Whether the Insurance Contract with the Third Party Insurer and Reinsurance Contract of Falcon are Linked Transactions

The Company, through Solid and APO, insures certain risks with a third party insurer in which Falcon takes some of the risks back into the Company. It was assessed that the insurance transactions between the third party insurer and Solid and APO are interdependent with the reinsurance transaction to Falcon. Since Falcon does not have the regulatory approval required to issue direct insurance contract to Philippine entities, the third party insurer acts as a conduit for Falcon, the captive insurer. This makes the transactions, in substance, form a single arrangement that achieves an overall commercial effect of self-insurance. In addition, the reinsurance contract by Falcon were entered in contemplation of the insurance contracts entered by Solid and APO with the third party insurer. Thus, the insurance expense of Solid and APO and revenue from insurance contracts of Falcon were offset during consolidation.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as at reporting date that have the most significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year are as follows:

Expected Credit Loss of Trade Receivables

In 2023 and 2022, the loss allowances for trade receivables are based on assumptions about risk of default and expected credit loss (ECL) rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Details of key assumptions and inputs and other information about the Company's ECL are disclosed in Note 22. As at December 31, 2023 and 2022, the carrying amount of trade receivables amounted to P666,808 and P637,410, respectively (see Note 12).

Impairment of Goodwill

The Company performed its annual impairment test on its goodwill as at the reporting date. The recoverable amount of goodwill was determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The assumptions that were applied to the cash flow projections are disclosed in Note 19 to the consolidated financial statements. The following bases were used to develop the assumptions used in computing value-in-use, among others:

Growth rate estimates – growth rates were based on experiences and strategies developed for the main operating subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates – discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Calculated value-in-use for goodwill impairment testing is most sensitive to changes in discount rate and terminal growth rate. The carrying amount of goodwill as at December 31, 2023, and 2022 amounted to P27,859,694 (see Note 19). No impairment on goodwill has been recognized in 2023 and 2022.

Estimating Realizability of Deferred Income Tax Assets

The Company reviews its deferred income tax assets at each reporting date and reduces the deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The deferred income tax assets include an amount which relates to the carried forward tax losses, excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and other deductible temporary differences of the Parent Company and its local subsidiaries (see Note 25B). The Parent Company and its subsidiaries have incurred tax losses and excess MCIT over RCIT. The carried forward tax losses and excess MCIT over RCIT have an expiration of three years from the taxable year when such tax losses were incurred, except for losses incurred in 2020 and 2021 which have an expiration of five years from the year they were incurred (see Note 25A). However, the Company has concluded that they will only benefit from a portion of the said tax losses and excess MCIT over RCIT before they eventually expire. Deferred income tax assets were recognized only up to the extent of forecasted taxable income in subsequent periods. Each forecast was based on each of the Parent Company and the subsidiaries' past results and future expectations of revenue and expenses. As at December 31, 2023, and 2022, net deferred income tax assets amounted to P826,230 and P615,170, respectively (see Note 25B). The Company has unrecognized deferred income tax assets in respect of its net operating loss carryover (NOLCO), excess MCIT over RCIT and other deductible temporary differences amounting to P4,439,304 and P1,910,915 as at December 31, 2023 and 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, the Company has deferred income tax expense (benefit) amounting to (P96,322), P379,273, and P170,675, respectively, resulting from the write-down (reversal of write-down) of previously recognized deferred income tax assets and reversal of previously unrecognized deferred tax assets (see Note 25A). The outcomes within the next financial year with respect to the results of operations of the Parent Company and local subsidiaries that are different from the assumption could require a material adjustment to the carrying amount of the Company's deferred income tax assets.

Assessing the Probability of an Inflow or Outflow from Legal Proceedings

Pending legal cases are reviewed continuously to assess whether an inflow or outflow of resources has become probable. If the recognition criteria in the Company's policy (see Note 3L) are met, then the liability is recognized in the consolidated statements of financial position in the period in which the probability occurs, while a disclosure is made if the cash inflow is probable. Further information about the Company's assessment on its legal proceedings are disclosed on Notes 29 and 31.

D) FOREIGN CURRENCY

Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of each of the consolidated entities in the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency at the closing exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss. Foreign currency gains and losses are reported on a net basis.

Foreign Operation

The assets and liabilities of foreign operation with functional currency other than the Philippine peso are translated into Philippine peso at the exchange rates at the reporting date. The income, expenses and cash flows of foreign operations are translated into Philippine peso at the monthly weighted average exchange rates for the period. Capital transactions of the foreign operations are translated to Philippine Peso at the exchange rates at the dates of the relevant transactions. Foreign currency differences are recognized in OCI and accumulated in "Other equity reserves" account in equity, except to the extent that the translation difference is allocated to the NCI.

E) FINANCIAL INSTRUMENTS

Recognition and Initial Measurement
Financial instruments within the scope of PFRS 9 are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

A financial asset (unless it is a receivable without a financing component) or financial liability is initially measured at fair value. Except for financial instruments classified or designated at FVTPL, the initial measurement of financial assets includes directly attributable transaction costs. A receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement - Financial Assets
The Company determines the classification of its financial assets on initial recognition. The Company classifies its financial assets into the following categories: financial assets at amortized cost, financial assets at FVTPL, debt investments at FVOCI and equity investments at FVOCI. The classification depends on the Company's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

As at December 31, 2023 and 2022, the Company has no debt investments at FVOCI.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Impairment losses on trade receivables are recognized under selling expenses. Any gain or loss on derecognition is recognized in profit or loss. Financial assets at amortized cost are classified as current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents, trade receivables, due from related parties, insurance claims and premiums receivable, other current accounts receivable and noncurrent accounts receivable (long-term time deposits, rental guaranty deposits, debt service reserve account and finance lease receivable, net of current portion) are included in this category.

Cash and cash equivalents exclude those which are restricted from Company's use in operations. Interest income accruing from cash and cash equivalents are recognized as part of "Other financial expenses - net" account in the consolidated statements of comprehensive income (loss).

All financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see policy on cash flow hedges for derivatives designated as hedging instruments).

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers contingent events that would change the amount or timing of cash flows and any prepayment and extension features.

Classification and Subsequent Measurement - Financial Liabilities
Trade payables, due to related parties, other accounts payable and accrued expenses (excluding liabilities covered by other PFRSs, such as statutory liabilities), and bank loan, are recognized initially at fair value, less directly attributable transaction cost and subsequently measured at their amortized cost using effective interest method. Interest accrued on financial instruments is recognized in the consolidated statements of financial position within "Unearned income, other accounts payable and accrued expenses" and "Due to related parties" against financial expenses. As at December 31, 2023 and 2022, the Company did not have financial liabilities classified as at FVTPL or associated to fair value hedge strategies with derivative financial instruments. Direct costs incurred in debt issuances or borrowings are deducted from the fair value of the financial liability at initial recognition and amortized as interest expense as part of the effective interest rate of each transaction over its maturity. The amortized debt issuance cost from third party borrowings is recognized under "Financial expenses" account in the consolidated statements of comprehensive income (loss). Debt issuance cost from intra-group borrowings is charged under "Other financial expenses - net" account in the consolidated statements of comprehensive income (loss). When a loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged against profit or loss. Financial liabilities are classified as current liabilities if the liability is due to be paid within 12 months from the reporting date and the Company has no unconditional right to defer settlement of the liability for at least 12 months after the reporting date, otherwise, these are classified as noncurrent liabilities.

Derivative Financial Instruments and Hedge Accounting

Derivatives are initially measured at fair value on the date which the derivative contract is entered into. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss. The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in commodity prices. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. To qualify for hedge accounting, the hedging relationship must comply with the strict requirements such as the eligibility of both the hedging instrument and hedged item must have formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, and the hedging relationship has to meet all of the following hedge accounting requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognized or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Cash Flow Hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve within equity. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Company designates only the change in fair value of the intrinsic value of the purchased option contract as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value (‘forward points’) of the purchased option contract is separately accounted for as a cost of hedging and recognized in costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derecognition of Financial Instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

A financial liability (including lease liability) is derecognized when the obligation under the liability is discharged or cancelled or has expired. The difference between the carrying amount of financial liability (or part of a financial liability) extinguished and the consideration paid is recognized in profit or loss. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the carrying amount of the original liability and the recognition of a new liability at fair value, and any resulting difference in the respective carrying amounts is recognized in profit or loss.

F) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Company discloses balances and transactions with related parties. These balances and transactions resulted primarily from: i) the sale and purchase of goods and equipment between related parties; ii) lease contracts or right-of-use contracts; iii) corporate administrative services, royalties and other services rendered between related parties; and iv) loans and advances between related parties, among others.

G) INVENTORIES

Inventories are valued using the lower of their cost and net realizable value (NRV). The cost of inventories is based on the moving average method and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition, including attributable non-production overheads. NRV of inventories, other than spare parts, is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The NRV of spare parts is the replacement cost. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired.

When an impairment situation arises, the inventory balance is adjusted to its NRV, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results for the period. Advances to suppliers of inventory are presented as part of “Prepayments and other current assets” account in the consolidated statements of financial position.

When the inventories are sold, the carrying amounts of those inventories are recognized under “Cost of Sales” account in profit or loss in the period when the related revenue is recognized.

H) PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments are carried at cost. Prepaid taxes represent creditable withholding taxes which are deducted from income tax payable, and input value added tax (see Note 3P). Prepaid insurance is subsequently amortized over the terms of the contract to which the payment applies. Advances to suppliers of clinker, raw materials and services are subsequently recognized as inventories or expense when the goods are received, or services are rendered.

I) PROPERTY, MACHINERY AND EQUIPMENT

An item of property, machinery and equipment is initially recognized at its cost, which consists of its purchase price and any directly attributable cost in bringing the asset to the location and condition of its intended use. Property, machinery and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The acquisition or construction cost includes all expenditures directly attributable to bringing the assets to a working condition for their intended use. Major components of an item of property, machinery and equipment with different useful lives are accounted for as separate items.

Depreciation of property, machinery and equipment is recognized as part of “Cost of Sales” and “Operating Expenses” accounts in the consolidated statements of comprehensive income (loss) and is calculated using the straight-line method over the estimated useful lives of the assets.

As at December 31, 2023 and 2022, the Company’s maximum estimated useful lives by category of property, machinery and equipment are as follows:

Type of asset	**Years**
Buildings and improvements	3 - 50
Machinery and equipment:	
Plant Machinery and equipment	10 - 35
Ready-mix trucks and motor vehicles	5
Office equipment and other assets	3

The assets’ residual values, useful lives and method of depreciation are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property, machinery and equipment. Any change in the expected residual values, useful lives and method of depreciation are adjusted prospectively from the time the change was determined necessary.

The Company capitalizes, as part of the historical cost of property, machinery and equipment, interest expense arising from existing debt during the construction or installation period of significant property, machinery and equipment, considering the Company's corporate average interest rate and the average balance of investments in process for the period.

Construction in-progress represents property, machinery and equipment under construction and is recognized at cost. This includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for operational use but is tested for impairment.

Costs incurred in respect of operating property, machinery and equipment that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such property, machinery and equipment. Other costs, including periodic maintenance on property, machinery and equipment, are expensed as incurred. Advances to suppliers of property, machinery and equipment, measured at cost, are presented as part of "Advances to contractors" account in the consolidated statements of financial position and capitalized as property, machinery and equipment once the costs to which the advances pertain are incurred.

Major spare parts and stand-by equipment items that the Company expects to use over more than one period and can be used only in connection with an item of property, machinery and equipment are accounted for as property, machinery and equipment. Depreciation on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Company).

An item of property, machinery and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the consolidated statements of comprehensive income (loss) in the period the item is derecognized.

J) GOODWILL

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Company's cash-generating units (CGUs), or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether the assets or liabilities of the Company are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Company's operating segments as determined in accordance with PFRS 8, *Operating Segments.*

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Note 3K).

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

K) IMPAIRMENT

Non-derivative Financial Assets

The Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities and other receivables (i.e., insurance claims and premiums receivable) that are determined to have low credit risk at the reporting date; and

- other debt securities, other receivables and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when: (1) the borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realizing any collateral; or (2) the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when: i) the debt security has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired Financial Assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of Allowance for ECL in the Consolidated Statements of Financial Position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written-off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company categorizes a financial asset for write-off when the debtor fails to make contractual payments more than 365 days past due. Financial assets written-off are no longer subject to enforcement activities of the Company. However, previously written-off financial assets which are subsequently collected are recognized in profit or loss.

Property, Machinery and Equipment and Assets for the Right-of-Use

Property, machinery and equipment and assets for the right-of-use are tested for impairment upon the occurrence of factors, such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results for each CGU, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recognized in profit or loss for the period when such determination is made within "Other income (expenses) - net" account in the consolidated statements of comprehensive income (loss).

The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs of disposal, and its value-in-use, the latter represented by the net present value of estimated cash flows related to the use or disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and value-in-use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statements of comprehensive income (loss). After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested for impairment when needed due to significant adverse changes or at least once a year by determining the recoverable amount of the group of CGUs to which goodwill was allocated, which consists of the higher between the CGU´s fair value, and their value-in-use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which those net assets relate. The Company determines discounted cash flows over a 5-year period. If the value-in-use of any CGU is lower than their respective carrying amount, the Company determines the fair value of its CGUs using a methodology widely accepted in the market to determine the value of entities, such as multiples of Operating Earnings Before Income Tax, Depreciation and Amortization (EBITDA) and by reference to other market transactions, among others. An impairment loss is recognized in profit or loss within "Other income (expenses) - net" account in the consolidated statements of comprehensive income (loss), if the recoverable amount is lower than the carrying amount of the group of CGUs to which goodwill was allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The Company operates through its major operating subsidiaries, Solid and APO, which represents the Company's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment and represents the lowest level at which goodwill is monitored for internal management purposes.

Impairment tests are significantly sensitive, among other factors, to the estimation of future prices of the Company's products, the development of operating expenses, economic trends in the relevant construction industry, the long-term growth expectations in the market, as well as to the discount rate and the growth rate in perpetuity applied. For purposes of estimating future prices, the Company uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources and/or governmental economic expectations. Operating expenses are estimated taking into account past experience. However, such operating expenses are also reviewed and adjusted considering inflation and other external information sources in respect to inputs that behave according to international prices, such as gas and oil that may have an impact on future costs.

The Company uses pre-tax discount rates which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the discount rate applied. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by CGU. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by CGU.

L) PROVISIONS AND CONTINGENCIES

The Company recognizes provisions when it has a legal or constructive obligation resulting from past events, whose resolution would imply probable and reliably measurable cash outflows or delivery of other resources owned by the Company. Otherwise, a qualitative disclosure is included in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Asset is only recognized when recovery is virtually certain.

Asset Retirement Obligations

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process and are initially recognized against the related assets' carrying amount. The increase in the assets' carrying amount is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to profit or loss. Adjustments to the liability for changes in estimations are recognized against the related property, machinery and equipment and depreciation is modified prospectively. Once the related asset is fully depreciated over its useful life, all subsequent changes in the liability shall be recognized in profit or loss as they occur. These liabilities relate mainly to the future costs of demolition, cleaning and rehabilitation and vacating from, under certain conditions, production or operating sites, including maritime terminals.

M) FAIR VALUE MEASUREMENTS

The Company applies the guidance of PFRS 13, *Fair Value Measurement*, for its fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. Under PFRS 13, fair value represents an "Exit Price," which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation. The concept of exit value is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, PFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement), secondly, to inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly (Level 2 measurement), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement). The Company recognizes transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred.

N) EMPLOYEE BENEFITS

Defined Benefit Pension Plans

Pursuant to PAS 19, *Employee Benefits*, the Company recognizes the costs associated with employees' defined benefit pension plans as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. The actuarial assumptions consider the use of nominal rates.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. The service cost, corresponding to the increase in the obligation for additional benefits earned by employees during the period, is recognized as part of "Cost of Sales" and "Operating Expenses" accounts in the consolidated statements of comprehensive income (loss). The interest cost related to the increase in the liability by the passage of time is recognized in profit or loss within "Other financial expenses - net" account in the consolidated statements of comprehensive income (loss).

The effects from modifications to the pension plans that affect the cost of past services are recognized as part of “Cost of Sales” and “Operating Expenses” accounts in the consolidated statements of comprehensive income (loss) during the period in which such modifications occur or when any related restructuring or termination benefits are recognized, if earlier. Likewise, the effects from curtailments and/or settlements of obligations occurred during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized as part of “Cost of Sales” and “Operating Expenses” accounts in the consolidated statements of comprehensive income (loss).

Remeasurements such as the return on plan assets, excluding amounts included in net interest on the net defined benefit liability, and actuarial gains and losses, related to differences between the previous actuarial assumptions and actual occurrences, and changes in actuarial assumptions at the end of the period, are recognized in the period in which they are incurred as part of OCI for the period within equity. Such remeasurements are not reclassified to profit or loss in subsequent periods. Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in profit or loss for the period in which they are incurred.

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Transportation Allowance

The Company grants transportation allowance to “entitled executives” for the purpose of purchasing a motor vehicle and to cover other transportation-related expenses such as, but not limited to, maintenance cost, gasoline, registration expenses and insurance premiums on motor vehicle for a period of five (5) years from the date of grant. The amount paid to executives in respect of the Company’s transportation allowances is recorded as an asset carried at cost (the current portion is part of “Prepayments and other current assets” account, while the noncurrent portion is part of “Other assets and noncurrent accounts receivable” account in the consolidated statements of financial position) and subsequently amortized as an expense over the term of the contract.

Termination Benefits

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

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

O) BORROWING COSTS

Interest and other finance costs incurred on borrowings used to finance property development are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all activities necessary to prepare the assets are completed (i.e., at 90% completion). These costs are amortized using the straight-line method over the estimated useful life of the related property, machinery and equipment to which it is capitalized. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Other borrowing costs are generally expensed in the period in which these are incurred.

P) TAXES

Income Taxes

Pursuant to PAS 12, the effects reflected in profit or loss for income taxes include the amounts payable or recoverable in respect of taxable profit or loss during the period and the amounts of deferred income taxes pertaining to amounts payable or recoverable in future periods, determined according to the income tax law applicable to each entity. Consolidated deferred income taxes represent the addition of the amounts determined in each legal entity by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable amounts of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and at the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. Pursuant to PFRSs, all items charged or credited directly in equity or as part of OCI for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is enacted or substantially enacted.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused excess MCIT over RCIT and unused NOLCO, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized except:

- when the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred income tax asset is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. If the amount of taxable temporary differences is insufficient to recognize a deferred income tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Parent Company and of the individual subsidiaries in the Company. Deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is not considered probable that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where the Company believes, based on available evidence, that the tax authorities would not reject; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If the Company believes that it would not be able to use a tax loss carryforward before its expiration or any other deferred income tax asset, the Company will not recognize such deferred income tax assets. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred income tax assets will ultimately be realized, the Company takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, the Company analyzes its actual results versus the Company's estimates and adjusts its estimations as necessary. If actual results vary from the Company's estimates, the deferred income tax asset may be affected, and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect the Company's profit or loss in such period.

Excess income tax payments are recognized as "Prepaid taxes" under "Prepayments and other current assets" account in the consolidated statements of financial position and are carried at cost.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The income tax effects from an uncertain tax position are recognized when it is not probable that the position will be accepted based on its technical merits and assuming that the tax authorities will examine the uncertain tax treatments and have full knowledge of all relevant information. They are measured by either determining the single most likely amount or the sum of the probability-weighted amounts in a range of possible outcomes depending on which method the Company expects to better predict the resolution of the uncertainty. It is measured using tax rates enacted or substantively enacted at the reporting date.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of “Prepayments and other current assets” or “Unearned income, other accounts payable and accrued expenses” accounts, respectively, in the consolidated statements of financial position.

Q) EQUITY

Common Stock and Additional Paid-in Capital

Common stock is classified as equity. Common stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement, net of any subscription receivable, and is measured at par value. The transaction costs incurred as a necessary part of completing an equity transaction are accounted for as a part of that transaction and are deducted from equity, net of related tax benefits. Costs that are related directly to a probable future equity transaction is recognized as “Deferred share issuance costs” under “Prepayments and other current assets” in the consolidated statements of financial position. The cost is transferred to equity when the equity transaction is recognized, or recognized in profit or loss if the issue is no longer expected to be completed. Considerations received in excess of the par value of shares issued are recognized in “Additional paid-in capital” account in the consolidated statements of financial position.

Other Equity Reserves

Represent the horizontal sum of each consolidated entity’s cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to equity, and includes the elements presented in the OCI for the period, which includes certain changes in equity during a period not resulting from investments by owners and distributions to owners. As at December 31, 2023 and 2022, the “Other equity reserves” account in the consolidated statements of financial position represents the share-based compensation, remeasurements on retirement benefits liability, changes in fair value of the derivative instrument in an effective cash flow hedge and cumulative currency translation of foreign subsidiaries.

Retained Earnings

Retained Earnings represent the cumulative balance of periodic profit or loss, prior period adjustments and effect of changes in accounting policy.

R) EXECUTIVE SHARE BASED COMPENSATION

Certain executives of the Company receive compensation under a long-term incentive program using CEMEX’s Ordinary Participation Certificates (Certificados de Participación Ordinarios or CPOs), the Parent Company’s shares or CEMEX’s American Depositary Shares (ADS). Pursuant to the guidance of PFRS 2, Share-based Payment, stock awards based on the ultimate parent company and Parent Company’s shares granted to the Company’s executives are treated as equity instruments, considering that services received from employees are settled by delivering such CEMEX’s shares. The cost of equity instruments represents the estimated fair value at the date of grant and is recognized in profit or loss during the period in which the exercise rights of the employees become vested against other equity reserves.

S) REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company's consolidated revenue represents the value of products sold by the consolidated entities, net of VAT on sales, as a result of their ordinary activities, after the elimination of transactions between consolidated entities, and is measured at the consideration specified in a contract with a customer. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer.

Revenue from Sale of Cement and Cement Products
Customers obtain control of the cement or cement products when these goods are delivered to and have been accepted by customers at their premises. Hence, revenue is recognized at that point in time. Invoices are usually collectible within 30 to 60 days. The transaction price is therefore not adjusted for the effects of a significant financing component. No discounts are provided for the sale of cement and cement products, but customers may earn loyalty points instead which they can redeem against future orders or other packages defined in the program.

Customer Loyalty Programme
The Company has three customer loyalty programmes whereby customers are awarded credits known as "Points" entitling customers against any future purchases of the Group's cement goods and other products, goods and services offered by third parties. The Company grants Points to a customer as part of the sales transaction and subject to condition set-out in the programme. These Points expire at an exact date right before the next run of the rewards program.

The Company allocates a portion of the consideration received to the Points. This allocation is based on the relative stand-alone selling prices, taking into account the expected forfeiture rate. The amount allocated to the Points is deferred, and is recognized as revenue when the Points are redeemed or the right to redeem the Points expires. The deferred revenue is recognized as "Contract liabilities" under current liabilities in the consolidated statements of financial position.

Contract Balances

Trade Receivables
Trade receivables are recognized when the goods are delivered and represent the Company's right to consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of Trade receivables in Notes 3E and 3K.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier).

T) INSURANCE CONTRACTS

An insurance contract is an agreement whereby one party, called the insurer, undertakes for a consideration paid by the other party, called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Premiums from insurance contracts are recognized as revenue over the period of the contracts. The portion of the premiums written that relate to the unexpired periods of the policies at each reporting date is accounted for as "Unearned income" and is presented under current liabilities section of the consolidated statements of financial position. The net changes in this account between reporting dates are credited to or charged against profit or loss. Insurance revenue is presented as an offset to insurance expense in the consolidated statements of comprehensive income (loss).

Benefits and Claims

Benefits and claims consist of all costs incurred during the year, which are recognized when the Company receives notification from policyholders. Estimates have to be made as at the reporting date both for the expected ultimate cost of claims reported and for the expected ultimate cost of the claims incurred but not yet reported (IBNR). The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to project future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to profit or loss against insurance liability. Claims provisions are not discounted for the time value of money.

U) COST OF SALES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of goods sold. Such cost of sales includes power and fuel, raw materials and supplies, personnel expenses, depreciation of property, machinery and equipment and assets for the right-of-use involved in production, as well as freight expenses of raw material in plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales and costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item in the consolidated statements of comprehensive income (loss). Administrative expenses are costs incurred in the direction and general administration of day-to-day operation of the Company. Administrative, selling and distribution expenses are recognized when incurred.

V) LEASES

Pursuant to PFRS 16, the determination of whether an arrangement is, or contains a lease is, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such assessment is made at the inception of the contract.

As a Lessee
The Company recognizes a right-of-use asset and a lease liability at the commencement date of the right-of-use or lease arrangement, as the case may be. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is measured subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, machinery and equipment. When a right-of-use asset meets the definition of investment property, it is presented in investment property.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate as the discount rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company applies the practical expedient per PFRS 16 relating to rent concessions occurring as a direct consequence of COVID-19. The Company may elect not to assess whether a rent concession is a lease modification, and the resulting decrease in lease liability from such rent concessions is recognized in profit or loss. Such option is available if (a) the change in lease payments results in revised consideration of the lease that is substantially the same as, or less than, the consideration of the lease preceding the change; (b) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (c) there is no substantive change to other terms and conditions of the lease.

For lease contracts that contains a non-lease component, where such non-lease component has no variable considerations, such non-lease component is considered as part of the lease component as a single lease component.

Short-term Leases and Leases of Low-value Assets
The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (if the underlying asset is office or computer equipment) and short-term leases (leases with a term of 12 months or less). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Variable Lease Payments
Variable lease payments that varies each period and is linked to or based on a per unit fee over the use of an asset is excluded from initial recognition of the right-of-use assets and lease liability and is recognized in profit or loss in the period in which the performance or use occurs.

As a Lessor
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At commencement of finance leases, the lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value accruing to the lessor. The present value is calculated by discounting the lease payments and any unguaranteed residual value, at the interest rate implicit in the lease. Initial direct costs are included in the measurement of the finance lease receivable because the interest rate implicit in the lease, used for discounting the lease payments, takes initial direct costs incurred into consideration.

The lessor derecognizes the underlying asset and recognizes the difference between the carrying amount of the underlying asset and the finance lease receivable as gain or loss in profit or loss when recognizing the finance lease receivable.

Over the lease term, the lessor accrues finance income on the net investment. The receipts under the lease are allocated between reducing the net investment and recognizing finance income, to produce a constant rate of return on the net investment.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Other income (expenses) - net" account in the consolidated statements of comprehensive income (loss).

W) BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Pursuant to PAS 33, *Earnings Per Share*, basic earnings (loss) per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings (loss) per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate anti-dilution. When there is a bonus element in a rights issue, retrospective adjustments to the denominators for both basic and diluted earnings (loss) per share for all periods before the rights issue are made. As prescribed in PAS 33, if a rights issue is offered to all existing shareholders, the number of ordinary shares to be used is the number of ordinary shares outstanding before the issue, multiplied by a bonus factor calculated by dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share (see Note 27).

X) EVENTS AFTER THE REPORTING DATE

Post year-end events, up to the date the consolidated financial statements are authorized for issue, that provide additional information about the Company's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTE 4 - SEGMENT INFORMATION

The Company applies PFRS 8 for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance are evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, ready-mix concrete and other construction materials. For the years ended December 31, 2023, 2022, and 2021, the cement sector represented approximately 88.68%, 89.53%, and 90.1%, respectively, of total net revenues before eliminations resulting from consolidation, 399.94%, 144.34%, and 132.6%, respectively, of Operating EBITDA.

The main indicator used by the Company's management to evaluate performance is "Operating EBITDA", representing operating earnings before other income (expenses) - net, interest, tax, depreciation , considering that such amount represents a relevant measure for the Company's management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure the Company's ability to service or incur debt. Operating EBITDA should not be considered as an indicator of the Company's financial performance, as an alternative to cash flow, as a measure of liquidity, or as being comparable to other similarly titled measures of other companies.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

NOTE 5 - DEPRECIATION

Depreciation charges related to property, machinery and equipment and assets for the right-of-use for the years ended December 31, 2023, 2022, and 2021 are detailed as follows:

		2023	2022	2021
Depreciation related to assets used in the production process	P	**1,409,164**	1,291,633	1,383,632
Depreciation related to assets used in operating activities		**528,662**	621,711	552,811
	P	**1,937,826**	1,913,344	1,936,443

NOTE 6 - REVENUES

Disaggregation of Revenues from Contracts with Customers
Revenues for the years ended December 31, 2023, 2022, and 2021 are detailed by major product lines and timing of revenue recognition as follows:

	Timing of revenue recognition		2023	2022	2021
Revenue from sale of goods					
Cement	At a point in time	P	**17,220,687**	20,504,709	20,820,304
Admixtures and others	At a point in time		**42,836**	20,344	38,612
			17,263,523	20,525,053	20,858,916
Revenue from services					
Co-processing of alternative fuel resources	Over time		**52,744**	45,613	27,657
		P	**17,316,267**	20,570,666	20,886,573

Breakdown of cement sales per customer is as follows:

		2023	2022	2021
Retailers	P	**13,622,032**	16,562,640	16,566,579
Institutional		**3,501,706**	3,835,960	4,057,141
Others		**96,949**	106,109	196,584
Total	P	**17,220,687**	20,504,709	20,820,304

The Company does not depend on any single or few customers, and no single customer represented more than 10% of the Company's consolidated Revenue. Export sales are mainly from the sale of cement to the Pacific Islands amounting to P88,730, P73,154, and P74,588 for the years ended December 31, 2023, 2022, and 2021, respectively.

Contract Balances
The following table provides information about the opening and closing balances of trade receivables - net and contract liabilities from contracts with customers:

		2023	2022	2021
Trade receivables - net	P	**666,808**	637,410	696,868
Contract liabilities				
Advances from customers	P	**218,166**	243,375	354,032
Customer loyalty program		**6,694**	30,317	37,390
	P	**224,860**	273,692	391,422

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The contract liabilities include unredeemed customer loyalty points and advances from customers. These will be recognized as revenue when the points are redeemed by customers or when the goods are delivered to the customer and when the right to redeem expires, which is expected to occur the following year. Contract liabilities as at December 31, 2022 and January 1, 2022 were recognized as revenue in 2023 and 2022, respectively. The amount recognized in contract liabilities as at December 31, 2023 is expected to be recognized as revenue within 12 months from the reporting date. There is no other unperformed obligation other than those already included in contract liabilities.

NOTE 7 - COSTS AND EXPENSES

Cost of sales, administrative and selling expenses for the years ended December 31, 2023, 2022, and 2021 are detailed as follows:

		Cost of Sales		
		2023	2022	2021
Power, fuel, raw materials and production supplies	P	**10,012,332**	10,264,570	9,480,115
Depreciation		**1,409,164**	1,291,634	1,383,632
Outside services		**518,548**	551,571	487,559
Salaries and wages [1]		**509,208**	503,024	513,194
Repairs and maintenance		**475,818**	481,903	463,433
Rental		**400,503**	396,070	374,454
Others [2]		**417,123**	331,879	279,700
	P	**13,742,696**	13,820,651	12,982,087

[1] Includes retirement benefit expense amounting to P24,335, P26,092, and P28,258, in 2023, 2022, and 2021, respectively (see Note 23).

[2] Others pertain to insurance expense, taxes and licenses, transportation and communication expenses and other costs that are individually immaterial.

		Administrative Expenses		
		2023	2022	2021
Salaries and wages[1]	P	**605,075**	625,489	649,383
Administrative fees		**303,107**	350,875	334,569
Insurance		**218,935**	144,814	179,973
Depreciation		**43,126**	43,601	45,409
Utilities and supplies		**30,524**	31,024	24,703
Taxes and licenses		**17,377**	17,584	16,929
Travel expenses		**16,633**	15,536	1,009
Others		**49,297**	53,453	45,555
	P	**1,284,074**	1,282,376	1,297,530

[1] Includes retirement benefit expense amounting to P28,422, P31,144, and P34,103, in 2023, 2022, and 2021, respectively (see Note 23).

		Selling Expenses		
		2023	2022	2021
License fees[1]	P	**656,513**	772,799	851,437
Administrative fees[2]		**190,898**	219,212	209,720
Depreciation		**188,859**	164,918	125,222
Utilities and supplies		**177,090**	169,160	168,609
Salaries and wages		**148,795**	149,771	146,965
Advertising and travel		**26,786**	28,531	19,811
Taxes and licenses		**15,310**	17,838	35,979
Insurance		**5,242**	5,397	6,709
Others [3]		**7,294**	25,426	8,207
	P	**1,416,787**	1,553,052	1,572,659

[1] The amount pertains to trademarks with CEMEX, and royalties with Cemex Innovation Holding Ltd. (“CIH”).

[2] Includes legal, professional, outside services, and other administrative charges from a related party (see Note 13).

[3] Includes ECL on trade receivables (see Note 22), fuel, representation and entertainment, and insurance.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

NOTE 8 - DISTRIBUTION EXPENSES

Distribution expenses for the years ended December 31 are detailed as follows:

		2023	2022	2021
Trucks, barge and charter hire	P	**1,672,394**	1,963,713	2,006,133
Handling expenses		**402,789**	500,765	596,453
Depreciation		**296,677**	413,192	382,180
Harbor services		**66,567**	99,903	115,573
Others		**8,450**	8,241	8,796
	P	**2,446,877**	2,985,814	3,109,135

NOTE 9 - OTHER INCOME (EXPENSES) - Net

Other income (expenses), net for the years ended December 31 are detailed as follows:

		2023	2022	2021
Gain on sale of scraps	P	**21,988**	8,090	7,296
Gain (loss) on disposal of property, machinery and equipment		**10,642**	(15,565)	(11,561)
COVID-19 related expenses[1]		**(1,164)**	(23,021)	(22,443)
Reorganization expenses[2]		**(15,650)**	–	–
Other losses related to natural disasters[3]		**(27,291)**	(38,240)	(22,267)
Recovery of receivable previously written-off		**–**	–	33,922
Transportation service income		**–**	–	1,071
Miscellaneous expenses - net		**9,933**	7,943	15,929
	P	**(1,542)**	(60,793)	1,947

[1] COVID-19 related expenses include sanitation supplies, financial assistance and employee transportation cost.
[2] Reorganization costs consists of severance and other post-termination benefit costs resulting from the cost reduction efforts of the Company.
[3] Repairs and incremental costs from the impact of Typhoon Odette (International Name: Rai) which struck the Philippines in mid-December 2021.

NOTE 10 - OTHER FINANCIAL EXPENSES - Net

Other financial expenses, net for the years ended December 31 are detailed as follows:

		2023	2022	2021
Financing cost [1]	P	**53,701**	47,765	65,057
Interest expense on retirement benefit plan (Note 23)		**28,877**	27,025	22,566
Bank charges and others		**20,375**	24,812	19,760
Loss (gain) on remeasurement of lease liability and derecognition of asset for the right-of-use from lease termination and sublease (Notes 18 and 21)		**(471)**	218	(1,099)
Gain on recognition of finance lease receivable and derecognition of property, machinery and equipment (Notes 18 and 21)		**(11,815)**	–	–
Interest income		**(51,367)**	(30,310)	(28,041)
	P	**39,300**	69,510	78,243

[1] The amount includes debt issuance cost incurred from intra-group loans between the Parent Company and its subsidiaries.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

NOTE 11 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2023, and 2022 consisted of:

		2023	2022
Cash in banks	P	**663,800**	1,700,203
Short-term investments		**1,057,692**	1,020,101
	P	**1,721,492**	2,720,304

The Company's cash equivalents are mainly represented by short-term investments of high liquidity, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date.

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company.

For the years ended December 31, 2023, 2022 and 2021, interest income earned on cash and cash equivalents amounted to P50,867, P29,908, and P28,041, respectively.

Effective January 1, 2021, the short-term investments with Lomez were transferred to CIH which bears interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points and zero interest. Beginning January 1, 2022, the 10 basis points spread applied to investments using the WAILRF rate was removed.

As at December 31, 2023 and 2022, short-term investments include deposits of the Company with CIH (a related party) amounting to P1,057,692 and P1,020,101, respectively (see Note 13).

The Company´s exposures to credit risk, foreign currency risk, and interest rate risk related to cash and cash equivalents are disclosed in Note 22 to the consolidated financial statements.

NOTE 12 - TRADE RECEIVABLES - Net

Trade receivables - net as at December 31, 2023 and 2022 consisted of:

		2023	2022
Trade receivables - gross	P	**679,648**	659,888
Allowance for ECL		**(12,840)**	(22,478)
	P	**666,808**	637,410

The Company's exposure to credit risk related to trade receivables and the movements in the allowance for ECL on trade receivables are disclosed in Note 22 to the consolidated financial statements.

NOTE 13 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related party relationship exists when the other party (i) has control or joint control of the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. A related party relationship is deemed to exist when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and/or operating decisions. Another criteria recognizes a related party relationship, whether or not the ability to control exists, if any of the following conditions applies to an entity: (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity (if the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity).

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The Company has an approval requirement and limits on the amount and extent of related party transactions in compliance with the Revised Securities Regulation Code Rule 68 and the SEC Memorandum Circular 10-2019 - *Rules on Material Related Party Transactions for Publicly-Listed Companies*. Transactions entered into with a related party amounting to 10% or more of the total consolidated assets based on the latest audited consolidated financial statements are considered material. All individually material related party transactions shall be reviewed and evaluated by the Audit Committee and endorsed to the BOD for approval. The material related party transaction shall require the approval of at least two-thirds (2/3) votes of the members of the BOD, with at least the majority of the independent directors voting to approve the material related party transaction (Material RPT). In the event that the vote of a majority of the independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two- thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate related party transactions within 12-month period with the same related party that breaches the materiality threshold, the same review and approval procedures mentioned above is required.

Material changes in the terms and conditions of a Material RPT shall be reviewed and must be approved in accordance with the same procedure above described. Material changes shall include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the Material RPT. Transactions meeting the Materiality Threshold that were entered into with an unrelated party that subsequently becomes a Related Party are excluded from the special review and approval process; however, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a Related Party shall require the special review and approvals.

As at December 31, 2023 and 2022, balances of related party short-term investments, receivables and payables which are generally expected to be settled in cash are detailed as follows:

		2023	2022
Short-term investments			
Other related party [15]			
CIH (Note 11)	P	**1,057,692**	1,020,101
Due from related parties			
Ultimate Parent			
CEMEX [1]	P	**2,158**	384
Parent			
CASEC [2]		**1**	2,759
Other related parties [15]			
Beijing CXP Import & Export Co.[3]		**5,076**	–
IQAC [4]		**372**	544
Cemex Admixtures GmbH[5]		**306**	–
APO Land & Quarry Corporation (ALQC) [6]		**285**	319
CEMEX Operaciones México, S.A. de C.V.[7]		**–**	102
	P	**8,198**	4,108
Due to related parties - current			
Ultimate Parent			
CEMEX [1]	P	**428,520**	253,134
Other related parties [15]			
CEMEX Operaciones México, S.A. de C.V.[7]		**941,343**	947,581
CEMEX International Trading LLC[9]		**729,072**	2,782,897
CIH[8]		**625,096**	418,923
IQAC[4]		**130,265**	247,085
Sunbulk Shipping Limited[10]		**51,139**	2,624
Beijing CXP Import & Export Co.[3]		**39,717**	5,130
ALQC[6]		**28,637**	2,642
Servicios Profesionales Cemex[11]		**12,351**	6,981
CEMEX Internacional, S.A. de C.V. [12]		**–**	7,627
Cemex S.A.B De C.V. [13]		**–**	303
	P	**2,986,140**	4,674,927

Forward

(Amounts in Thousands, Except Number of Shares and Per Share Data)

		2023	2022
Long-term payable to a related party			
Other related party [15]			
CIH[8]	P	**5,967,992**	–
Lease liabilities on land [14]			
ALQC	P	**1,738,081**	1,775,443
IQAC		**456,234**	528,859
	P	**2,194,315**	2,304,302

[1]The due from related party balance as at December 31, 2023, and 2022 pertains to the following:

a) hedge settlement received by CEMEX on behalf of the Company which is due on demand and unimpaired, which amounted to the receivable of P107 and P384, respectively.

b) Others pertain to reimbursable expenses amounting to P2,051 and nil, respectively

The due to related party balance that is unsecured, noninterest-bearing and payable upon demand [except item (a) below] as at December 31, 2023 and 2022 pertains to the following:

a) The use of CEMEX "marks" which is payable in 30 days after receipt of invoice and is unsecured and noninterest bearing which amounted to P21,776 and P26,760, respectively. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its "marks" and to further license the "marks" with other CEMEX group companies operating in the Asia territories;

b) The payable balance pertains to service fee amounting to P401,454 and P213,427, respectively;

c) The payable balance pertains to hedge premium paid by CEMEX on behalf of the Company amounting nil and P12,324, respectively;

d) The payable balance pertains to purchase of supplies amounting to P5,290 and nil, respectively; and

e) Others pertain to reimbursements and/or advances amounting to nil and P623, respectively.

[2]The due from related party balance pertains to reimbursable expenses, which is unsecured, not impaired, noninterest-bearing and due on demand.

[3]The due from related party balance as at December 31, 2023 and 2022 pertains to advances as downpayment for purchases of equipment which are unimpaired, unsecured, noninterest-bearing and due on demand amounting to P5,076 and nil, respectively.

The due to related party balance as at December 31, 2023 and 2022, pertains to the outstanding liability for the purchases of materials, supplies and spare parts, which is unsecured, noninterest-bearing and payable on demand.

[4]The due from related party balance as at December 31, 2023 and 2022, which is unimpaired, unsecured, noninterest-bearing and due on demand pertains to the following:

a) The service agreements were entered by Solid with IQAC wherein Solid provides back-office and other support services to IQAC. Fees are calculated at cost incurred plus fixed mark-up. Outstanding receivable amounted to P238 and P223, respectively.
b) receivable of nil and P194, respectively, arising from sales of scrap materials; and
c) reimbursable expenses amounting to P134 and P127, respectively.

The due to related party balance as at December 31, 2023 and 2022, respectively, includes the following:

a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P119,224 and P245,665, respectively. Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement;
b) collections from housing loan on behalf of IQAC amounting to P52 and P1,420, respectively, which are unsecured, noninterest-bearing and payable on demand; and
c) transfer of pension amounting to P10,231 and nil, respectively.
d) Others pertain to reimbursements amounting to P758 and nil, respectively.

[5]The due from related party balance as at December 31, 2023 and 2022, pertains to claims from damaged goods purchased, which is unsecured, not impaired, noninterest-bearing and due on demand

[6]The due from related party balance, which is unimpaired, unsecured, noninterest-bearing and due on demand as at December 31,2023 and 2022 includes:

a) The service agreements entered by Solid and APO with ALQC wherein Solid and APO provides back-office and other support services to ALQC. Fees are calculated at cost incurred plus fixed mark-up. Outstanding receivable amounted to P232 and P200, respectively; and
b) Others pertain to reimbursements and/or advances amounting to P53 and P119, respectively.

The due to related party balance that is unsecured, noninterest-bearing and payable upon demand as at December 31, 2023 and 2022 pertains to the following:

a) The purchase of raw materials which amounting to P14,905 and P2,642, respectively; and

b) The transfer of pension amounting to P13,732 and nil, respectively.

[7]The due from related party balance as at December 31, 2023 and 2022, which is unimpaired, unsecured, noninterest-bearing and due on demand, pertains to reimbursement of fringe benefit tax on share-based compensation amounting to nil and P102, respectively.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The due to related party balance as at December 31, 2023 and 2022, pertains to business support services received by the Company which is unsecured, noninterest-bearing and payable on demand. In 2009, Solid and APO entered into separate service agreements with CAPL, whereby the latter through CAPL-PHQ shall provide to Solid and APO services relating to, among others, general administration and planning; business planning and coordination; marketing control and; sales promotion and business development. In the implementation of these service agreements, CAPL-PHQ also arranged for certain services to be performed by CEMEX Central, S.A. de C.V. ("CEMEX Central") and, accordingly, CAPL-PHQ collected from each of Solid and APO as reimbursement of the fees billed by CEMEX Central for services rendered. In 2017, the arrangement between CAPL-PHQ and CEMEX Central was changed resulting in Solid and APO entering into separate service agreements directly with CEMEX Central wherein the latter shall provide to the companies those particular services previously performed by CEMEX Central through the service agreements with CAPL-PHQ. CEMEX Operaciones, S.A. de C.V., a CEMEX subsidiary organized and existing under the laws of Mexico, was merged with CEMEX Central, whereby CEMEX Operaciones was the surviving entity pursuant to an agreement with respect to such merger dated August 1, 2019. Since January 1, 2022, the business support services was provided by CEMEX, S.A.B. de C.V. to Solid and APO, respectively, pursuant to separate service agreements, the terms and conditions of which are substantially similar to those under the previous service agreements. The payable balance amounted to P941,343 and P947,581, respectively;

[8]The due to related party balance as at December 31, 2023 and 2022, pertains to the following:

a) unpaid royalties/license fees amounted to P625,096 and P418,923, respectively which is unsecured, noninterest-bearing and payable on demand; and

b) On December 2022 and January 2023, respectively, Solid and APO entered into separate revolving facility agreements with CIH to borrow funds of up to 75 million USD to finance their working capital requirements. The loans which are unsecured bear an interest rate of 7.3% and will mature in three years. Effective March 2023, Solid entered another revolving facility agreement with CIH to finance expenditures for the Solid new production line or expansion project of up to 130 million USD bears an interest rate of 9.4% and will mature on March 1, 2029. The outstanding balance of these loans as at December 31, 2023 and 2022 amounted to P5,967,992 and nil, respectively.

[9]The due to related party balance as at December 31, 2023 and 2022, pertains to purchases of coal which is unimpaired, unsecured, noninterest-bearing and due on demand.

[10]The due to related party balance as at December 31, 2023 and 2022, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.

[11]The due to related party balance as at December 31, 2023 and 2022, which is unsecured, noninterest-bearing and due on demand pertains to services provided to Solid related to the Solid's new production line or expansion project.

[12]The due to related party balance as at December 31, 2023 and 2022 pertains to the purchase of other production supplies including additives, fuel and others with a 30-day term which is unsecured and noninterest-bearing, which amounted to nil and P7,627, respectively.

[13]The due to related party balance as at December 31, 2023 and 2022, which is unsecured, noninterest-bearing and payable on demand, pertains to reimbursable fees which amounted to nil and P303, respectively.

[14]The balances, which are recognized under "Lease liabilities" account, are unsecured, noninterest-bearing and payable on an annual basis. These land rentals and the fees for right to use have a 30-day term and are both noninterest-bearing and unsecured. The principal manufacturing installations of APO and Solid are located on land owned by ALQC or IQAC, respectively, under long-term lease agreements.

[15]Other related parties pertain to entities under common control of CEMEX, except for IQAC and ALQC.

The reconciliation of opening and closing balances of long-term payable to a related party follows:

		Principal	Accrued Interest	Total
Balance as at January 1, 2023	P	**–**	**–**	**–**
Principal		**5,948,267**	**–**	**5,948,267**
Interest expense		**–**	**277,325**	**277,325**
Effect of exchange rate changes		**10,459**	**(1,954)**	**8,505**
Payment of:				
Principal		**(68,606)**	**–**	**(68,606)**
Interest		**–**	**(197,499)**	**(197,499)**
Capitalization of interest		**77,872**	**(77,872)**	**–**
Balance as at December 31, 2023	P	**5,967,992**	**–**	**5,967,992**

The main transactions entered by the Company with related parties for the years ended December 31, 2023, 2022, and 2021 are shown below:

Transactions with ultimate parent

		2023	2022	2021
Trademarks				
CEMEX[1]	P	**22,437**	27,174	27,897
Corporate services and administrative expenses				
CEMEX[1]	P	**174,341**	224,281	–

Forward

(Amounts in Thousands, Except Number of Shares and Per Share Data)

		2023	2022	2021
Purchases of raw materials, supplies and/or spare parts				
CEMEX[1]	P	**5,317**	–	–
Reimbursable expenses				
CEMEX[1]	P	**14,723**	–	–
Transactions with other related parties [4]				
Purchases of raw materials, supplies and/or spare parts				
Cemex International Trading, LLC[1]	P	**1,203,155**	5,412,354	436,094
IQAC[1]		**324,599**	520,541	309,855
ALQC[1]		**224,612**	229,182	197,329
Beijing CXP Import & Export Co.[1]		**102,321**	51,975	65,849
Cemex Admixtures GmbH[1]		**2,221**	–	–
Transenergy, Inc.[5]		–	23,482	1,771,924
CEMEX Internacional, S.A. de C.V.[1]		–	7,930	11,077
	P	**1,856,908**	6,245,464	2,792,128
Loan drawdown				
CIH[1]	P	**5,948,267**	–	–
Royalties				
CIH[1]	P	**634,076**	745,625	823,540
Corporate services and administrative expenses				
Servicios Profesionales Cemex[1]	P	**36,819**	28,151	–
CEMEX Operaciones Mexico, S.A. de C.V[1].		–	–	189,709
	P	**36,819**	28,151	189,709
Interest expense				
CIH[1]	P	**277,325**	–	–
Gross premiums written				
Torino Re Ltd [3]	P	**87,504**	89,944	71,608
Freight services				
Sunbulk Shipping Limited [1]	P	**53,942**	1,330	431,189
Interest income				
CIH[2]	P	**36,498**	28,142	24,856
Corporate services and administrative income				
IQAC[1]	P	**2,347**	2,281	2,237
ALQC[1]		**2,280**	2,081	7,607
	P	**4,627**	4,362	9,844

Forward

(Amounts in Thousands, Except Number of Shares and Per Share Data)

		2023	2022	2021
Recovery of receivable previously written-off				
Calabar Aggregates Corporation (Note 9)	P	**–**	–	33,922
Service Agreement				
CIH[1]	P	**–**	–	1,087
Advances for purchases				
Beijing CXP Import & Export Co.[1]	P	**5,076**	–	–
Transfer of pension liability				
ALQC[1]	P	**13,732**	–	–
IQAC[1]		**10,231**	86	–
	P	**23,963**	86	–
Land rental				
ALQC[1]	P	**64,028**	64,028	58,210
IQAC[1]		**38,835**	39,510	28,789
	P	**102,863**	103,538	86,999
Transactions with Key Management Personnel				
Short-term employee benefits	P	**218,332**	235,512	160,567
Post-employment and other long-term employee benefits		**12,723**	24,829	36,765
Share-based compensation (Note 26D)		**42,834**	1,082	3,130
	P	**273,889**	261,423	200,462

[1] Please refer to the footnotes provided on the outstanding balances of related party receivables and payables.
[2] The amount pertains to the interest income on short-term investments (see Note 11).
[3] The amount refers to gross premiums written on property insurance.
[4] Other related parties pertain to entities under common control to CEMEX, except IQAC and ALQC.
[5] Purchase of coal with a term of 30 days, unsecured and noninterest-bearing.

Transactions with the Retirement Fund

The Company established a retirement plan for its qualified employees. The control and administration of the retirement plan is vested in its Board of Trustees (BOT). The retirement plan's accounting and administrative functions are undertaken by the Bank of the Philippine Islands Asset Management Trust Group (BPI AMTG), the Company's duly appointed trust fund manager.

The Company's funding policy is to contribute to the Plan's fund as required under actuarial principles to maintain the fund in sound condition. In addition, the Company reserves the right to discontinue, suspend or change the rate and amount of its contribution to the fund at any time due to business necessity or economic conditions. The Company has contributions to the retirement fund amounting to P121,342, P138,219, and P84,432 for the years ended December 31, 2023, 2022, and 2021, respectively. There are no other transactions entered into by the Company with the plan in 2023 and 2022. As at December 31, 2023 and 2022, the plan's unfunded status amounted to P268,317 and P397,084, respectively. The composition of the retirement plan assets is disclosed in Note 23 to the consolidated financial statements.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Balances and transactions between consolidated entities eliminated during consolidation

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2023 and 2022, respectively.

Amounts owed by	Amounts owed to		2023	2022
Solid [1]	Parent Company	P	**9,041,168**	13,202,180
Parent Company [2]	CAR		**5,417,528**	4,562,883
Parent Company [2]	Falcon		**2,947,237**	2,781,804
Solid [3]	APO		**1,969,242**	1,980,812
APO [4]	Parent Company		**730,649**	652,910
APO [5]	CAR		**132,810**	167,964
Sandstone Strategic Holdings, Inc.[6]	Bedrock Holdings, Inc.		**110,067**	110,067
Solid [7]	CAR		**65,449**	146,570
Ecocrete, Inc. [8]	Solid		**51,163**	51,116
Ecocast Builders, Inc. [9]	Ecopavements, Inc.		**50,185**	50,185
Parent Company [10]	APO		**37,051**	17,411
APO [11]	Solid		**29,181**	18,716
Solid [12]	Ecocast Builders, Inc.		**12,392**	12,392
Solid [13]	Ecocrete, Inc.		**555**	555
Sandstone Strategic Holdings, Inc[15]	Solid		**400**	201
Parent Company [14]	Solid		**295**	20,398
Newcrete Management Inc. [15]	Parent Company		**1**	–
Bedrock Holdings, Inc. [15]	Parent Company		**1**	–
Triple Dime Holdings, Inc.[15]	Parent Company		**1**	–
Edgewater Ventures Corporation[15]	Parent Company		**1**	–
Ecocast Builders, Inc. [15]	Parent Company		**1**	–
Ecocrete, Inc.[15]	Parent Company		**1**	–
Sandstone Strategic Holdings, Inc[15]	Parent Company		**1**	–
Falcon[16]	Parent Company		**–**	887,675
Newcrete Management Inc. [15]	Solid		**–**	1
Bedrock Holdings, Inc. [15]	Solid		**–**	1
Triple Dime Holdings, Inc.[15]	Solid		**–**	1
Edgewater Ventures Corporation[15]	Solid		**–**	1
Ecocast Builders, Inc. [15]	Solid		**–**	1
Enerhiya Central Inc.[15]	Solid		**–**	1
		P	**20,595,379**	24,663,845

[1] Amounts pertain to fees in connection with various areas, including general administration and management services amounting to P11,440 and P10,549 as at December 31, 2023 and 2022, respectively, which has a 60-day term, noninterest-bearing, and unsecured; b) intercompany loan amounting P8,255,507 and P12,239,606 which bears an interest of 10.2% per annum as at December 31, 2023 and 2022, respectively; c) interest from loan amounting to P772,380 and P937,214 as at December 31, 2023 and 2022, respectively; d) reimbursement related to pension amounting to P894 and P13,286 as at December 31, 2023 and 2022, respectively which are due on demand, noninterest-bearing and unsecured; and e) reimbursements of P947 and P1,525 as at December 31, 2023 and 2022, respectively, which are unsecured, payable on demand and noninterest-bearing.

[2] Amount pertains to the unsecured loans with interest at 1.25% per annum from January 2021 to date for CAR and at WAILRF minus 10 basis points annually for Falcon. Beginning January 1, 2022, the minus 10 basis points was removed in Falcon-Parent Company Agreement.

[3] Amount includes a) intercompany loan amounting P1,955,000 which bears an interest of 9.5% per annum as at December 31, 2023 and 2022; b) interest payable amounting to P14,063 as at December 31, 2023 and 2022; c) reimbursement for pension amounting to nil and P11,664 as at December 31, 2023 and 2022, which are due on demand, noninterest-bearing and unsecured; and d) other reimbursable expenses amounting to P179 and P85 as at December 31, 2023 and 2022, respectively, which are due on demand, noninterest-bearing and unsecured.

[4] Amounts pertain to a) advisory services in connection with various areas, including general administration and management amounting to P24,014 and P24,272 as at December 31, 2023 and 2022, respectively, which has a 60-day term, noninterest-bearing, and unsecured; b) reimbursements of nil and P1 as at December 31, 2023 and 2022, respectively, which are unsecured, payable on demand and noninterest-bearing; c) intercompany loan amounting P647,806 and P575,982 which bears an interest of 10.2% per annum as at December 31, 2023 and 2022, respectively; and d) interest payable amounting to P58,829 and P52,655 as at December 31, 2023 and 2022, respectively.

[5] Amounts were related to royalties and trademarks that have 30-day term, noninterest-bearing and unsecured.

[6] Amounts are from cash advances or reimbursable expenses, which are due on demand, noninterest-bearing and unsecured.

[7] Amounts were related to royalties and trademarks that have 30-day term, noninterest-bearing and unsecured.

[8] Amount includes a) P335 and P288 as at December 31, 2023 and 2022, respectively from reimbursable expenses, which is due on demand, noninterest-bearing and unsecured; b) loan and interest amounting to P46,678 as at December 31, 2023 and 2022, which is fully impaired with interest at 3.00% per annum; and c) advances, which is payable on demand, non-interest bearing, and unsecured, amounting to P4,150 as at December 31, 2023 and 2022.

[9] Amount includes a) P45,000 loan as at December 31, 2023 and 2022, which is due and demandable, with interest at 3.50% per quarter and unsecured; and b) interest on loan amounting to P5,185 as at December 31, 2023 and 2022, which is due on demand, noninterest-bearing and unsecured.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

[10] Amounts pertain to a.) pension reimbursement initially paid by APO amounting to P37,017 and P17,363 as at December 31, 2023 and 2022, respectively; b) reimbursements of P34 and P48 as at December 31, 2023 and 2022, respectively, which are payable on demand, noninterest-bearing and unsecured.

[11] Amount includes a) P4,837 and P9,263 as at December 31, 2023 and 2022, respectively, from sale of goods, which has a 30-day term, noninterest-bearing and unsecured; and b) reimbursable expenses amounting to P24,344 and P9,453 as at December 31, 2023 and 2022, respectively, which are due on demand, noninterest-bearing and unsecured.

[12] Amount pertain to construction services amounting to P12,392 as at December 31, 2023 and 2022, which is noninterest-bearing, unsecured, and has a 30-day term.

[13] Amount pertains to service fees, which has 30–60 day term, noninterest-bearing and unsecured.

[14] Amounts pertain to a) reimbursements of P295 and P206 as at December 31, 2023 and 2022, respectively, which has a 30-day term, noninterest-bearing, and unsecured; and b) pension-related reimbursement amounting to nil and P20,192 as at December 31, 2023 and 2022, respectively, which is unsecured, noninterest-bearing, unimpaired and due on demand.

[15] Amount pertains to reimbursable expenses which is payable on demand, noninterest-bearing and unsecured.

[16] Falcon declared nil and $31 million dividend to Parent Company in 2023 and 2022, respectively. The balance refers to the unpaid portion of the dividend declared by Falcon.

Below are the transactions among related parties which are eliminated in the consolidated financial statements for the years ended December 31, 2023, 2022, and 2021, respectively.

Royalties and Trademarks	**Selling and administrative expenses**		**2023**	2022	2021
CAR	APO	P	**709,890**	887,073	871,277
CAR	Solid		**348,146**	372,354	407,249
		P	**1,058,036**	1,259,427	1,278,526

Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

Dividend declared by	**Dividend income of**		**2023**	2022	2021
Falcon	Parent Company	P	**–**	1,745,300	1,217,040
CAR	Parent Company		**–**	1,286,780	–
		P	**–**	3,032,080	1,217,040

Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

Sales	**Purchases**		**2023**	2022	2021
Solid	APO	P	**109,351**	285,621	621,245
APO	Solid		**–**	3,568	102,962
		P	**109,351**	289,189	724,207

Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

Service Income	**Selling and administrative expenses**		**2023**	2022	2021
Parent Company	APO	P	**272,326**	288,411	291,865
Parent Company	Solid		**135,570**	125,853	142,894
		P	**407,896**	414,264	434,759

Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Interest income	**Interest expense**		**2023**	2022	2021
Parent Company	Solid	P	**1,012,229**	1,119,833	893,468
APO	Solid		**209,514**	198,839	173,079
Parent Company	APO		**71,595**	64,939	83,999
CAR	Parent Company		**210,259**	108,251	52,860
Falcon	Parent Company		**148,366**	43,512	458
Ecopavements	Ecocast Builders, Inc.		**–**	–	258
Solid	Ecocrete, Inc.		**–**	–	199
		P	**1,651,963**	1,535,374	1,204,321

Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

NOTE 14 – INVESTMENT IN AN ASSOCIATE AND OTHER INVESTMENTS

Investment in an associate and other investments as at December 31, 2023, and 2022 are detailed as follows:

	Activity	**Country**	**% Owned**		**2023**	2022
Calabar Aggregates Corporation	Aggregates	Philippines	40.0	P	**11,816**	11,816
Greencrete, Inc.	Trading	Philippines	5.0		**156**	156
Others	-	-	-		**1,201**	1,201
				P	**13,173**	13,173

The amounts as at December 31, 2023 and 2022, included in “Others” pertain to shares in United Pulp and Paper Co., Inc. and Philippine Cement Corporation amounting to P887 and P10, respectively, and other investment in shares amounting to P304. The Company’s investment in Greencrete, Inc., club membership shares and others as at December 31, 2023 and 2022 are classified as equity investments at FVOCI.

The corporate term of Calabar Aggregates Corporation ended on December 31, 2022 and, accordingly, the company is deemed dissolved. However, it shall remain as a body corporate for up to 3 years for the purpose of winding up its corporate affairs, settlement of its debts and liabilities, disposition of any remaining property, and distribution of corporate assets to its shareholders.

NOTE 15 – OTHER ACCOUNTS RECEIVABLE

15A) INSURANCE CLAIMS AND PREMIUMS RECEIVABLE

Insurance claims and premiums receivable as at December 31, 2023 and 2022 consisted of:

		2023	2022
Insurance premiums receivable	P	**396,317**	526,562
Claims from insurance		**-**	12,178
	P	**396,317**	538,740

Insurance premiums receivable pertains to Falcon’s premiums receivable from third party insurance company (see Note 1). Premiums receivable represents premiums on written policies which are collectible in April 2024.

The Company´s exposure to credit risk related to the insurance claims and premiums receivable is disclosed in Note 22 to the consolidated financial statements.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

15B) OTHER CURRENT ACCOUNTS RECEIVABLE

Other current accounts receivable as at December 31, 2023 and 2022 consisted of:

		2023	2022
Debt service reserve account - current[2]	P	**259,204**	–
Short-term deposits		**112,614**	27,800
Receivable from contractors		**47,594**	26,436
Receivable from employees		**7,563**	6,318
Sublease and finance lease receivable (Note 21)		**5,324**	2,560
Others [1]		**5,332**	6,135
	P	**437,631**	69,249

[1] Others pertain to SSS-related reimbursements and receivables from scrap sales, fixed assets sales and other non-trade items.

[2] The debt service reserve account - current amounting to P259,204 and nil as at December 31, 2023 and 2022, respectively, arises from the Company's supplemental agreement with BDO Unibank, Inc. (BDO) (see Note 24).

The Company's exposure to credit risk related to other current accounts receivable is disclosed in Note 22 to the consolidated financial statements.

15C) OTHER ASSETS AND NONCURRENT ACCOUNTS RECEIVABLE

Other assets and noncurrent accounts receivable as at December 31, 2023 and 2022 consisted of:

		2023	2022
Guaranty deposits [1]	P	**257,847**	318,423
Noncurrent portion of transportation allowance		**42,701**	63,596
Long-term time deposits [2]		**32,324**	32,624
Finance lease receivable, net of current portion		**3,633**	–
Debt service reserve account - noncurrent[3]		**–**	208,684
Others[4]		**69,105**	15,462
	P	**405,610**	638,789

[1] Guaranty deposits include:
- a) deposits, net of current portion, to Manila Electric Company (MERALCO) amounting to P84,957 and P142,665 as at December 31, 2023 and 2022, respectively, which will be applied to future electricity charges upon commencement of the operation of Solid's new cement manufacturing line.
- b.) deposit to Meralco amounting to P436 as at December 31, 2023 and 2022, pertaining to the service deposit for the Terminal in Manila City as a result of the change of account name from its previous owner, "TCC Cement", to "Solid Cement Corporation;
- c) rental guaranty deposits amounting to P131,187 and P134,055 as at December 31, 2023 and 2022, respectively, which are expected to be collected from the lessor upon termination of the lease contracts; and
- d.) deposit to Visayan Electric Company amounting to P41,267 as at December 31, 2023 and 2022, respectively, which will be refunded in 2024 but subject for extension.

[2] Long-term time deposits are restricted cash pertaining to cash bonds deposited by customers as collateral amounting to P32,324 and P32,624 as at December 31, 2023 and 2022, respectively.

[3] The debt service reserve account - noncurrent amounting to nil and P208,684 as at December 31, 2023 and 2022, respectively, arises from the Company's supplemental agreement with BDO (see Note 24).

[4] Others as at December 31, 2023 include an overpayment to a supplier amounting to P61,969.

The Company´s exposure to credit risk related to the long-term time and rental guaranty deposits and finance lease receivable are disclosed in Note 22 to the consolidated financial statements.

NOTE 16 – INVENTORIES

Inventories as at December 31, 2023 and 2022 consisted of:

		2023	2022
At NRV:			
Materials and spare parts	P	**2,033,732**	3,208,262
Work-in-process inventory		**641,908**	1,101,590
Raw materials		**472,315**	398,105
Finished goods		**443,226**	495,071
At Cost:			
Inventory in transit		**81,474**	610,868
	P	**3,672,655**	5,813,896

(Amounts in Thousands, Except Number of Shares and Per Share Data)

For the years ended December 31, 2023, 2022, and 2021, the Company recognized in the consolidated statements of comprehensive income (loss) the cost of sales amounting to P13,742,696, P13,820,651, and P12,982,087 (see Note 7). For the years ended December 31, 2023, 2022 and 2021, write-down (reversal of write-down) of inventories to NRV included under "Cost of Sales" account in the consolidated statements of comprehensive income (loss) amounted to P18,862, P7,386 and (P3,145), respectively. Majority of the reversals of inventory write-down relate to the Company's consumption of previously written-down inventories. For the years ended December 31, 2023, 2022 and 2021, inventories amounting to P3,292, P8,798 and P65,791, respectively, were written-off against allowance as these inventories were either disposed or adjusted as a result of the physical count.

NOTE 17 – PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets as at December 31, 2023 and 2022 consisted of:

		2023	2022
Prepayments:			
Prepaid taxes [1]	P	**2,695,155**	2,226,160
Prepaid insurance [2]		**707,344**	722,374
Advances to suppliers [3]		**109,833**	37,882
Prepaid rent [4]		**17,941**	24,095
Assets held for sale		**1,966**	1,966
Others		**48,007**	43,574
	P	**3,580,246**	3,056,051

[1] Prepaid taxes include input VAT, property taxes and creditable withholding taxes.
[2] Prepaid insurance pertains to unamortized payments of insurance policies on property, non-damage business interruption and others.
[3] Advances to suppliers include advance payments for purchases of clinker and other raw materials and current portion of deposit to MERALCO which will be applied to future electricity charges upon commencement of the operation of Solid's new cement manufacturing line.
[4] Prepaid rent pertains to advance payments on short-term and low value leases.

NOTE 18 – PROPERTY, MACHINERY AND EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE – Net

As at December 31, 2023 and 2022, the breakdown of this account follows:

		2023	2022
Property, machinery and equipment, net	P	**25,293,285**	22,710,996
Assets for the right-of-use, net		**2,221,675**	2,456,405
	P	**27,514,960**	25,167,401

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Property, Machinery and Equipment, net

The movements for each class of property, machinery and equipment are as follows:

		Buildings and improvements	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount					
January 1, 2022	**P**	4,615,247	14,252,947	10,307,386	29,175,580
Additions		72,849	207,675	2,494,371	2,774,895
Disposals		–	(163,855)	–	(163,855)
Transfers		90,287	128,250	(218,537)	–
December 31, 2022		4,778,383	14,425,017	12,583,220	31,786,620
Additions		30,328	492,039	3,413,648	3,936,015
Disposals		(93,554)	(94,622)	(4,546)	(192,722)
Transfers		222,114	1,388,235	(1,610,349)	–
December 31, 2023		**4,937,271**	**16,210,669**	**14,381,973**	**35,529,913**
Accumulated depreciation and impairment					
January 1, 2022		(1,466,582)	(6,473,347)	–	(7,939,929)
Depreciation for the year		(210,684)	(1,072,093)	–	(1,282,777)
Disposal		–	147,082	–	147,082
December 31, 2022		(1,677,266)	(7,398,358)	–	(9,075,624)
Depreciation for the year		(226,142)	(1,110,499)	–	(1,336,641)
Disposal		93,037	82,600	–	175,637
December 31, 2023		**(1,810,371)**	**(8,426,257)**	**–**	**(10,236,628)**
Carrying Amounts					
December 31, 2022	P	3,101,117	7,026,659	12,583,220	22,710,996
December 31, 2023	**P**	**3,126,900**	**7,784,412**	**14,381,973**	**25,293,285**

Fully depreciated property, machinery and equipment are retained in the account until they are disposed, scrapped or are no longer in use. Fully depreciated property, machinery and equipment that are still in use amounted to P6,094,544 and P5,883,394 as at December 31, 2023 and 2022, respectively.

In relation to Solid's construction of new production line, the Company capitalized borrowing cost amounting to P843,815, P417,692, and P365,608 for the years ended December 31, 2023, 2022, and 2021, respectively. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the years ended December 31, 2023, 2022, and 2021 is 5.69%, 4.56%, and 4.55%, respectively.

In 2018, the Company entered into a contract with CBMI Construction Co., Ltd (CBMI), a third party, to provide engineering, procurement of construction materials and construction of Solid's new production line. The Company then made a down payment amounting to P2,069,601 to the said third party for this project to be applied against the billing of CBMI.

In December 2021, Solid terminated its contract with CBMI for the above project due to the delay of the latter in the implementation of construction/installation works (see Note 29). Remaining unapplied downpayment at the date of termination amounting to P379,370 that was presented as "Advances to contractors" under noncurrent assets was recovered in full in 2021.

On December 20, 2021 and February 14, 2022, the Company entered into contracts with other third parties to complete the construction of Solid's new production line. The Company paid advances of P872,079 to the new contractors. In 2023, the Company completed construction of various assets which are part of Solid's new production line or expansion project amounting to P1,151,130. As at December 31, 2023, the carrying cost of the project, included under "Construction in-progress" in "Property, machinery and equipment and assets for the right-of-use - net" account amounts to P13,650,456. The Company expects to incur costs of approximately P5,312,796 to complete the new production line by the third quarter of 2024.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Assets for the Right-of-Use, net
The movements in the balance of assets for the right-of-use are as follows:

		Land and Buildings	Machinery and Equipment	Total
Gross Carrying Amount				
January 1, 2022	P	1,935,338	1,565,007	3,500,345
Additions…………………………………………………………		1,336,206	249,135	1,585,341
Cancellation and remeasurements………………………………		(22,958)	(5,863)	(28,821)
December 31, 2022		3,248,586	1,808,279	5,056,865
Additions………………………………………………………..		194,389	225,675	420,064
Cancellation and remeasurements…………………………		(102,571)	(463,884)	(566,455)
December 31, 2023		**3,340,404**	**1,570,070**	**4,910,474**
Accumulated depreciation				
January 1, 2022		(725,657)	(1,222,320)	(1,947,977)
Depreciation for the year………………………………………		(251,939)	(415,896)	(667,835)
Cancellation and remeasurements…………………………		15,352	-	15,352
December 31, 2022		(962,244)	(1,638,216)	(2,600,460)
Depreciation for the year………………………………………		(265,527)	(299,025)	(564,552)
Cancellation and remeasurements…………………………		25,342	450,871	476,213
December 31, 2023		**(1,202,429)**	**(1,486,370)**	**(2,688,799)**
Carrying Amounts				
December 31, 2022	P	2,286,342	170,063	2,456,405
December 31, 2023	**P**	**2,137,975**	**83,700**	**2,221,675**

Assets for the right-of-use of land are amortized for a duration of 50 years. Assets for the right-of-use of buildings are amortized for a duration of 1.5 years to 15 years. Assets for the right-of-use of machinery and equipment are amortized for a duration of 2 years to 10 years.

The Company terminated contracts relating to leases of a vessel and warehouses resulting in derecognition of the right-of-use assets with carrying amount of P90,242 and P13,469 in 2023 and 2022, respectively, and lease liabilities amounting to P90,713 and P13,251, respectively (see Note 21).

For the years ended December 31, 2023 and 2022, gain (loss) on derecognition of the right-of-use asset and lease liability amounted to P471 and (P218), respectively, and were recognized under “Other financial expenses - net” account in the consolidated statements of comprehensive income (loss) (see Note 10).

All of the Company’s property, machinery and equipment and leased assets in which right-of-use assets are recognized are all located in the Philippines.

NOTE 19 - GOODWILL

The goodwill amounting to P27,859,694 arose from the acquisition of interest in the economic benefits of the entities listed in Note 30 (except for CAR and Falcon) in 2016 and is attributable mainly to the synergy with other subsidiaries, assembled work force and dealer network.

As mentioned in Note 3K, the consolidated entities test their goodwill balances for impairment at the level of the CGUs to which goodwill has been allocated, which are commonly composed of the operating subsidiaries of the Company in the country. The Company’s cash flow projections for five years to determine the value-in-use of its CGU consider the use of long-term economic assumptions. The Company believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that:

a. the cost of capital reflects current risks and volatility in the markets; and
b. the cost of debt represents the actual interest rates recognized by the CGUs in their outstanding interest-bearing debt.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The Company performed its annual goodwill impairment test, and based on the analysis, the Company does not need to recognize impairment loss on goodwill. For purposes of impairment testing, goodwill has been allocated to the Company's CGUs (significant operating divisions) as follows:

		Amount
APO	P	17,648,162
Solid		10,211,532
	P	**27,859,694**

In 2023 and 2022, the Company's pre-tax discount rates and expected growth rates in perpetuity used in the Company's impairment tests to determine the discounted cash flows in both the CGUs with the main goodwill balances were as follows:

	APO		Solid	
	2023	2022	**2023**	2022
Discount rate	**12.3%**	9.8%	**11.9%**	9.8%
Growth rate	**5.9%**	6.0%	**5.9%**	6.0%

In connection with the Company's assumptions as at December 31, 2023 and 2022, included in the table above, the Company made sensitivity analyses to changes in assumptions, affecting the value-in-use of all CGUs. The following table shows the amount (in percentage) by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	APO		Solid	
	2023	2022	**2023**	2022
Discount rate	**0.6**	7.0	**0.7**	2.7
Growth rate	**(0.8)**	(7.5)	**(0.9)**	(3.3)

As at December 31, 2023 and 2022, the estimated recoverable amount of the Company's CGUs exceeds carrying amount by P8,393,860 and P70,082,313, respectively.

NOTE 20 - UNEARNED INCOME, OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Unearned income, other accounts payable and accrued expenses as at December 31, 2023 and 2022 consisted of:

		2023	2022
Taxes payable [3]	P	**676,079**	524,994
Unearned income from reinsurance premiums [2]		**576,749**	612,893
Accrued expenses [1]		**458,366**	584,779
Others		**24,088**	14,025
	P	**1,735,282**	1,736,691

[1] As at December 31, 2023 and 2022, accrued expenses include:
a.) interest on loans amounting to P76,818 and P65,928, respectively (see Note 24);
b.) utilities and supplies amounting to P203,079 and P255,899, respectively;
c.) salaries and employee benefits amounting to P124,792 and P184,644, respectively;
d.) freight cost amounting to P5,755 and P6,468 , respectively;
e.) outside services amounting to P13,581 and P12,916, respectively;
f.) royalty fees amounting to nil and P6,379, respectively; and
g.) other accrued expenses- amounting to P34,341 and 52,545, respectively for the relevant periods.

[2] Unearned income from reinsurance premiums pertains to the portion of reinsurance premiums written by Falcon that relate to unexpired period of the policies.

[3] Taxes payables include net VAT payable, withholding taxes and final taxes payable.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

For the years ended December 31, 2023 and 2022, the roll-forward analyses of unearned income from reinsurance premiums are as follows:

		2023	2022
Balance at beginning of year	P	**612,893**	551,749
Policies written during the year		**1,049,743**	1,138,428
Premiums earned during the year		**(1,059,611)**	(1,135,157)
Effect of translation to Philippine peso		**(26,276)**	57,873
Balance at end of year	P	**576,749**	612,893

NOTE 21 - LEASES

The Company as Lessee

The Company leases or enters into right-of-use arrangements for vessels, vehicles, parcels of land, warehouses and office premises with periods ranging from more than 1 to 25 years. Some of these arrangements have escalation clauses, whereby rental or usage fees increase over the term. These agreements have provided renewal options subject to the mutual agreement of both the lessor and the Company, except for the lease and the right-of-use arrangement for parcels of land from IQAC and ALQC (see Note 13), and lease of a ship vessel with a third party wherein the renewal clause is at the sole option of the Company.

The roll-forward analyses of opening and closing balances of lease liabilities follow:

		2023	2022
Balance at beginning of year	P	**2,842,588**	1,807,905
Additions		**417,540**	1,578,972
Accretion of interest		**186,318**	183,911
Effect of changes in exchange rates		**1,634**	49,839
Payments		**(832,657)**	(764,788)
Remeasurements		**(90,713)**	(13,251)
Balance at end of year	P	**2,524,710**	2,842,588

In 2022, the Company entered into an agreement for access and usage rights with ALQC. Accordingly, the Company recognized the corresponding asset for the right-of-use and lease liability amounting to P864,805 and P844,944 respectively. The accretion of interest from lease liabilities are recognized as part of “Financial expenses” account in the consolidated statements of comprehensive income (loss). The maturity analysis of the Company’s lease liabilities is disclosed in Notes 22 and 28 to the consolidated financial statements. The movements in the Company’s assets for the right-of-use assets are disclosed in Note 18 to the consolidated financial statements.

Leases that were charged to profit or loss are as follows:

		2023	2022	2021
Expenses relating to variable lease consideration	P	**422,758**	413,364	382,118
Expenses relating to short-term leases		**26,283**	26,930	30,873
	P	**449,041**	440,294	412,991

Total cash outflow for leases amounted to P1,089,226, P1,034,196, and P1,019,920 for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company as Lessor

In 2021, the Company sub-leased a warehouse that has been presented as part of right of use assets. The Company recognized a gain of P1,099 on derecognition of the right of use asset pertaining to the warehouse and presented the gain as part of the “Other financial expense” in the consolidated statements of comprehensive income (loss) (see Note 10).

(Amounts in Thousands, Except Number of Shares and Per Share Data)

In 2023, the Company entered into an agreement to allow the use, operation and subsequent sale of the Company's assets that has been presented as part of property, machinery and equipment. Upon derecognition of the property, machinery and equipment, the Company recognized a gain of P11,815 which was presented as part of the "Other financial expense" in the consolidated statements of comprehensive income (loss) (see Note 10).

The Company recognized interest income on sublease and finance lease receivables of P500 and P350 for the years ended December 31, 2023 and 2022, respectively.

The following table sets out the maturity analysis of sublease and finance lease receivables showing the undiscounted lease payments to be received after the reporting date:

		2023	2022
Less than one year	P	**5,588**	2,610
One to two years		**4,210**	–
Total undiscounted sublease and finance lease receivable		**9,798**	2,610
Less: unearned finance income		**841**	50
Net investment in the lease	P	**8,957**	2,560

NOTE 22 - FINANCIAL RISK AND INSURANCE RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Risk Management Framework

This note presents information on the financial risk exposure of the Company relating to credit risk, foreign currency risk, commodity price risk and liquidity risk; goals, policies and procedures of the Company to measure and manage such risks and the administration of the Company's resources.

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management.

The Company's risk management policies are intended to:

a) identify and analyze the risks faced by the Company;
b) implement appropriate risk limits and controls; and
c) monitor the risks and the compliance with the limits.

Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

Credit Risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterparty of a financial instrument does not meet its contractual obligations and originates mainly from its financial assets. As at December 31, 2023 and 2022, the maximum exposure to credit risk is represented by the balance of financial assets (excluding equity investments). Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires cash bonds from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement. Cash bonds received from credit customers as at December 31, 2023 and 2022 amounted to P32,324 and P32,624, respectively.

The Company's management has established a policy which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, and the review includes external ratings, when references are available, and in some cases bank references. Threshold of credit limits are established for each client, which represent the maximum credit amount that requires different levels of approval. Customers who do not meet the levels of solvency requirements imposed by the Company can only carry out transactions with the Company by paying cash in advance.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The carrying amount of financial assets below represents the maximum credit exposure without taking into account the effect of collateral and any credit enhancements. The maximum exposure to credit risk as at December 31, 2023 and 2022 is as follows:

		Gross Carrying Amount		Net Carrying Amount	
		2023	2022	**2023**	2022
Financial assets at amortized cost					
Cash and cash equivalents (Note 11)	P	**1,721,492**	2,720,304	**1,721,492**	2,720,304
Trade receivables (Note 12)		**679,648**	659,888	**666,808**	637,410
Due from related parties (Note 13)		**8,198**	4,108	**8,198**	4,108
Insurance claims and premiums receivable (Note 15A)		**396,317**	538,740	**396,317**	538,740
Other current accounts receivable (Note15B)		**437,631**	69,249	**437,631**	69,249
Long-term time deposits, rental guaranty deposits and finance lease receivable, net of current portion (Note 15C; under other assets and noncurrent accounts receivable)		**208,847**	417,066	**208,847**	417,066
		3,452,133	4,409,355	**3,439,293**	4,386,877
Financial assets at fair value (hedging instrument)					
Derivative asset		**13,815**	49,605	**13,815**	49,605
	P	**3,465,948**	4,458,960	**3,453,108**	4,436,482

The Company applied the simplified approach in measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped by shared credit risk characteristics based on customer type and determines for each group an average ECL, considering actual credit loss experience over the last 12 months and the Company's view of economic conditions over the expected lives of the trade receivables. The ECL rate that is used to arrive at the ECL arising from the current year credit sales is computed as the percentage of prior year's credit sales that eventually became more than 365 days overdue. The ECL rate is 100% for the trade receivables that are 365 and more days past due. The Company has identified the gross domestic product (GDP) growth rate to be the most relevant macroeconomic factor that affects the ability of the customers to settle the receivables. However, it was assessed that the adjustment for forward-looking information is not material. The Company does not have trade receivable for which no allowance is recognized because of collateral.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

As at December 31, 2023		**Current**	**1 to 30 days**	**31 to 60 days**	**More than 60 days**	**Total**
Average ECL rates		**0.1%**	**0.8%**	**11.5%**	**86.3%**	**1.9%**
Trade receivables - gross carrying amount	P	**575,073**	**86,081**	**5,806**	**12,688**	**679,648**
Allowance for ECL		**574**	**647**	**669**	**10,950**	**12,840**

As at December 31, 2022		Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average ECL rates		0.1%	1.5%	2.2%	84.9%	3.4%
Trade receivables - gross carrying amount	P	573,853	49,561	11,892	24,582	659,888
Allowance for ECL		611	720	267	20,880	22,478

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Other Financial Assets (excluding Equity Instruments)
Impairment on cash and cash equivalents, debt service reserve account and long-term time deposits (recognized under "Other assets and noncurrent accounts receivable" account in the consolidated statements of financial position) has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Company considers that these financial assets, as well as derivative assets, have low credit risk as these are held with reputable banks and financial institutions. All other debt investments and other receivables (i.e., due from related parties, insurance claims and premiums receivable, other current accounts receivable, sublease and finance lease receivable and rental guaranty deposits) that are measured at amortized cost are considered to have low credit risk, because they have low risk of default as the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Credit risk on these financial assets has not increased significantly since their initial recognition. Hence, the loss allowance calculated was therefore limited to 12 months expected losses. The Company has determined an insignificant amount of ECL on these financial assets because of the zero-instance of default from the counterparties and the effect of forward-looking information on macro-economic factors affecting the ability of the counterparties to settle the receivables were assessed to have an insignificant impact.

The Company sells its products primarily to retailers in the construction industry, with no specific geographic concentration of credit within the country in which the Company operates. As at December 31, 2023 and 2022, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

As at December 31, 2023 and 2022, the following tables provide credit risk ratings of the Company's financial asset:

		2023		2022	
		High grade	**Standard grade**	High grade	Standard grade
Financial assets for which loss allowance is measured equal to 12-month ECL					
Cash and cash equivalents (Note 11)	P	**1,721,492**	**–**	2,720,304	–
Due from related parties (Note 13)		**8,198**	**–**	4,108	–
Insurance claims and premiums receivable (Note 15A)		**396,317**	**–**	538,740	–
Other current accounts receivable (Note 15B)		**437,631**	**–**	69,249	–
Derivative asset		**13,815**	**–**	49,605	–
Long-term time deposits, rental guaranty deposits, debt service reserve account and finance lease receivable, net of current portion (Note 15C; under other assets and noncurrent accounts receivable)		**208,847**	**–**	417,066	–
		2,786,300	**–**	3,799,072	–
Financial asset for which loss allowance is measured equal to lifetime ECL					
Trade receivables (Note 12)		**575,073**	**104,575**	573,853	86,035
	P	**3,361,373**	**104,575**	4,372,925	86,035

Cash in banks and cash equivalents, derivative asset, long-term time deposits, debt service reserve account are based on the credit standing or rating of the counterparty. Cash and cash equivalents, long-term time deposits and debt service reserve account are of high-grade quality and were assessed as having minimal credit risk as these are deposited in reputable financial entities.

Trade receivables, due from related parties, insurance claims and premiums receivable, other current accounts receivable, sublease and finance lease receivable and rental guaranty deposits are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

High grade quality financial assets are those with no history of payment default and has good credit standing or rating. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Movements in the Allowance for ECL on Trade Receivables
As at December 31, 2023 and 2022, the movements in the allowance for ECL are as follows:

		2023	2022
Balance at beginning of year	P	**22,478**	17,353
Provision (reversal of provision) during the year		**(9,461)**	5,379
Write-off of trade receivables		**(177)**	(254)
Balance at end of year	P	**12,840**	22,478

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to its operational, investing and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's revenue and costs are generated and settled mainly in Philippine Peso. For the years ended December 31, 2023 and 2022, approximately less than 5% of the Company's net sales, were generated in U.S. dollars.

The Company had an exposure arising from the dollar-denominated financial obligations as compared to the currency in which the majority of the Company's revenues are generated. The Company's only revenue denominated in U.S. dollars to cover such dollar-denominated obligations are those generated by exports. As at December 31, 2023 and 2022, the Company has not implemented any derivative financing hedging strategy to address this foreign currency risk.

Foreign exchange fluctuations occur when any member of the Company incur monetary assets and liabilities in a currency different from its functional currency. These translation gains and losses are recognized in the consolidated statements of comprehensive income (loss).

As at December 31, 2023 and 2022, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the top management on the basis of its risk management policy as follows:

	As at December 31, 2023	
	(in U.S. dollar)	***(in Euro)***
Cash and cash equivalents	**US$3,722**	**€–**
Due from related parties*	**132**	**5**
Trade payables	**(15,470)**	**(1,111)**
Due to related parties*	**(147,557)**	**–**
Lease liabilities	**(2,387)**	**–**
Net liabilities denominated in foreign currency	**(US$161,560)**	**(€1,106)**

**Pertains to related party transactions with entities outside the Company*

	As at December 31, 2022	
	(in U.S. dollar)	*(in Euro)*
Cash and cash equivalents	US$2,471	€–
Due from related parties*	76	–
Trade payables	(15,935)	(4,186)
Due to related parties*	(71,375)	–
Lease liabilities...	(4,577)	–
Net liabilities denominated in foreign currency...............	(US$89,340)	(€4,186)

**Pertains to related party transactions with entities outside the Company*

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The Company is also exposed to foreign currency risks on eliminated foreign currency denominated intragroup balances as follows (in U.S. dollar):

Amounts owed by	Amounts owed to	2023	2022
Parent Company	CAR	**(US$97,842)**	(US$81,838)
Parent Company	Falcon	**(53,228)**	(49,893)
APO	CAR	**(2,399)**	(3,013)
Solid	CAR	**(1,182)**	(2,629)
Falcon	Parent Company	**–**	15,921
		(US$154,651)	(US$121,452)

The most significant closing exchange rates and the approximate average exchange rates of Philippine Peso per U.S. dollar and Euro used in the consolidated financial statements were as follows:

	December 31, 2023		December 31, 2022	
Currency	**Closing**	**Average**	Closing	Average
U.S. dollar	**P55.37**	**P55.56**	P55.76	P54.47
Euro	**P61.12**	**P60.22**	P59.67	P57.21

Sensitivity Analysis on Foreign Currency Risk

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies, with all other variables held constant, of the Company's profit (loss) before income tax and equity for the years ended December 31, 2023 and 2022:

U.S. Dollar	**Strengthening (Weakening) of Philippine Peso**	**Effect on Earnings before Income Tax**	**Effect on Equity**
2023	**+0.69%**	**P61,724**	**P46,293**
	-0.69%	**(61,724)**	**(46,293)**
2022	+9.33%	464,741	348,556
	-9.33%	(464,741)	(348,556)

EUR	Strengthening (Weakening) of Philippine Peso	Effect on Earnings before Income Tax	Effect on Equity
2023	**+2.43%**	**P1,643**	**P1,232**
	-2.43%	**(1,643)**	**(1,232)**
2022	+2.83%	7,069	5,301
	-2.83%	(7,069)	(5,301)

Sensitivity Analysis Pertaining to Eliminated Intragroup Balances

U.S. Dollar	**Strengthening (Weakening) of Philippine Peso**	**Effect on Earnings before Income Tax**	**Effect on Equity**
2023	**+0.69%**	**P59,085**	**P44,314**
	-0.69%	**(59,085)**	**(44,314)**
2022	+9.33%	631,786	473,840
	-9.33%	(631,786)	(473,840)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at December 31, 2023 and 2022, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P6,683,750 and P7,797,709, respectively, of the long-term bank loan with BDO (see Note 24) and short-term investments in Cemex Innovation Holding AG amounting to P1,057,692 and P1,020,101 as at December 31, 2023 and 2022, respectively.(see Notes 11 and 13). The short-term investments in Cemex Innovation Holding AG bears interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Sensitivity analysis on Interest Rate Risk

As at December 31, 2023 and 2022 a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the years ended December 31, 2023 and 2022, would have decreased by approximately P42,195 and P50,832, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Commodity Price Risk

In the ordinary course of business, the Company is exposed to commodity price risk, including the exposure from diesel fuel prices, and expose the Company to variations in prices of the underlying commodity. The Company established specific policies oriented to obtain hedge with the objective of fixing diesel fuel prices. Beginning 2021, the Company adopted a hedging strategy for diesel fuel which involved the purchase of collars over a certain volume representing a portion of estimated consumption of diesel fuel in the operations for 2022, 2023 and 2024. Through these contracts, the Company fixed the price of diesel over a certain volume representing a portion of the estimated consumption of diesel fuel in the operations. These contracts have been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through OCI and are recycled to profit or loss as the related diesel volumes are consumed.

The following amounts relating to items designated as hedging instruments as at December 31, 2023 and 2022 were as follows:

	2023		2022	
	Notional amount	**Carrying amount**	Notional amount	Carrying amount
Commodity hedge contract	**P196,358**	**P13,815**	P397,247	P49,605

For the years ended 2023, 2022 and 2021, changes in fair value of these contracts recognized in OCI amounted to (P14,431), P19,532, and P12,374, respectively. For the years ended 2023, 2022 and 2021, the amount reclassified from hedge reserve to profit or loss are (P12,753), P279, and (P24,179), respectively.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net profit and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability, as well as proceeds from asset sales, advances or borrowings under credit facilities or proceeds from debt from financial institutions or related parties. The Company's consolidated net cash flows provided by (used in) operating activities, as presented in its consolidated statements of cash flows, amounted to (P2,317,100), P1,467,829, and P3,140,727, for the years ended December 31, 2023, 2022, and 2021, respectively. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	As at December 31, 2023				
	Carrying Amount	**Contractual Cash Flows**	**12 Months or Less**	**1 to 5 Years**	**More than 5 Years**
Trade payables	**P4,721,459**	**P4,721,459**	**P4,721,459**	**P–**	**P–**
Due to related parties	**8,954,132**	**10,372,245**	**2,986,239**	**5,028,459**	**2,357,547**
Unearned income, other accounts payable and accrued expenses*	**482,454**	**482,454**	**482,454**	**–**	**–**
Lease liabilities	**2,524,710**	**6,353,764**	**415,550**	**852,383**	**5,085,831**
Bank loan	**6,790,661**	**8,192,009**	**1,081,712**	**7,110,297**	**–**
Total	**P23,473,416**	**P30,121,931**	**P9,687,414**	**P12,991,139**	**P7,443,378**

**Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P1,252.8 million.*

	As at December 31, 2022				
	Carrying Amount	Contractual Cash Flows	12 Months or Less	1 to 5 Years	More than 5 Years
Trade payables	P5,730,604	P5,730,604	P5,730,604	P–	P–
Due to related parties	4,674,927	4,674,927	4,674,927	–	–
Unearned income, other accounts payable and accrued expenses*	598,804	598,804	598,804	–	–
Lease liabilities	2,842,588	6,715,297	622,173	900,637	5,192,487
Bank loan	8,143,630	9,713,089	873,450	8,839,639	–
Total	P21,990,553	P27,432,721	P12,499,958	P9,740,276	P5,192,487

**Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P1,137.9 million.*

The interest payments on floating rate bank loans reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for this financial liability, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Insurance Risk Management

As mentioned in Note 1, the Parent Company incorporated Falcon to create its own reserves and reinsure in respect of the Company's property, non-damage business interruption, political violence, cyber and professional indemnity insurance. Falcon is expected to retain 10% of the risk in connection with property insurance and 100% of the risk in connection with earthquake and wind stop loss, non-damage business interruption political violence, cyber and professional indemnity insurance of the Parent Company's operating subsidiaries. As a result of these arrangements, the Company self-insures these risks to the extent of Falcon's retained liability. There can be no assurance that the reserves established by Falcon will exceed any losses in connection with the Company's self-insured risks.

In addition, the Company's insurance coverage is subject to periodic renewal. If the availability of insurance coverage is reduced significantly for any reason, the Company may become exposed to certain risks for which it is not and, in some cases could not be, insured. Moreover, if the Company's losses exceed its insurance coverage, or if the Company's losses are not covered by the insurance policies it has taken up, or if Falcon is required to pay claims to its insurer pursuant to the reinsurance arrangements, the Company may be liable to cover any shortfall or losses. The Company's insurance premiums may also increase substantially because of such claim from the Company's insurers.

The foregoing risk exposure is mitigated, through making reasonable approximation after an evaluation of reported claims in the past of the Parent Company's operating subsidiaries, by retaining only insurance risk from insurance policies in which the operating subsidiaries have low probability of incurring losses.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Fair Values of Financial Assets and Financial Liabilities

The fair values of cash and cash equivalents, trade receivables, insurance claims and premiums receivable, amounts due from related parties, other current accounts receivable (under financial assets measured at amortized cost), trade payables, amounts due to related parties, other accounts payable and accrued expenses (under financial liabilities measured at amortized cost) reasonably approximate their carrying amounts considering the short-term maturities of these financial instruments.

As at December 31, 2023 and 2022 the carrying amounts and fair values of financial assets and liabilities are as follow:

		2023			2022	
		Carrying amount	**Fair value**		Carrying amount	Fair value
Financial assets measured at amortized cost						
Long-term time, rental guaranty and other refundable deposits and debt service reserve account	P	**267,183**	**267,183**	P	417,066	417,066
Sublease and finance lease receivable		**8,957**	**8,957**		2,560	2,549
Financial assets at fair value (hedging instrument)						
Derivative asset		**13,815**	**13,815**		49,605	49,605
	P	**289,955**	**289,955**	P	469,231	469,220
Financial liabilities measured at amortized cost						
Bank loan	P	**6,790,661**	**7,015,363**	P	8,143,630	8,336,505
Long-term payable to a related party		**5,967,992**	**5,982,816**		–	–
	P	**12,758,653**	**12,998,179**	P	8,143,630	8,336,505

The fair values disclosed for the financial assets and financial liabilities above are categorized under level 2 of fair value hierarchy.

The estimated fair value of the Company's long-term time, rental guaranty, debt service reserve account and other refundable deposits, sublease and finance lease receivable, bank loan and long-term payable to a related party are either based on estimated market prices for such or similar instruments, considering interest rates currently available for the Company to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to the Company. The estimated fair value of the derivative asset is determined by measuring the effect of the future economic variables according to the yield curved shown in the market as at the reporting date.

NOTE 23 - RETIREMENT BENEFITS LIABILITY

The Company has a funded, noncontributory, defined benefit retirement plan covering substantially all of its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Defined benefit obligation is calculated quarterly by a qualified actuary using the projected unit credit method. The Company's latest actuarial valuation date was made on December 31, 2023.

The retirement plan of the Company entitled a regular and permanent employee to avail of the "Normal Retirement, Early Retirement and Late Retirement Benefit" and "Voluntary Separation Benefit". In addition, the retirement plan also provides "Total and Permanent Disability and Death Benefit" for the qualified employees and beneficiaries.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Normal Retirement, Early Retirement and Late Retirement

The total benefit that will be received by a retired non-union member employee and a union member (**) employee is based on his final plan salary and years of service (YOS), which is summarized on the retirement benefit formula table below:

YOS	Retirement Benefit*
20 & Below	100% of the plan salary for every year of credited service
Above 20 & Below 26	119% of the plan salary for every year of credited service
26 & Above	139% of the plan salary for every year of credited service

**covering Normal, Early and Late Retirement*
***for YOS rendered before January 1, 2011*

The following retirement benefit formula table applies to a union member employee for services rendered on or after January 1, 2011:

YOS	Retirement Benefit*
20 & Below	100% of the plan salary for every year of credited service
Above 20 & Below 26	130% of the plan salary for every year of credited service
26 & Above	150% of the plan salary for every year of credited service

**covering Normal, Early and Late Retirement*

An employee may be entitled only to an early retirement benefit provided that he reached the age of fifty-five (55) and has completed at least ten (10) years of credited service, subject to the consent of the Company. The late retirement may be availed only beyond age sixty (60) but not beyond sixty-five (65), on a case-to-case and yearly extension basis and subject to the consent of the Company.

Voluntary Separation

The total benefit that will be received by a retired employee is based on his final salary and YOS, which is summarized on the retirement benefit formula table below:

YOS	Retirement Benefit
Less than 10	0% of the plan salary for every year of credited service
10 to less than 16	79% of the plan salary for every year of credited service
16 to less than 21	99% of the plan salary for every year of credited service
21 to less than 26	119% of the plan salary for every year of credited service
26 and above	139% of the plan salary for every year of credited service

Total and Permanent Disability and Death Benefit

In the event that a qualified employee dies or is required by the Company to retire due to total and permanent disability, his benefit should be equal to an amount based on the retirement benefit formula. In the case of disability, the employee should have completed at least five (5) years and three (3) years of credited service for Solid and APO, respectively.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The plan is registered with the Bureau of Internal Revenue (BIR) as tax-qualified plan under Republic Act No. 4917, as Amended. The control and administration of the retirement plan is vested in its BOT. The retirement plan's accounting and administrative functions are undertaken by BPI AMTG, and its duly appointed trust fund manager.

a) Movements in Retirement Benefits Liability

The following table shows reconciliation from the opening balances to the closing balances for retirement benefits liability and its components as at December 31, 2023 and 2022:

		Present Value of Defined Benefit Obligation		Fair Value of Plan Assets		Retirement Benefits Liability	
		2023	2022	**2023**	2022	**2023**	2022
Balance at beginning of year	P	**924,796**	946,731	**(527,712)**	(402,321)	**397,084**	544,410
Included in profit or loss							
Service costs:							
Current service cost		**52,757**	57,236	**–**	–	**52,757**	57,236
Interest cost, net		**63,362**	45,098	**(34,485)**	(18,073)	**28,877**	27,025
		116,119	102,334	**(34,485)**	(18,073)	**81,634**	84,261
Included in OCI							
Actuarial loss (gain) from:							
Experience adjustments		**20,959**	33,527	**–**	–	**20,959**	33,527
Change in financial assumptions		**(26,806)**	(94,725)	**–**	–	**(26,806)**	(94,725)
Return on plan assets excluding interest income		**–**	–	**40,042**	30,901	**40,042**	30,901
		(5,847)	(61,198)	**40,042**	30,901	**34,195**	(30,297)
Others							
Benefits paid		**(99,291)**	(63,157)	–	–	**(99,291)**	(63,157)
Actual contributions		**–**	–	**(121,342)**	(138,219)	**(121,342)**	(138,219)
Transferred obligation		**(23,963)**	86	–	–	**(23,963)**	86
		(123,254)	(63,071)	**(121,342)**	(138,219)	**(244,596)**	(201,290)
Balance at end of year	**P**	**911,814**	924,796	**(643,497)**	(527,712)	**268,317**	397,084

b) Plan Assets

The fair value of plan assets by each class as at the end of the reporting periods are as follows*:*

		2023	2022
Deposits	P	**121,342**	138,219
Unit investment trust fund (UITF)			
Equities		**68,777**	17,718
Money market		**52,334**	156,099
Fixed income		**8,321**	7,122
Government securities		**190,793**	144,496
Mutual funds		**105,261**	19,441
Corporate bonds		**53,373**	43,500
Cash in bank		**1**	1
Others		**43,295**	1,116
	P	**643,497**	527,712

The Domestic Fixed Income portfolio of the account holds government securities and corporate bonds. The portfolio is benchmarked against BPI Government Bond Index.

Government securities, categorized under direct securities, are debt obligations from the Philippine government that are denominated in local currency. Such securities are risk free because of extremely low probability that the government will default in its own debt.

Local and foreign currency debt instruments are financial instruments issued by the government or corporate entity in the domicile or country of origin. Local currency and foreign currency time deposits were made to reputable banks.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The portfolio also holds several UITFs. Domestic Equity UITF investments are placed in a concentrated portfolio of stocks listed in the PSE which are generally invested in holding firms, industrial companies, financial institutions, mining and real estate corporations. Global Equity UITF investments are invested in diversified portfolio of global equity collective investment schemes with the goal of long-term capital growth. Domestic Fixed Income and Domestic USD Fixed Income UITF investments are placed mainly in portfolio of bonds and other similar fixed-income securities, with weighted average term to maturity and denomination that varies depending on the strategy of the fund and the market outlook. Money Market UITF investments are derived from a diversified portfolio of primarily short-term fixed income instruments, such as time deposits, government and corporate bonds with a maturity profile of less than one year.

Aside from UITFs, the portfolio is likewise invested in mutual funds and exchange traded funds (ETFs). Global Fixed Income mutual funds are invested in investment grade bonds denominated in major world currencies, with an average duration of the fund which will vary depending on the strategy and market outlook of the fund manager. Global Equity ETFs are invested in selected stocks which are actively traded in globally developed markets.

The BOT reviews the level of funding required for the retirement fund with inputs from the Company’s accredited actuary. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The objective of BPI AMTC is to manage the portfolio in accordance with the objectives set forth by both the Company and BPI AMTC, and to be able to provide and fund benefits as they fall due.

c) Defined Benefit Obligation

(i) Assumptions

The principal actuarial assumptions, at the reporting date, used to determine the retirement benefits are as follows (expressed as weighted averages):

	Parent Company		**Solid**		**APO**	
	2023	2022	**2023**	2022	**2023**	2022
Discount rate	**6.97%**	7.27%	**6.99%**	7.23%	**6.99%**	7.31%
Future salary growth	**3.60%**	4.30%	**3.60%**	4.30%	**3.60%**	4.30%

The following are the turnover rate assumption in 2023 and 2022:

Age	**2023**	2022
18 - 29	**6 to <21**	6 to <21
30 - 34	**5 to <12**	5 to <12
35 - 37	**4< to 10**	4 to <10
38 - 41	**3 to <8**	3 to <8
42 - 53	**2 to <7**	2 to <7
54 - 59	**3 to <7**	3 to <7

Mortality rates in 2023 and 2022 are based on the “2017 Philippine Intercompany Mortality Table” from the Actuarial Society of the Philippines. Disability rate is based on “1952 Disability Study, Period 2, Benefit 5”.

ii) Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as at December 31, 2023 and 2022 by the amounts shown below:

	2023		2022	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5% movement)	**(P5,933)**	**P6,211**	(P27,573)	P29,186
Future Salary Increase rate (0.5% movement)	**6,926**	**(6,663)**	32,138	(30,583)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

d) Maturity Analysis

Maturity analysis of the benefit follow:

	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within <1 - 5 Years**	**More than 5 Years**
2023	**P911,814**	**P2,690,532**	**P113,398**	**P477,779**	**P2,099,355**
2022	P924,796	P3,007,725	P106,893	P1,128,486	P1,772,346

As at December 31, 2023 and 2022, the weighted average duration in years of the defined benefit obligation are as follows:

	2023	2022
Solid	**8.77**	9.09
Parent Company	**6.72**	8.78
APO	**8.38**	7.36

In 2023, the Company contributed P121,342 and expects to contribute P95,465 in 2024.

e) Retirement Benefit Expense

Retirement benefit expense for the years ended December 31, 2023, 2022 and 2021 is recognized in the following line items in the consolidated statements of comprehensive income (loss):

		2023	2022	2021
Cost of sales	P	**24,335**	26,092	28,258
Administrative expenses		**28,422**	31,144	34,103
Other financial expenses		**28,877**	27,025	22,566
	P	**81,634**	84,261	84,927

NOTE 24 – BANK LOAN

Parent Company – BDO

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO for an amount of up to the Philippine Peso equivalent of US$280,000 to refinance a majority of the Parent Company’s outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. Short-term portion of the bank loan amounted to P417,734 and nil as at December 31, 2023 and 2022, respectively.

The unamortized debt issuance cost of this bank loan amounting to P38,089 and P74,078 as at December 31, 2023 and 2022, respectively, was deducted from the total loan liability. Interest expense incurred in 2023, 2022, and 2021, excluding amortization of debt issuance cost, amounted to P511,774, P362,439, and P421,833, respectively, which is recognized under “Financial expenses” account in the consolidated statements of comprehensive income (loss).

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The reconciliation of opening and closing balances of BDO Agreements follows:

		Bank Loan	Accrued Interest	Total
Balance as at January 1, 2022	P	8,892,606	61,774	8,954,380
Principal		6,633,622	–	6,633,622
Interest expense		30,141	362,439	392,580
Payment of:				
Principal		(7,832,739)	–	(7,832,739)
Interest		–	(358,915)	(358,915)
Balance as at December 31, 2022		7,723,630	65,298	7,788,928
Principal		–	–	–
Interest expense		**35,989**	**511,774**	**547,763**
Payment of:				
Principal		**(1,113,958)**	**–**	**(1,113,958)**
Interest		**–**	**(500,308)**	**(500,308)**
Balance as at December 31, 2023	**P**	**6,645,661**	**76,764**	**6,722,425**

Accrued interest from this bank loan amounting to P76,764 and P65,298, as at December 31, 2023 and 2022, respectively, are recognized under “Unearned income, other accounts payable and accrued expenses” account in the consolidated statements of financial position (Note 20).

The Facility Agreement also provides certain covenants. Compliance with these covenants shall be tested semi-annually. On December 8, 2017, the Parent Company entered into a Supplemental Agreement to the Facility Agreement with BDO pursuant to which, more notably, it was agreed that:

i. the commencement date for compliance with the aforementioned financial covenants under the Facility Agreement would be in June 2020;
ii. debt service reserve accounts were created (see Notes 15B and 15C); and
iii. additional debt incurrence restrictions be put in place.

One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Parent Company’s ability to cover its interest expense using its Operating EBITDA (interest coverage ratio) and is measured by dividing Operating EBITDA by the financial expense for the last twelve months as of the calculation date. Operating EBITDA equals operating income before other income, net plus depreciation. On December 14, 2018, the Parent Company entered into another Supplemental Agreement to the Facility Agreement that provides an option, only for certain potential events of default under the Facility Agreement, for the Parent Company’s ultimate parent company, CEMEX, or any affiliate of CEMEX which is not a direct or indirect subsidiary of the Parent Company, to pay all amounts outstanding under the Facility Agreement before they become due and payable prior to their maturity in certain events.

On May 15, 2019, the Company signed an Amendment to the Facility and Supplemental Agreements with BDO mainly to:

i. conform the Facility Agreement with certain changes required due to PFRS 16 entering into effect;
ii. exclude from financial covenants in the Facility Agreement any principal and interest from certain subordinated loans and advances incurred in relation with the new cement line being built by Solid that have been made or are to be made to the Company by any subsidiary of CEMEX; and
iii. allow for certain loans taken by the Company with any CEMEX subsidiary to be paid with the proceeds from any equity fundraising activity of the Parent Company without having to pay a prepayment fee to BDO under the Facility Agreement.

On June 30, 2020, the Parent Company entered into an agreement with BDO, which provides compliance with certain financial covenants under the Facility Agreement, to commence at the later date of June 30, 2021.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

On July 28, 2022, the Parent Company signed a facility agreement with BDO for a 5-year senior unsecured term loan for a principal amount of up to P6.69 billion (the “2022 Facility Agreement”). The proceeds of the loan to be extended pursuant to the 2022 Facility Agreement was used to repay approximately P6.68 billion of outstanding indebtedness under the facility agreement dated February 1, 2017 (as amended and supplemented, the “2017 Facility Agreement”) between the Parent Company, as borrower, APO and Solid, as assignors, and BDO, as lender. Following this repayment, approximately P1.11 billion principal amount maturing in February 2024 remained outstanding under the 2017 Facility Agreement. The main terms and conditions of the 2022 Facility Agreement are summarized as follows: final maturity in August 2027; interest on the loan will accrue at a floating rate; the loan will amortize in quarterly payments beginning in November 2024; and financial and non-financial covenants under the 2022 Facility Agreement are substantially similar to those under the 2017 Facility Agreement.

On December 16, 2022, BDO approved the request to waive the Parent Company’s compliance with certain financial covenants for a two-year period beginning December 31, 2022, subject to maintenance of a Debt Service Reserve Account with funding balance equivalent to 2 quarters’ worth of forward-looking debt service (principal and interest, depending on the period covered). During the two-year period, these financial covenants are not applicable or enforceable.

On August 4, 2023, the Parent Company prepaid P600 million of the outstanding loan balance under the 2017 Facility Agreement. On November 6, 2023, the remaining balance amounting to P513,958 was paid in full.

Debt service reserve account related to the Company’s bank loan amounted to P259,204 and P208,684 as at December 31, 2023 and 2022, respectively, and is recognized under “Other current accounts receivables” account in 2023 (see Note 15B) and “Other assets and noncurrent accounts receivable” account in 2022 (see Note 15C) in the consolidated statements of financial position.

As at December 31, 2023, the Company is in compliance with the applicable restrictions and covenants of the Facility Agreement.

Short-term BDO Loan

The Company made draw downs on its short-term credit line with BDO to cover operational/working capital requirements. In 2023 and 2022, the Company made draw downs amounting to P5,819.0 million and P985.0 million, respectively.

As at December 31, 2023 and 2022, outstanding balances from this short-term credit line amounts to P145,000 and P420,000, respectively.

The reconciliation of opening and closing balances of loan follows:

		Bank Loan	Accrued Interest	Total
Balance as at January 1, 2022	P	–	–	–
Principal		985,000	–	985,000
Interest expense……………………………….		–	2,086	2,086
Payment of:				
Principal………………………………………		(565,000)	–	(565,000)
Interest………………………………………..		–	(1,456)	(1,456)
Balance as at December 31, 2022		420,000	630	420,630
Principal		**5,819,000**	**–**	**5,819,000**
Interest expense……………………………….		**–**	**26,554**	**26,554**
Payment of:				
Principal………………………………………		**(6,094,000)**	**–**	**(6,094,000)**
Interest………………………………………..		**–**	**(27,130)**	**(27,130)**
Balance as at December 31, 2023...	**P**	**145,000**	**54**	**145,054**

(Amounts in Thousands, Except Number of Shares and Per Share Data)

NOTE 25 – INCOME TAXES

25A) INCOME TAXES FOR THE YEAR

The amounts of income taxes recognized in profit or loss for the years ended December 31, 2023, 2022, and 2021 are as follows:

		2023	2022	2021
Current income tax:				
Current income tax expense	P	**347,208**	519,066	304,466
Adjustments in respect of current income tax of previous year		**–**	–	(46,500)
Deferred income tax:				
Write-down of previously recognized deferred income tax assets (reversal of previously unrecognized deferred income tax assets)		**(96,322)**	379,273	170,675
Deferred income tax benefit arising from origination and reversal of temporary differences		**21,751**	(181,092)	(102,310)
Deferred tax expense relating to changes in tax rates or the imposition of new taxes		**–**	–	163,137
	P	**272,637**	717,247	489,468

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act or Republic Act No. 11534 which took effect on April 11, 2021. Below are the salient features of the Act that are relevant to the Company:

a) Regular corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000 and with total assets not exceeding P100,000. All other domestic corporations and resident foreign corporations will be subject to 25% regular corporate income tax. Said reductions are effective July 1, 2020.
b) MCIT rate is reduced from 2% to 1% effective from July 1, 2020 to June 30, 2023.
c) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.
d) VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise (RBE).
e) For investments prior to effectivity of CREATE Act: RBEs granted only an ITH – continue with the availment of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% Gross Income Tax (GIT) or currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

The impact of CREATE Act was taken as a non-adjusting subsequent event as at December 31, 2020 since CREATE Act was not yet enacted or substantively enacted as of such date. Thus, the current and deferred income taxes were measured using the old income tax rates as at December 31, 2020. Further, the difference of the provision for current income tax in the consolidated financial statements from the amount of income tax due reflected in the income tax returns and the remeasurement of deferred tax assets and liabilities using the new tax rates were taken up as an adjustment in the consolidated statements of comprehensive income (loss) in 2021.

The regular corporate income tax rate of the Parent Company and its subsidiaries domiciled in the Philippines was lowered from 30% to 25% for large corporations, and from 30% to 20% for small and medium corporations, effective July 1, 2020. Using the rate under the CREATE Act, the Company remeasured its “Deferred income tax assets – net” account by P163,137. The Company also has reduction in current income tax expense amounted to P46,500.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

The Company has NOLCO that can be claimed as deductions from future taxable income as follows:

Year Incurred	Valid until		Amount	Addition During the Year	Expired/ Utilized During the Year	Ending Balance
2023	2026	P	–	2,917,450	–	2,917,450
2022	2025		1,226,178	–	–	1,226,178
2021	2026		166,370	–	–	166,370
2020	2025		703,252	–	–	703,252
		P	**2,095,800**	**2,917,450**	–	**5,013,250**

Pursuant to Section 4 (bbbb) of the Bayanihan to Recover as One Act or the Republic Act 11494, net operating loss of the businesses for taxable years 2020 and 2021 shall be carried over as deduction from gross taxable income for the next five (5) consecutive taxable years immediately following the year of such loss.

The Company has MCIT that can be claimed as tax credits against future regular income tax liabilities as follows:

Year Incurred	Valid until		Amount	Additions During the Year	Expired/ Utilized During the Year	Ending Balance
2023	2026	P	–	60,873	–	60,873
2022	2025		70,833	–	–	70,833
2021	2024		83,291	–	–	83,291
2020	2023		127,577	–	–	127,577
		P	281,701	60,873	–	342,574

Top-up Taxes

On July 10, 2021, the intergovernmental international group promoting economic and financial cooperation known as G20 endorsed the key components of the Pillar Two tax reform that was recently endorsed by 132 countries and jurisdictions. The key components of Pillar Two, which are commonly referred to as the "global minimum tax" introduces a minimum effective tax rate of at least 15%, calculated based on a specific rule set. Groups with an effective tax rate below the minimum in any particular jurisdiction would be required to pay top-up tax to their head office location. The global minimum tax would be applied to groups with annual revenue of at least 750 million euros. The minimum tax rules, which are effective January 1, 2024, have been endorsed by Switzerland, consequently, among the countries in which the Company operates, will start to apply at the level of the Company's Swiss subsidiary. According to the new tax law, only one constituent entity per group will be responsible for reporting and paying the Pillar Two taxes in Switzerland and, when available, the annual audited financial statements based on Swiss GAAP by the Swiss resident constituent will serve as basis for the top-up tax calculation. The Company is in the process of assessing the proportion of profits that may be subject to Pillar Two income taxes and the effective tax rate that will be applied to those profits.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

25B) DEFERRED INCOME TAXES

For the years ended December 31, 2023 and 2022, the income tax effects of the temporary differences, NOLCO and MCIT that resulted in deferred income tax assets and liabilities are presented below:

2023		**Balance at January 1**	**Recognized in: Profit or Loss**	**Recognized in: OCI**	**Balance at December 31**
Deferred tax assets (liabilities):					
Accrued retirement benefits liability and past service cost	P	**140,235**	**(27,293)**	**8,548**	**121,490**
Unrealized foreign exchange loss (gain)		**121,885**	**3,072**	**–**	**124,957**
MCIT		**113,102**	**(113,102)**	**–**	**–**
NOLCO		**79,569**	**149,568**	**–**	**229,137**
Lease liabilities		**54,148**	**4,841**	**–**	**58,989**
Write-down (reversal) of :					
Property, machinery and equipment to recoverable amount		**53,714**	**–**	**–**	**53,714**
Inventories to NRV		**16,089**	**3,893**	**–**	**19,982**
Allowance for ECL on trade receivables		**29,820**	**(2,366)**	**–**	**27,454**
Fair value adjustment on property, machinery and equipment		**(40,620)**	**61,497**	**–**	**20,877**
Contract liabilities from loyalty points		**17,324**	**(2,106)**	**–**	**15,218**
Provisions		**2,686**	**–**	**–**	**2,686**
Accrued documentary stamp tax		**(11,449)**	**3,145**	**–**	**(8,304)**
Other items		**35,903**	**(6,578)**	**–**	**29,325**
	P	**612,406**	**74,571**	**8,548**	**695,525**

2022		Balance at January 1	Recognized in: Profit or Loss	Recognized in: OCI	Charge to Prepayments	Balance at December 31
Deferred tax assets (liabilities):						
NOLCO	P	219,064	(139,495)	–	–	79,569
MCIT		362,221	(239,779)	–	(9,340)	113,102
Accrued retirement benefits liability and past service cost		165,558	(17,749)	(7,574)	–	140,235
Write-down (reversal) of :						
Property, machinery and equipment to recoverable amount		53,714	–	–	–	53,714
Inventories to NRV		16,441	(352)	–	–	16,089
Lease liabilities		54,088	60	–	–	54,148
Allowance for ECL on trade receivables		28,509	1,311	–	–	29,820
Contract liabilities from loyalty points		16,362	962	–	–	17,324
Provisions		2,686	–	–	–	2,686
Fair value adjustment on property, machinery and equipment		(84,512)	43,892	–	–	(40,620)
Unrealized foreign exchange loss (gain)		(25,889)	147,774	–	–	121,885
Accrued documentary stamp tax		(3,647)	(7,802)	–	–	(11,449)
Other items		22,906	12,997	–	–	35,903
	P	827,501	(198,181)	(7,574)	(9,340)	612,406

Net deferred income tax assets (liabilities) as at December 31, 2023 and 2022 presented in the consolidated statements of financial position on a net basis by entity are as follows:

Deferred Income Tax Assets		**2023**	2022
APO	P	**632,793**	543,334
Parent Company		**193,160**	202,574
Ecocast Builders, Inc.		**273**	271
Triple Dime Holdings, Inc.		**2**	–
Sandstone Holdings, Inc.		**1**	–
Bedrock Holdings, Inc.		**1**	–
Solid		**–**	(131,009)
	P	**826,230**	615,170

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Deferred Income Tax Liabilities		**2023**	2022
Solid	P	**128,059**	–
Edgewater Ventures Corporation		**2,646**	2,758
Triple Dime Holdings, Inc.		**–**	6
	P	**130,705**	2,764

Deferred income tax assets have not been recognized in respect of the following items because it is not probable that future taxable income will be available against which the Company can utilize the benefits therefrom:

	2023		2022	
	Gross amount	**Tax effect**	Gross amount	Tax effect
NOLCO	**P4,096,703**	**P1,023,808**	P1,742,183	P435,208
Excess MCIT over RCIT	**342,574**	**342,574**	168,723	168,723
Accrued expenses	**27**	**5**	9	2
	P4,439,304	**P1,366,387**	P1,910,915	P603,933

As at December 31, 2023, and 2022, based on the forecasts of future cash flows and operating results, the Company believes that sufficient taxable income will be generated so that it is probable that it will realize the tax benefits associated with the recognized deferred income tax assets related to tax loss carryforwards and excess MCIT over RCIT (except as at December 31, 2023) prior to their expiration. In addition, the Company concluded that the deferred income tax liabilities that were considered in the analysis of recoverability of its deferred income tax assets will reverse in the same period and tax jurisdiction of the related recognized deferred income tax assets. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, currently recognized deferred income tax assets would be evaluated and derecognized, if necessary, against the results of the period.

25C) EFFECTIVE TAX RATE

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory tax rate of the entities included in the consolidated financial statements, and the effective tax rate presented in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2023, 2022 and 2021, which are as follows:

	2023	2022	2021
Statutory income tax rate	**25%**	25%	25%
Movement in NOLCO	**(34%)**	(149%)	(1%)
Non-deductible expenses	**0%**	255%	6%
CAR and FALCON tax rate difference	**11%**	74%	(13%)
Non-taxable income and other deductible expenses	**(8%)**	(300%)	0%
Taxable income eliminated at consolidated level	**0%**	0%	0%
MCIT	**(10%)**	(104%)	11%
Others	**0%**	(43%)	12%
Consolidated effective income tax rate	**(16%)**	(242%)	40%

(Amounts in Thousands, Except Number of Shares and Per Share Data)

25D) TAX PROCEEDINGS

The Company and some of its subsidiaries are the subject of the following on-going tax investigations:

Entities	Period	Covered Taxes	Status as of December 31, 2023
Solid	2021	All internal revenue taxes	On-going
	2020	All internal revenue taxes	On-going
	2018-2022	Local business tax	On-going
APO	2021	All internal revenue taxes	On-going
	2020	All internal revenue taxes	On-going
	2021-2022	Local business tax	The assessment was already paid.
Ecocast Builders, Inc	2017-2021	Local business tax	On-going
Parent Company	2022	All internal revenue taxes	On-going
	2021	All internal revenue taxes except VAT	On-going
	2020	All internal revenue taxes	On-going
	2018	All internal revenue taxes except VAT	On-going
	2017-2019	Local business tax	The assessment was already paid but under protest.

In January 2020, a partial tax credit amounting to P456 thousand was granted to the Parent Company in connection with the on-going assessment on local business taxes case.

On December 19, 2022, the Parent Company received the Final Decision on Disputed Assessment (FDDA) from the BIR in connection with the 2018 audit of all internal revenue taxes (except VAT). The Parent Company filed its appeal to the Office of the Commissioner of the BIR on January 18, 2023, which is still pending to date.

On February 21, 2024, the Parent Company received the Final Assessment Notice and Formal Letter of Demand from the BIR in connection with the 2021 audit of all internal revenue taxes (except VAT). The Parent Company filed its protest letter to the Office of the Regional Director of Revenue Region No. 8A of the BIR on March 20, 2024.

On March 08, 2024, the Parent Company received the FDDA from the BIR in connection with the 2020 audit of all in internal revenue taxes. On March 13, 2024, the Parent Company paid the deficiency tax assessment based on the FDDA amounting to P9.8 million, which resulted in the termination of the BIR's investigation of the Parent Company covering all internal revenue taxes of 2020.

On January 12, 2024, APO paid the deficiency local business tax to the Tacloban City Treasurer's Office amounting to P71.5 thousand resulting to the closure of the tax assessment.

The Company's assessment on the impact of the above tax proceedings in the consolidated financial statements is disclosed in Note 29 to the consolidated financial statements.

NOTE 26 - EQUITY

26A) COMMON STOCK

The information on the Parent Company's common stock is summarized as follows:

As of December 31, 2023 and 2022, respectively.

	Number of Shares	**Amount**
Authorized - P1.00 par value per share	**18,310,395,454**	**P18,310,395**
Paid, Issued and Outstanding shares	**13,489,226,623**	**P13,489,227**
Total Common Stock	**13,489,226,623**	**P13,489,227**

On September 17, 2015, CASEC subscribed to 376,000 shares of stock of the Parent Company at P100 par value per share. Of the agreed subscription price of P37,600, only P9,400 was paid in 2015, while the remainder of P28,200 was paid in 2016. In 2016, the Parent Company's BOD approved the amendment of articles of incorporation and increase in the authorized capital stock of the Parent Company from P150,400, divided into 1,504,000 common shares with par value of P100 per share, to P5,195,395, divided into 5,195,395,454 common shares with par value of P1 per share.

On May 20, 2016, the SEC approved the Parent Company's application for the amendment of articles of incorporation and increase in its authorized capital stock. Accordingly, the original subscription of CASEC changed from 376,000 common shares, with par value of P100 per share, to 37,600,000 common shares, with par value of P1 per share. Furthermore, in connection with the increase in authorized capital stock, CASEC subscribed to an additional 2,819,867,500 shares at P1 par value per share or a total par value of P2,819,867 which was fully paid. During the IPO which culminated in the listing of all of the outstanding shares of stock of the Parent Company on July 18, 2016, the Parent Company issued additional 2,337,927,954 shares at P1 par value per share or a total par value of P2,337,928 at the offer price of P10.75 per share (see Note 1).

The BOD and stockholders of the Parent Company approved on April 2, 2019 and October 16, 2019, respectively, the amendment of the Seventh Article of the Amended Articles of Incorporation of the Company, to reflect an increase in the Parent Company's ACS from P5,195,395, consisting of 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395, consisting of 18,310,395,454 common shares with a par value of P1 per share.

In connection with the proposed ACS increase, the Company's BOD on September 3, 2019 approved the conduct of SRO. The shares subject of the SRO will come from an increase in Parent Company's ACS. On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the SRO is exempt from the registration requirements of the Securities Regulation Code of the Philippines, and the board of directors of the PSE approved the Parent Company's application for listing of the shares to be offered in the SRO, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC's approval of the increase in the company's authorized capital stock. As at December 31, 2019, the shareholdings in the Parent Company owned by CASEC increased to 3,469,412,498 common shares at P1 par value per share or P3,469,412.

On January 6, 2020, the Parent Company defined the final terms of the SRO which involved 8,293,831,169 common shares which was sourced from the increase in the Parent Company's ACS, offered at an offer price of P1.54 per share during an offer period from January 20 to 24, 2020. The SRO offer period was concluded resulting in the full subscription of 8,293,831,169 common shares.

On February 27, 2020, the SEC approved the Parent Company's application for amendment of articles of incorporation and increase in ACS and on March 4, 2020, 8,293,831,169 common shares, comprising the Rights Shares, were listed under the Main Board of the Exchange. After the SRO and the approval by the SEC of the Parent Company's application for increase in ACS, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares at P1 par value per share or a total par value of P13,489,227.

As of December 31, 2020, the shareholdings in the Parent Company owned by CASEC was 10,500,624,662 common shares at P1 par value per share, which correspond to approximately 77.84% of the total issued and outstanding capital stock of the Parent Company. CASEC increased its shareholdings in the Parent Company to 10,507,954,662 common shares at P1 par value per share as at December 31, 2022.

In 2020, the total proceeds from the issuance of common stock amounted to P12,772,500 which resulted in the increase in common stock and additional paid-in capital (APIC) by P8,293,832 and P4,478,668, respectively. Total cost related to the SRO amounted to P224,320, of which P220,028 direct share issuance cost was charged as reduction against APIC, while the remaining portion of the total cost amounting to P4,292 was recognized in profit or loss. As of December 31, 2020, the shareholdings in the Parent Company owned by CASEC was 10,500,624,662 common shares at P1 par value per share.

In September 2022, CASEC increased its shareholdings in the Parent Company to 10,507,954,662 common shares at P1 par value per share.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

In March 2023, in connection with the voluntary tender offer exercise launched by CASEC, CASEC acquired 1,614,000,000 common shares of the Parent Company at the Tender Offer Price of P1.30 with a total transaction price of P2,098,200. The cross sales were executed last 29 March 2023. As a result of the tender offer, CASEC owns and controls 12,121,954,662 common shares of the Parent Company (inclusive of 5 shares held by individuals), which is approximately 89.86% of the issued and outstanding common shares of the Parent Company.

26B) OTHER EQUITY RESERVES

The movements on components of other equity reserves for the years ended December 31, 2023 and 2022 follow:

2023		**Cumulative translation of foreign subsidiaries**	**Remeasurements on retirement benefits liability**	**Share-based compensation reserve**	**Hedge reserve**	**Total**
Balance at January 1	P	**1,097,427**	**253,762**	**75,952**	**32,185**	**1,459,326**
Currency translation gain of foreign subsidiaries		**(93,616)**	–	–	–	**(93,616)**
Gain on remeasurement on retirement benefits liability, net of tax		–	**(25,646)**	–	–	**(25,646)**
Share-based compensation		–	–	**42,834**	–	**42,834**
Cash flow hedges - effective portion of changes in fair value		–	–	–	**(14,431)**	**(14,431)**
Cash flow hedges - reclassified to profit or loss		–	–	–	**(12,753)**	**(12,753)**
Balance at December 31	P	**1,003,811**	**228,116**	**118,786**	**5,001**	**1,355,714**

2022		Cumulative translation of foreign subsidiaries	Remeasurements on retirement benefits liability	Share-based compensation reserve	Hedge reserve	Total
Balance at January 1	P	209,938	231,039	74,870	12,374	528,221
Currency translation gain of foreign subsidiaries		887,489	–	–	–	887,489
Gain on remeasurement on retirement benefits liability, net of tax		–	22,723	–	–	22,723
Share-based compensation		–	–	1,082	–	1,082
Cash flow hedges - effective portion of changes in fair value		–	–	–	19,532	19,532
Cash flow hedges - reclassified to profit or loss		–	–	–	279	279
Balance at December 31	P	1,097,427	253,762	75,952	32,185	1,459,326

26C) NON-CONTROLLING INTERESTS

NCI represents the 30% share of non-controlling stockholders in the results and equity of Newcrete Management Inc. As at December 31, 2023 and 2022 NCI in equity amounted to approximately P72 and P101, respectively.

26D) SHARE - BASED COMPENSATION

As part of CEMEX's share-based compensation programs, a group of the Company's executives participates in the long-term share-based compensation program providing for the grant of CEMEX's CPOs, pursuant to which new CPOs are issued by the ultimate parent company under each annual program over a four (4) year period. By agreement with the executives, the CPOs of the annual grant, which is equivalent to 25% of the CPOs related to each plan, are placed in a trust established for the benefit of the executives to comply with a one (1) year restriction on sale.

Certain executive officers of the Parent Company or its subsidiaries received compensation in the form of cash pursuant to the terms of a variable long-term incentive plan approved by the Parent Company's BOD on April 25, 2018 under which the eligible executives are allocated cash amounts (for release in four annual installments) which shall be used by these executives to purchase a specific number of shares of the Parent Company (CHP shares) from the market.

In mid-2023, the Company began transitioning to a new long-term incentive or share-based program for its eligible executives involving the acquisition of CEMEX's ADS listed on the New York Stock Exchange in lieu of CPOs and CHP shares.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

Under CEMEX's share-based compensation programs, approximately 34,413,366 ADS and 10,485,126 CPOs in 2023, and 474,337 CPOs in 2022 were issued to or purchased for the executives of the Company. As of the years ended December 31, 2023, 2022, and 2021, there were approximately 34,413,366 ADS and 10,485,126 CPOs, 474,337 CPOs, and 6,204,914 CPOs, respectively, associated with these annual programs that are expected to be granted in the succeeding years as the Company's executives render services.

Under the Company's original variable long-term incentive plan, net shares purchased by the executives amounted to approximately 1,516,657 CHP shares in 2023 and 12,571,765 CHP shares in 2022.

The compensation expense related to these programs for the years ended 2023, 2022 and 2021 for approximately P42,834, P1,082, and P3,130, respectively, corresponding to the fair value of the number of CEMEX's CPOs at the date of grant. The weighted average fair value, which pertains to the market price of CPOs granted, is 11.47, 7.81, and 16.58, Mexican Pesos for the years ended December 31, 2023, 2022 and 2021, respectively. The weighted average fair value of ADS is at 6.36 US dollar for the year ended December 31, 2023. On the other hand, CHPs weighted average fair value for 2023 and 2022 is at P1.02 and P0.66, respectively. As at December 31, 2023, 2022 and 2021, the Company did not have outstanding commitments or options to make cash payments to executives on the exercise date of awards based on changes in CEMEX's or CHP's own stock (intrinsic value).

26E) RETAINED EARNINGS

As at December 31, 2023 and 2022, the Company's retained earnings include deficit (after appropriations) of its significant operating subsidiaries, Solid and APO, amounting to P5,947,747 and P3,002,588, respectively, which pertains to the result of the operations of both Solid and APO from the date the Parent Company obtained control over these subsidiaries. Such amount was offset by the net results of the Parent Company and its remaining subsidiaries. The retained earnings of both Solid and APO are not available for distribution as dividends by the Parent Company until declared by the respective investees.

26F) CAPITAL MANAGEMENT

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Company sets strategies for the Company with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company's capital is defined as "Equity" as shown in the consolidated statements of financial position.

The Company is not subject to externally imposed capital requirements. The Company's net debt to equity ratio at the reporting dates is as follows:

		2023	2022
Total liabilities	P	**25,350,349**	23,828,302
Less: cash and cash equivalents		**1,721,492**	2,720,304
Net debt	P	**23,628,857**	21,107,998
Total equity		**41,995,272**	44,123,813
Net debt to equity ratio	P	**0.56:1**	0.48:1

(Amounts in Thousands, Except Number of Shares and Per Share Data)

NOTE 27 - BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The amounts considered for the calculation of earnings per share for the years ended December 31, 2023, 2022, and 2021 are as follows:

		2023	2022	2021
Profit (a)	P	**(2,024,929)**	(1,014,217)	725,503
Add: NCI loss		**29**	24	25
Controlling interest in profit(loss)		**(2,024,900)**	(1,014,193)	725,528
Weighted average number of shares outstanding[1] (b)		**13,489,226,623**	13,489,226,623	13,489,226,623
Basic/Diluted earnings(loss) per share (a/b)	P	**(0.15)**	(0.08)	0.05

[1] The weighted average number of shares takes into account the effect of the bonus element related to the issuance of stock rights (see Note 26A).

As at December 31, 2023, 2022, and 2021, the Company has no dilutive equity instruments.

NOTE 28 - COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at December 31, 2023, and 2022 the Company had the following contractual obligations.

			2023			
	Notes		**Less than 1 year**	**1-5 Years**	**More than 5 Years**	**Total**
Bank loan	*24*	P	**1,081,712**	**7,110,297**	**–**	**8,192,009**
Long-term payable to a related party	*13*		**–**	**5,028,459**	**2,357,547**	**7,386,006**
Leases	*21*		**415,550**	**852,383**	**5,085,831**	**6,353,764**
Retirement plans and other benefits	*23*		**113,398**	**477,779**	**2,099,355**	**2,690,532**
Total contractual obligations		P	**1,610,660**	**13,468,918**	**9,542,733**	**24,622,311**

			2022			
	Notes		Less than 1 year	1-5 Years	More than 5 Years	Total
Bank loan	*24*	P	873,450	8,839,639	–	9,713,089
Leases	*21*		622,173	900,637	5,192,487	6,715,297
Retirement plans and other benefits	*23*		106,893	1,128,486	1,772,346	3,007,725
Total contractual obligations		P	1,602,516	10,868,762	6,964,833	19,436,111

NOTE 29 - CONTINGENCIES

As at December 31, 2023 and 2022, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. Although there is no guarantee for a favorable outcome, the Company believes that it has made adequate provisions to cover current and contemplated general and specific litigation risks. In relation to ongoing legal proceedings, the Company is able to make a reasonable estimate of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would prejudice Company’s position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed qualitative information with respect to the nature and characteristics of the contingency but has not disclosed the estimate of the range of potential loss.

(Amounts in Thousands, Except Number of Shares and Per Share Data)

NOTE 30 - MAIN SUBSIDIARIES

The Parent Company's direct and indirect subsidiaries as at December 31, 2023 and 2022 are as follows:

Entities	Country of Incorporation	Main activity	% of interest
CAR	Switzerland	Services	100.0
Falcon	Barbados	Insurance	100.0
Edgewater Ventures Corporation	Philippines	Holdings	100.0
Triple Dime Holdings, Inc.	Philippines	Holdings	100.0
APO	Philippines	Cement	100.0
Bedrock Holdings, Inc.	Philippines	Holdings	100.0
Sandstone Strategic Holdings, Inc.	Philippines	Holdings	100.0
Solid	Philippines	Cement	100.0
Ecocast Builders, Inc.	Philippines	Construction	100.0
Ecocrete, Inc.	Philippines	Services	100.0
Ecopavements, Inc.	Philippines	Construction	100.0
Enerhiya Central Inc.	Philippines	Energy	100.0
Newcrete Management Inc.	Philippines	Services	70.0

NOTE 31 - RELEVANT INFORMATION REGARDING THE IMPACT OF THE 2018 LANDSLIDE

On September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Landslide"), a site located within an area covered by the mining rights of APO Land & Quarry Corporation ("ALQC") who is a principal raw material supplier of APO. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. Cemex Asian South East Corporation, an indirect subsidiary of CEMEX, S.A.B. de C.V. which is a majority shareholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. By the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

On November 19, 2018, the Parent Company and APO were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems".

In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other reliefs, (a) monetary damages in the amount of approximately P4.3 billion, (b) the establishment of a P500 million rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund. The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

Among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, ALQC and APO hold the position that the landslide occurred due to natural causes and deny liability, fault and negligence.

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs' Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs' motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019. During the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case, on oral motion of plaintiffs. In another order dated November 17, 2021, the Regional Trial Court denied plaintiffs' motion for reconsideration and also granted the motions of the Mines and Geosciences Bureau and the City Government of Naga and dismissed the subject case against them. On January 31, 2022, plaintiffs filed with the Regional Trial Court their Notice of Appeal, indicating their intention to appeal the court's latest order to the Court of Appeals. Defendants (including government defendants) opposed the plaintiff's

Notice of Appeal, and, on April 28, 2022, the Regional Trial Court rejected the plaintiffs' Notice of Appeal for having been filed out of time and instructed the entry of judgement and to issue the corresponding certificate of finality. The plaintiffs did not file a Motion for Reconsideration and due to this failure, the Regional Trial Court issued the corresponding certificate of finality. Accordingly, the court's order dated September 30, 2019, partially granting the affirmative defenses of the private defendants and ruling, among others, that the subject case against the Parent Company and APO is dismissed for failure to state a cause of action, is now deemed to be final and executory.

As of December 31, 2023, only ALQC remains as a private defendant in the subject case.

NOTE 32 - IMPACTS OF COVID-19

On March 11, 2020, the World Health Organization declared as a pandemic the outbreak of the novel strain of the coronavirus identified in China in late 2019 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world. On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of school classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures, when necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. While transportation was heavily regulated, on March 19, 2020, the Department of Trade and Industry issued Memorandum Circular No. 20-06 mandating that the movement of all types of cargo should be left unhampered. On March 24, 2020, the Philippine Government enacted Republic Act No. 11469, also known as the Bayanihan Act, to effectively enact measures to address the pressing problems caused by the COVID-19 Pandemic. On March 26, 2020, the Governor of the Province of Cebu announced the implementation of ECQ measures for the entire island of Cebu, effective March 30, 2020. Beginning May 16, 2020, several cities and provinces, including Metro Manila and Cebu City, were placed under modified enhanced community quarantine, while other cities and provinces, including the Province of Rizal and other cities in the Province of Cebu, were placed under general community quarantine.

Consistent with the ECQ implementation in Luzon, the Company initiated steps to temporarily suspend the production of cement products at, and distribution of cement products from, Solid's cement plant in the third week of March 2020. On May 20, 2020, after taking the corresponding measures to fully comply with government regulations, operations at Solid's cement plant were resumed and have been able to operate continuously since then. APO's cement plant remained operational in accordance with government regulations and the necessary hygiene and safety measures. Since then, provinces and cities have been placed from time to time under different community quarantine levels with corresponding restrictions, respectively. Subsequent to the recommendations of the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) in its Resolution No. 146-F (s. 2021) dated October 28, 2021, the President of the Philippines issued Executive Order No. 151 dated November 11, 2021 adopting the Alert Level System for all areas of the Philippines through a nationwide roll-out which was designed to allow the reinvigoration of the economy through the opening of more sectors, while protecting the people's health through the continuous observance of public health protocols and interventions and the heightened implementation of lockdowns in smaller areas, also known as granular lockdowns. Restrictions and/or limitations affecting intrazonal and interzonal movement as well as the level of operations and activities undertaken by establishments and persons in areas nationwide were defined depending on the applicable Alert Level Status (ranging from 1 to 5). At any level, minimum public health standards and precautions such as the wearing of face masks and social distancing protocols may be mandated. On December 15, 2021, it was announced that all areas of the Philippines would be under Alert Level 2 until December 31, 2021, then extended to January 15, 2022. Thereafter, due to the surge of the Omicron COVID-19 variant, the Alert Levels in Metro Manila, Cebu City, Cebu Province (including Naga City), and the Province of Rizal (including Antipolo City) were increased to Alert Level 3 beginning on January 16, 2022. The Alert Levels for these areas started to be downgraded at their respective pace in the month of February 2022. The Alert Levels for Metro Manila, Cebu City, and the Province of Rizal (including Antipolo City) have been at Alert Level 1 since March 1, March 16, and April 1, 2022, respectively. The Province of Cebu (including Naga City) has been at Alert Level 2 since March 1, 2022. The National Capital Region (NCR) is under Alert Level 1 effective July 16, 2022 until further notice according to the IATF. Meanwhile, Cebu City has been downgraded to Alert Level 1 effective August 16, 2022, while Cebu Province remains in Alert Level 2. Since October 28, 2022, the wearing of face masks is only mandatory in healthcare facilities, medical transport, and public transportation by land, air or sea. In other settings, wearing of facemasks is voluntary. Based on the latest IATF Resolution No. 6-C, series 2023 dated April 14, 2023, provinces, cities and municipalities throughout the country were placed under Alert Levels 1 and 2, respectively, for the period from April 15 to 30, 2023. NCR, Cebu City, Naga City in Cebu and the Province of Rizal (including Antipolo City) remained at Alert Level 1, while certain areas of Cebu Province were among those localities at Alert Level 2.

On July 21, 2023, President Ferdinand Marcos, Jr. signed Proclamation No. 297 lifting the State of Public Health Emergency throughout the country due to COVID-19 Pandemic, thereby withdrawing or revoking all prior orders, memoranda and issuances that are effective only during this public health emergency.

The consequences resulting from the COVID-19 Pandemic have negatively affected the Company. For the year ended December 31, 2023, and 2022, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to P1.2 million and P23.0 million, respectively. These additional expenses were presented under "Other income (expenses) - net" account in the consolidated statements of comprehensive income (loss) for the year ended December 31, 2023, and 2022, respectively. The Company implemented hygiene protocols in its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers, and drastically reduce the possibility of contagion during the COVID-19 Pandemic. It will continue to place emphasis on the use of the CEMEX Go platform for a digital, contactless and/or limited contact experiences for customers, and enable additional online channels to promote engagement, manage communications and facilitate transactions with customers.

NOTE 33 - RUSSIA-UKRAINE CONFLICT

The Company has no exposure to investments in Russia or Ukraine. It currently has no business, investments, customers, or suppliers from any of these countries. However, this event has given rise and may continue to give rise to circumstances with the potential to further cause world trade disruptions and rising prices of basic commodities, including oil and power, among others.

KPMG

R.G. Manabat & Co.
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Philippines 1209
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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
CEMEX Holdings Philippines, Inc.
34/F Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue
Brgy. Bel-Air, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of CEMEX Holdings Philippines, Inc. and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 12, 2024.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms
affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

Markent Ronie R. Tampoc

MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-151-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 10075202
Issued January 2, 2024 at Makati City

April 12, 2024
Makati City, Metro Manila

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

Ratio	Formula	**2023**	2022
Current ratio	Current assets/current liabilities	**1.00:1**	0.97:1
Acid test ratio	(Current assets - inventories)/current liabilities	**0.65:1**	0.53:1
Solvency ratio	(Profit + depreciation)/total liabilities	**-0.00:1**	0.04:1
Debt-to-equity ratio	Total liabilities/total equity	**0.60:1**	0.54:1
Asset-to-equity ratio	Total assets/total equity	**1.60:1**	1.54:1
Interest rate coverage ratio	Operating income before other expenses/interest expense	**-7.75:1**	5.76:1
Return on equity	Profit/total equity	**-0.05:1**	-0.02:1
Return on assets	Profit/average total assets	**-0.03:1**	-0.02:1
Net profit margin	Profit/net sales	**-0.12:1**	-0.05:1

R.G. Manabat & Co.
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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
CEMEX Holdings Philippines, Inc.
34/F Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue
Brgy. Bel-Air, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of CEMEX Holdings Philippines, Inc. (the "Company") and Subsidiaries as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated April 12, 2024.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Reconciliation of Retained Earnings Available for Dividend Declaration;
- Map of Group of Companies within which the Company belongs; and
- Supplementary Schedules of Annex 68-J.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms
affiliated with KPMG International Limited, a private English company limited by guarantee.

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Markent Ronie R. Tampoc

MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-151-2022
  Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 10075202
  Issued January 2, 2024 at Makati City

April 12, 2024
Makati City, Metro Manila

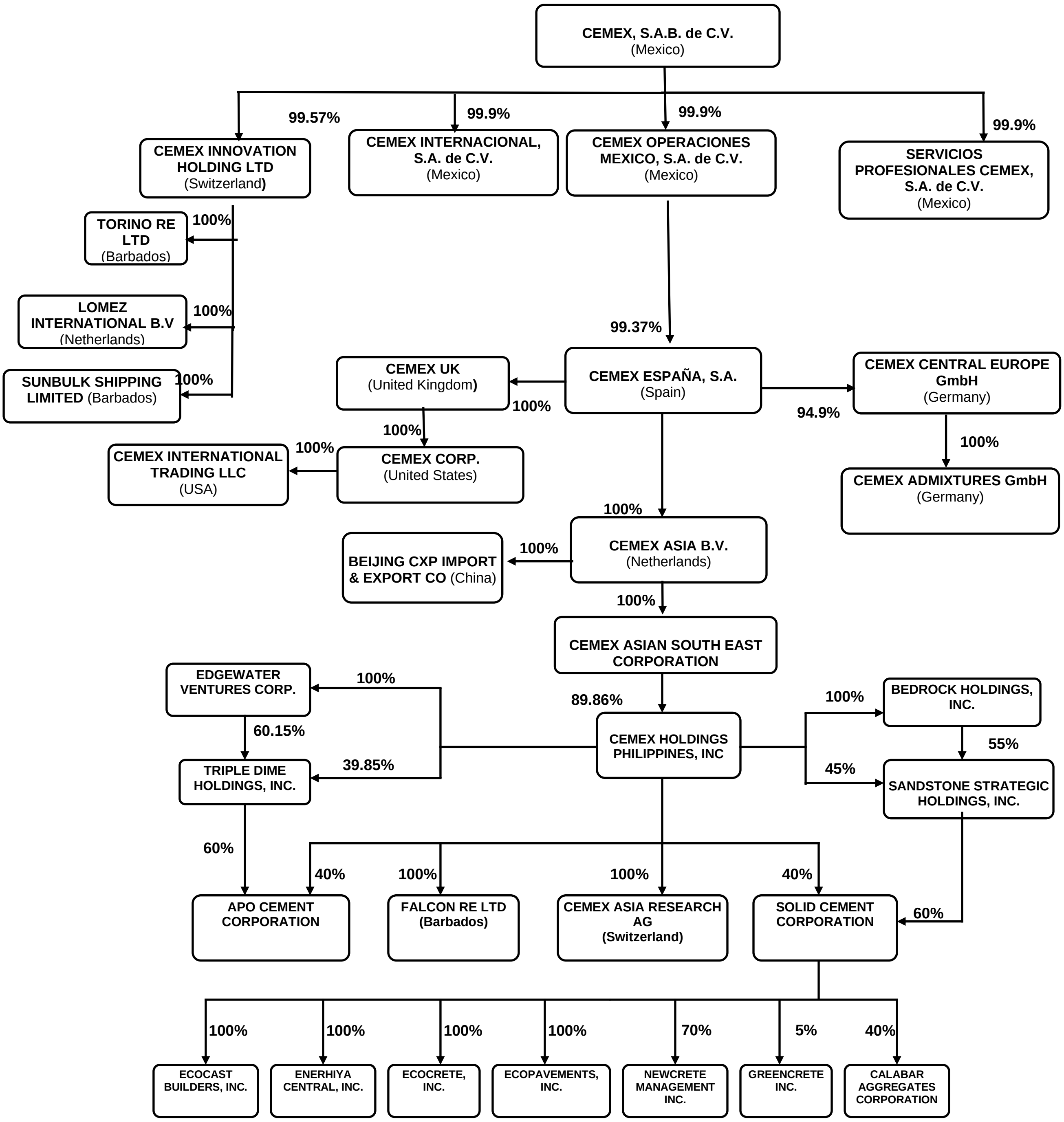
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

CEMEX HOLDINGS PHILIPPINES, INC.
34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

Unappropriated Retained Earnings, beginning of the reporting period		**P8,012,426,872**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Deferred tax assets		**(224,893,571)**
Unappropriated Retained Earnings, as adjusted		**7,787,533,301**
Add/Less: Net Income (loss) for the current year		**121,538,733**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(P46,510,773)	
Sub-total		**(46,510,773)**
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	15,457,221	
Sub-total		**15,457,221**
Total Retained Earnings, end of the reporting period available for dividend		**P7,878,018,482**

CEMEX Holdings Philippines, Inc. and Subsidiaries

Map of the Group of Companies Within which the Company Belongs
As at December 31, 2023



Note: The corporate chart provides the organizational and ownership structure as at December 31, 2023 and has been simplified to show the relevant intermediate holding companies of CEMEX, S.A.B. de C.V. ("CEMEX"). The chart shows, for each company, CEMEX's approximate direct, indirect and/or consolidated percentage equity ownership or economic interest.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE A. FINANCIALS ASSETS
December 31, 2023
(Amounts in Thousands)

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at balance sheet date (iii)	Income received and accrued

NOT APPLICABLE

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
December 31, 2023
(Amounts in Thousands)

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period

NOT APPLICABLE

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
December 31, 2023
(Amounts in Thousands)

Name	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	**Balance at end of period**
CEMEX Holdings Philippines, Inc.	P14,742,765	P3,095,348	P8,066,289	P–	P868,511	P8,903,313	**P9,771,824**
Cemex Asia Research AG	4,877,417	1,912,681	1,174,311	–	5,615,787	–	**5,615,787**
Falcon Re Ltd.	2,781,804	165,433	–	–	2,947,237	–	**2,947,237**
APO Cement Corporation	1,998,223	246,915	238,845	–	51,293	1,955,000	**2,006,293**
Bedrock Holdings, Inc.	110,067	–	–	–	450	109,617	**110,067**
Solid Cement Corporation	90,437	143,550	152,948	–	81,039	–	**81,039**
Ecopavements, Inc.	50,185	–	–	–	5,185	45,000	**50,185**
Ecocast Builders, Inc.	12,392	–	–	–	12,392	–	**12,392**
Ecocrete, Inc.	555	–	–	–	555	–	**555**
	P24,663,845	P5,563,927	P9,632,393	P–	P9,582,449	P11,012,930	**P20,595,379**

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE D. LONG TERM DEBT
December 31, 2023
(Amounts in Thousands)

Title of Issue and type of obligation (i)	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Interest Expense	Number of Periodic Installments	Final Maturity Date
Senior Unsecured Peso Term Loan Facility Agreement	BDO Unibank, Inc.	P6,683,750	P417,734	P6,266,016	P455,017 (Floating rate tranche - based on prevailing market rate plus spread)	20	August 4, 2027

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)
December 31, 2023
(Amounts in Thousands)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)
Cemex Innovation Holding Ltd.	P–	P5,967,992

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS
December 31, 2023
(Amounts in Thousands)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

NOTHING TO REPORT

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE G. CAPITAL STOCK
December 31, 2023

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by Related Parties[(a)]	Directors, officers and employees[(b)]	Others
Common shares	18,310,395,454	13,489,226,623	Not applicable	12,121,954,662	9,772,268	1,357,499,693

(a) As of 31 December 2023, each of the following directors held in his name or for his account one (1) share which is beneficially owned by CEMEX ASIAN SOUTH EAST CORPORATION: Sergio Mauricio Menéndez Medina, Luis Guillermo Franco Carrillo, Antonio Iván Sánchez Ugarte, Francisco Javier García Ruiz de Morales and Jesús Ortiz de la Fuente, respectively.
(b) Employee shares only include shares of CHP held by employees of CHP or its subsidiaries and affiliates which are held pursuant to incentive compensation programs of the Company.

CEMEX HOLDINGS PHILIPPINES, INC.

SCHEDULE OF LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

In 2020, the expected gross and net proceeds as disclosed in the final prospectus dated January 6, 2020 amounted to P12,772.5 million and P12,540.9 million, respectively.

The table below shows the actual gross and net proceeds; each expenditure where the proceeds were used; and the balance of the proceeds as of end of reporting period.

	2023	2022
Gross proceeds	**P–**	P–
Less: Listing and registration fees	**–**	–
Balance of the net proceeds, beginning	**218,364,015.62**	2,210,007,242.00
Less: Expenditures for the period ended		
Payments of costs and expenses associated with the plant expansion project	**218,364,015.62**	1,491,957,842.13
For other general corporate purposes	**–**	499,685,384.25
Total expenditures for the period ended	**218,364,015.62**	1,991,643,226.38
Balance of the net proceeds, ending	**P–**	P218,364,015.62

EXHIBIT B

Audited 2023 *Separate* Financial Statements
(with separate statements of financial position as at December 31, 2023 and 2022, and separate statements of comprehensive income (loss), separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2023 and 2022)

CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A

Omar Irvin Marcial Roberto

From: eafs@bir.gov.ph
Sent: Monday, April 15, 2024 2:45 PM
To: cemex holdings philippines
Cc: cemex holdings philippines
Subject: Your BIR AFS eSubmission uploads were received

CAUTION: External Email | PRECAUCIÓN: Correo electrónico externo | VORSICHT: Externe E-Mail | ATTENTION: Courriel externe To learn more about email protection click here

Hi CEMEX HOLDINGS PHILIPPINES INC.,

Valid files

- EAFS009133917AFSTY122023.pdf
- EAFS009133917ITRTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-A8JJLBGL0CEHL9BAAPYR21PSV0PPZQ233N**
Submission Date/Time: **Apr 15, 2024 02:45 PM**
Company TIN: **009-133-917**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **CEMEX Holdings Philippines, Inc.** (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the separate financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited separate financial statements as at and for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in good faith in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of separate financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **CEMEX Holdings Philippines, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature ______________________________
LUIS GUILLERMO FRANCO CARRILLO
President

Signature ______________________________
LUIS GUILLERMO FRANCO CARRILLO
Chief Executive Officer

Signature ______________________________
STEVE KUANSHENG WU
Treasurer/Chief Financial Officer

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 5 1 8 8 1 5

COMPANY NAME

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

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

3 4 t h   F l o o r   P e t r o n   M e g a   P l a z a
B u i l d i n g ,   3 5 8   S e n .   G i l   J .
P u y a t   A v e n u e ,   B r g y .   B e l - A i r
M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	8849 - 3600	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
35 (as of 31 Dec 2023)	1st Wednesday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Steve Kuan-Sheng Wu	steve.wu@cemex.com	(02) 8849 3647	

CONTACT PERSON's ADDRESS

34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE SEPARATE FINANCIAL STATEMENTS

The Management of **CEMEX Holdings Philippines, Inc.** (the "Company") is responsible for the preparation and fair presentation of the separate financial statements as at and for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements and submits the same to the stockholders.

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature **SERGIO MAURICIO MENÉNDEZ MEDINA**
Chairman of the Board

Signature **LUIS GUILLERMO FRANCO CARILLO**
President/Chief Executive Officer

Signature **STEVE KUANSHENG WU**
Treasurer/Chief Financial Officer

Signed this 12 day of April 2024

…-**GITIMACIÓN.** - **YO, JOSÉ BLANCO LOSADA**, Notario de esta Capital y Colegio, **DOY FE:** ——

Que, por cotejo con otras indubitadas, considero legítima la firma y rúbrica que antecede, de Don SERGIO MAURICIO MENÉNDEZ MEDINA, con [redacted] puesta en el presente documento redactado en inglés, idioma conocido por mí, el Notario, y extendido en un folio de papel común que numero, reintegro y sello con el de la Notaría.——

En Madrid, doce de abril de dos mil veinticuatro.——

Libro 1. Asiento 304.——

JOSÉ BLANCO LOSADA
NIHIL PRIUS FIDE
NOTARIO DE MADRID

PAPEL EXCLUSIVO PARA DOCUMENTOS NOTARIALES

TIMBRE DEL ESTADO

0,15 €

HR9510494

07/2023

=FOLIO HABILITADO PARA LEGALIZACIONES POR EL ILUSTRE COLEGIO NOTARIAL DE MADRID=

Este folio ha quedado unido con el sello de este Ilustre Colegio Notarial al Testimonio expedido por
D. José Blanco Losada
Notario de Madrid
el día 12/04/2024

APOSTILLE (Convention de La Haye du 5 octobre 1961)	
1. País: Country / Pays :	ESPAÑA
El presente documento público This public document / Le présent acte public	
2. ha sido firmado por has been signed by / a été signé par	D. José Blanco Losada
3. quien actúa en calidad de acting in the capacity of / agissant en qualité de	NOTARIO
4. y está revestido del sello / timbre de bears the seal / stamp of / est revêtu du sceau / timbre de	SU NOTARÍA
Certificado Certified / Attesté	
5. en at / à MADRID	**6. el día** the / le 12/04/2024
7. por by / par	el Decano del Colegio Notarial de Madrid
8. bajo el número No / sous no	N7201/2024/023563
9. Sello / timbre: Seal / stamp: Sceau / timbre: ILUSTRE COLEGIO NOTARIAL MADRID NIHIL PRIUS FIDE; FE PÚBLICA NOTARIAL; CONSEJO GENERAL DEL NOTARIADO ESPAÑOL; NOTARIADO EUROPA NIHIL PRIUS FIDE; 0295021381	**10. Firma:** Signature: Signature : Doña Mª Eugenia Reviriego Picón Firma delegada del Decano

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Code de verification de l'Apostille:NA:JOy2-MLcx-dbOO-3iNu

CEMEX

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE SEPARATE FINANCIAL STATEMENTS

The Management of **CEMEX Holdings Philippines, Inc.** (the "Company") is responsible for the preparation and fair presentation of the separate financial statements as at and for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free form material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements and submits the same to the stockholders.

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature **SERGIO MAURICIO MENÉNDEZ MEDINA**
Chairman of the Board

Signature **LUIS GUILLERMO FRANCO CARILLO**
President/Chief Executive Officer

Signature **STEVE KUANSHENG WU**
Treasurer/Chief Financial Officer

APR 1 2 2024

SUBSCRIBED AND SWORN TO before me this __________ at Makati City
Affiant exhibited to me his/her __________

Signed this 12th day of April 2024

Doc. no.: 27
Page no.: 08
Book no.: 131
Series of 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll of Attorney No. 77376
MCLE Compliance VIII NO. 0001393-
Jan. 03, 2023 Until Apr. 14, 2028
PTR No.10073945/ Jan.02.2024/Makati City
IBP No.330740/ Jan.02.2024/Pasig City
1107 D Bataan St., Guadalupe Nuevo, Makati City

CEMEX HOLDINGS PHILIPPINES, INC.

SEPARATE FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
CEMEX Holdings Philippines, Inc.
34th Floor Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue
Brgy. Bel-Air, Makati City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of CEMEX Holdings Philippines, Inc. (the "Company"), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms
affiliated with KPMG International Limited, a private English company limited by guarantee.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate financial statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 20 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management. The supplementary has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Markent Ronie R. Tampoc.

R.G. MANABAT & CO.

Markent Ronie R. Tampoc

MARKENT RONIE R. TAMPOC
Partner
CPA License No. 0120537
Tax Identification No. 253-456-564
BIR Accreditation No. 08-001987-151-2022
  Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 10075202
  Issued January 2, 2024 at Makati City

April 12, 2024
Makati City, Metro Manila

CEMEX HOLDINGS PHILIPPINES, INC.
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash in banks	*4, 16*	**P25,294,642**	P50,578,618
Due from related parties	*5, 16*	**870,560,361**	1,929,134,326
Other current accounts receivable	*16*	**13,769,796**	8,976,054
Prepaid expenses and other current assets	*6*	**311,635,269**	34,987,583
Total Current Assets		**1,221,260,068**	2,023,676,581
Noncurrent Assets			
Investments in subsidiaries	*7*	**52,970,254,907**	47,970,254,907
Due from related parties - net of current portion	*5, 16*	**8,903,313,791**	12,815,588,044
Long-term time deposit	*9, 16*	**-**	208,683,943
Deferred income tax assets - net	*15*	**193,160,060**	202,574,519
Other noncurrent asset	*6*	**35,405,718**	44,028,006
Total Noncurrent Assets		**62,102,134,476**	61,241,129,419
		P63,323,394,544	P63,264,806,000
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	*16*	**P8,790,135**	P5,972,822
Due to related parties	*5, 16*	**8,402,162,527**	7,381,627,298
Accrued expenses and other payables	*8, 16*	**180,779,571**	206,171,649
Current portion of long-term bank loan	*9, 16*	**417,734,388**	-
Income tax payable		**-**	5,654,726
Total Current Liabilities		**9,009,466,621**	7,599,426,495
Noncurrent Liabilities			
Long-term bank loan - net of current portion	*9, 16*	**6,227,927,004**	7,723,630,223
Retirement benefits liability	*10*	**129,054,410**	145,929,965
Total Noncurrent Liabilities		**6,356,981,414**	7,869,560,188
Total Liabilities		**15,366,448,035**	15,468,986,683
Equity			
Common stock	*11*	**13,489,226,623**	13,489,226,623
Additional paid-in capital	*11*	**26,217,798,860**	26,217,798,860
Share-based compensation reserve		**77,299,687**	34,644,514
Remeasurement on retirement benefit liability		**38,718,083**	41,722,448
Retained earnings		**8,133,903,256**	8,012,426,872
Total Equity		**47,956,946,509**	47,795,819,317
		P63,323,394,544	P63,264,806,000

See Notes to the Separate Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2023**	2022
SERVICE FEES	*5*	**P407,896,273**	P413,859,704
COST OF SERVICES	*12*	**370,814,794**	376,236,095
GROSS PROFIT		**37,081,479**	37,623,609
OPERATING EXPENSES			
Professional fees		**15,777,077**	17,025,923
Taxes and licenses		**12,355,364**	10,674,504
Advertising and travel expenses		**6,878,008**	6,196,569
Insurance		**3,501,259**	3,161,640
Utilities		**2,697,367**	4,275,029
Subscription fees		**2,031,723**	1,882,096
Meetings		**1,669,979**	1,547,766
Advisory services		**1,584,865**	1,666,379
Outside services		**1,468,043**	1,323,475
Entertainment expenses		**537,311**	532,746
Miscellaneous expenses	*8*	**2,373,895**	7,963,773
		50,874,891	56,249,900
LOSS FROM OPERATIONS		**(13,793,412)**	(18,626,291)
OTHER INCOME (CHARGES)			
Interest income	*4, 5, 9*	**1,095,494,657**	1,184,918,378
Foreign exchange (loss) - net		**35,321,765**	(647,405,270)
Financial expense	*5, 9, 16*	**(906,388,207)**	(544,343,396)
Financial expense on retirement benefits	*10*	**(10,609,108)**	(8,282,927)
Dividend income	*5, 13*	**-**	3,032,080,000
Other expenses	*14*	**(34,906,939)**	(40,563,751)
		178,912,168	2,976,403,034
PROFIT BEFORE INCOME TAX		**165,118,756**	2,957,776,743
INCOME TAX EXPENSE	*15*	**43,642,372**	110,103,238
PROFIT		**121,476,384**	2,847,673,505
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss			
Gain (loss) on remeasurement on retirement benefit liability, net of tax	*10, 15*	**(3,004,365)**	2,003,143
TOTAL COMPREHENSIVE INCOME		**P118,472,019**	P2,849,676,648

See Notes to the Separate Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Note	**Common Stock** (see Note 11)	**Additional Paid-in Capital** (see Note 11)	**Share-based Compensation Reserve**	**Remeasurement on Retirement Benefit Liability**	**Retained Earnings**	**Total Equity**
Balance at January 1, 2022		P13,489,226,623	P26,217,798,860	P33,562,558	P39,719,305	P5,164,753,367	P44,945,060,713
Transactions with Owners of the Company							
Share-based compensation	*5*	-	-	1,081,956	-	-	1,081,956
Total Comprehensive Income for the Year							
Profit		-	-	-	-	2,847,673,505	2,847,673,505
Other Comprehensive Income for the Year							
Gain on remeasurement on retirement benefit liability, net of tax	*10, 15*	-	-	-	2,003,143	-	2,003,143
Total Comprehensive Income		-	-	-	2,003,143	2,847,673,505	2,849,676,648
Balance at December 31, 2022		13,489,226,623	26,217,798,860	34,644,514	41,722,448	8,012,426,872	47,795,819,317
Transactions with Owners of the Company							
Share-based compensation	*5*	-	-	42,655,173	-	-	42,655,173
Total Comprehensive Income for the Year							
Profit		-	-	-	-	121,476,384	121,476,384
Other Comprehensive Income for the Year							
Loss on remeasurement on retirement benefit liability, net of tax	*10, 15*	-	-	-	(3,004,365)	-	(3,004,365)
Total Comprehensive Income		-	-	-	(3,004,365)	121,476,384	118,472,019
Balance at December 31, 2023		**P13,489,226,623**	**P26,217,798,860**	**P77,299,687**	**P38,718,083**	**P8,133,903,256**	**P47,956,946,509**

See Notes to the Separate Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC.
SEPARATE STATEMENTS OF CASH FLOWS

	Note	2023	2022
		Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**P165,118,756**	P2,957,776,743
Adjustments for:			
Financial expense	*5, 9*	**906,388,207**	544,343,396
Share-based compensation expense	*5*	**42,655,173**	1,081,956
Retirement benefit expense	*10*	**22,424,779**	20,345,501
Amortization of transportation allowance		**15,748,018**	13,374,106
Dividend income	*13*	**-**	(3,032,080,000)
Net unrealized foreign exchange loss (gain)		**(56,850,549)**	535,951,190
Interest income	*4, 5, 9*	**(1,095,494,657)**	(1,184,918,378)
Operating loss before working capital changes		**(10,273)**	(144,125,486)
Decrease (increase) in:			
Due from related parties		**386,323,138**	(14,711,783)
Other current accounts receivable		**(4,793,742)**	(7,705,724)
Prepaid expenses and other current assets		**(26,777,891)**	(41,451,664)
Increase (decrease) in:			
Trade payables		**2,817,313**	2,371,109
Accrued expenses and other payables		**(87,556,968)**	(41,514,941)
Due to related parties		**(36,561,545)**	(25,743,615)
Cash generated from (absorbed by) operations		**233,440,032**	(272,882,104)
Interest received		**11,671,295**	76,495,206
Interest paid	*9*	**(500,308,358)**	(358,915,782)
Income taxes paid		**(29,547,349)**	(26,227,221)
Benefits paid	*10*	**(7,182,640)**	(19,678,405)
Net cash used in operating activities		**(291,927,020)**	(601,208,306)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		**896,352,300**	3,137,704,645
Loans to related parties	*5*	**(218,432,654)**	(1,989,455,593)
Placement on long-term time deposit	*9*	**(50,519,688)**	(208,683,943)
Increase in other non-current asset		**(7,125,730)**	(13,411,721)
Net cash provided by investing activities		**620,274,228**	926,153,388
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans from related parties	*5*	**765,491,000**	1,820,596,700
Bank loan	*9*	**-**	6,633,622,084
Payment of:			
Bank loan	*9*	**(1,113,958,369)**	(7,832,739,284)
Related party loan	*5*	**-**	(1,021,048,048)
Net cash used in financing activities		**(348,467,369)**	(399,568,548)

Forward

		Years Ended December 31	
	Note	**2023**	2022
NET DECREASE IN CASH IN BANKS		**(P20,120,161)**	(P74,623,466)
EFFECT OF EXCHANGE RATE CHANGES ON CASH IN BANKS		**(5,163,815)**	3,664,514
CASH IN BANKS AT BEGINNING OF YEAR		**50,578,618**	121,537,570
CASH IN BANKS AT END OF YEAR	*4*	**P25,294,642**	P50,578,618

See Notes to the Separate Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

CEMEX Holdings Philippines, Inc. (the “Company” or “Parent Company”), a subsidiary of CEMEX Asian South East Corporation (CASEC), was incorporated as a stock corporation on September 17, 2015 under Philippine laws primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that the Company shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act (RA) No. 2629, *Investment Company Act*.

CASEC was incorporated as a stock corporation on August 25, 2015 under Philippine laws.

On a consolidated group basis, the Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (CEMEX), a publicly traded variable stock corporation (*sociedad anónima bursátil de capital variable*) incorporated in Mexico and with address of its principal executive office at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, Mexico.

On June 30, 2016, the Philippine Securities and Exchange Commission (SEC) resolved to render effective the Registration Statement of the Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Company. On July 18, 2016, the Company’s initial public offering (IPO) of 2,337,927,954 common shares at P10.75 per share culminated with the listing and trading of shares of the Company on the Main Board of the Philippine Stock Exchange (PSE), resulting in an increase in capital stock of P2,337,927,954 and additional paid-in capital of P21,959,159,068 net of P835,638,484 transaction costs that is accounted for as a reduction in equity. A total of 5,195,395,454 common shares of the Company was initially listed on the PSE.

On April 2, 2019 and October 16, 2019, the Board of Directors and stockholders of the Company, respectively, approved the amendment of the Seventh Article of the Amended Articles of Incorporation of the Company to reflect an increase in the Company’s authorized capital stock (ACS) from P5,195,395,454, consisting of 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395,454, consisting of 18,310,395,454 common shares with a par value of P1 per share. In connection with the proposed capital increase, a stock rights offering (SRO) was initiated by the Company for the purpose of raising the equivalent in Philippine Peso of up to US$250,000,000. On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the SRO is exempt from the registration requirements of the Revised Securities Regulation Code of the Philippines, and the board of directors of the PSE approved the Company’s application for listing of the shares to be offered in the SRO, subject to the fulfillment of certain listing conditions, such as but not limited to the Company having obtained the SEC’s approval of the increase in its ACS.

On January 6, 2020, the Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of P1.00 per share (the "Rights Shares") at an offer price of P1.54 per Rights Share that would be issued from the Company's increased ACS. The proceeds from the Stock Rights Offering would be used primarily (i) to fund the expansion of the cement plant of Solid Cement Corporation (Solid) in Antipolo City, Rizal, involving the construction and installation of a 1.5 million metric tons per year new integrated cement production line (the "Solid New Line Project"), including to pay outstanding amounts owed by Solid under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid, as the borrower, and CEMEX Asia, B.V. ("CABV"), as the lender (the "Solid Expansion Facility Agreement"), which facility agreement had been used primarily but not exclusively to fund the Solid New Line Project, and (ii) for other general corporate purposes, including to pay outstanding amounts owed by APO Cement Corporation (APO) under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO, as borrower, and CABV, as lender (as assignee to CEMEX Hungary KFT) (the "APO Operational Facility Agreement").

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500,000.

On February 27, 2020, the SEC approved the Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed on the Main Board of the PSE. After the Stock Rights Offering and the approval by the SEC of the Company's application for ACS, the Company's issued and outstanding shares totaled 13,489,226,623 common shares at P1 par value per share or total par value of P13,489,226,623.

As of December 31, 2020, the shareholdings in the Company owned by CASEC was 10,500,624,662 common shares at P1 par value per share.

In September 2022, CASEC increased its shareholdings in the Company to 10,507,954,662 common shares at P1 par value per share.

In March 2023, in connection with the voluntary tender offer exercise launched by CASEC, CASEC acquired 1,614,000,000 common shares of the Company at the Tender Offer Price of P1.30 with a total transaction price of P2,098,200,000. The cross sales were executed last 29 March 2023. As a result of the tender offer, CASEC owns and controls 12,121,954,662 common shares of the Company (inclusive of 5 shares held by individuals), which is approximately 89.86% of the issued and outstanding common shares of the Company.

Based on the list of stockholders registered with the stock transfer agent of the Company, the Company has 35 and 32 stockholders as at December 31, 2023 and 2022 respectively, with each of PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino) recorded as a stockholder.

The Company's principal office is located at 34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Brgy. Bel-Air, Makati City.

2. Basis of Preparation

Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

In accordance with Paragraph 4 of PFRS 10, *Consolidated Financial Statements,* the Company prepares consolidated financial statements in which the Company consolidates the financial statements accounts of its subsidiaries. Such consolidated financial statements provide information about the economic activities of the Company and its subsidiaries, with the Company as the parent entity. The consolidated financial statements, which have been prepared in accordance with PFRSs, are available through the Philippine SEC.

The separate financial statements were approved and authorized for issue by the Company's Board of Directors (the "Board") on April 12, 2024.

Basis of Measurement

The separate financial statements have been prepared on a historical cost basis of accounting, except for retirement benefit liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets.

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, except when otherwise indicated.

Use of Judgments and Estimates

The preparation of separate financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the separate financial statements. The estimates and assumptions used in the accompanying separate financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments

In the process of applying the Company's accounting policies, management has not applied judgments, apart from those involving estimations, that have the most significant effect on the amounts recognized in the separate financial statements.

Estimates

The Company has no key assumptions concerning the future and other key sources of estimation uncertainty as at reporting date that has the most significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements, except for the changes in accounting policies as explained below.

<u>Adoption of Amendments to Standards</u>

The Company has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

  The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

  The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 Material Accounting Policies in certain instances in line with the amendments.

Amendments to Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following amended standard in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements. The Company will adopt the following amendments to standard in its effective date.

Effective January 1, 2024

- *Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Financial Instruments

Recognition and Initial Measurement

Financial instruments within the scope of PFRS 9 are recognized in the separate statements of financial position when the Company becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

A financial asset (unless it is a receivable without a financing component) or financial liability is initially measured at fair value. The initial measurement of financial assets includes directly attributable transaction costs. A receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement
The Company determines the classification of its financial assets on initial recognition. The Company classifies its financial assets into the following categories: financial assets at amortized cost or at FVTPL, debt investments at FVOCI and equity investments at FVOCI. The classification depends on the Company's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

As at December 31, 2023 and 2022, the Company has no debt investments at FVOCI and equity investments at FVOCI.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Impairment losses on trade receivables are recognized under selling and distribution expenses. Any gain or loss on derecognition is recognized in profit or loss.

The Company's cash in banks, due from related parties, other current accounts receivable and debt service reserve account (recognized under prepaid expenses and other current assets as at December 31, 2023 and long-term time deposit as at December 31, 2022) are included in this category.

Interest income accruing from cash in banks is recognized as part of "Interest income" under "Other Income (Charges)" account in the separate statements of comprehensive income.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers contingent events that would change the amount or timing of cash flows, and any prepayment and extension features.

Classification and Subsequent Measurement - Financial Liabilities
Trade payables, due to related parties, accrued expenses and other payables (excluding advances from customers and liabilities covered by other PFRSs, such as statutory liabilities) and long-term bank loan are recognized initially at fair value, less directly attributable transaction cost and subsequently measured at their amortized cost. Interest accrued on financial instruments is recognized in the separate statements of financial position within “Accrued expenses and other payables”, or “Due to related parties” against financial expenses. As at December 31, 2023 and 2022, the Company did not have financial liabilities classified as at FVTPL. Direct costs incurred in debt issuances or borrowings are deducted from the fair value of the financial liability at initial recognition and amortized as interest expense as part of the effective interest rate of each transaction over its maturity. When a loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged against profit or loss.

Derecognition of Financial Instruments
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the carrying amount of the original liability and the recognition of a new liability at fair value, and any resulting difference in the respective carrying amounts is recognized in profit or loss.

Fair Value Measurement
A number of the Company’s accounting policies and disclosures requires the measurement of fair value for both financial and non-financial assets and liabilities. Fair value is measured as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels of the fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred.

<u>Investments in Subsidiaries</u>
A subsidiary is an entity in which the Company has control. The Company has control over an investee when it is exposed, or has rights, to variable returns from its involvement with that investee; when it has the ability to affect those returns. An investment in a subsidiary is accounted for at cost, including transaction costs, less impairment losses, if any. The Company recognizes income from the investments when its right to receive dividend is established. The Company accounts for its investments in subsidiaries at cost. When the Company loses control over a subsidiary, any interest retained in the former subsidiary is measured at fair value.

<u>Impairment of Financial Assets</u>
Non-derivative Financial Assets
The Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when: (1) the borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realizing any collateral; or (2) the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when: i) the debt security has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired Financial Assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of Allowance for ECL in the Separate Statements of Financial Position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written-off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company categorizes a financial asset for write-off when the debtor fails to make contractual payments more than 365 days past due. The Company expects no significant recovery from the amount written-off.

Impairment of Investments in Subsidiaries
The carrying amounts of the Company's investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an investment in a subsidiary is the greater of its fair value less costs of disposal and its value in use. The fair value is the price that would be received to sell the investment or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is the present value of the future cash flows expected to be derived from the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in estimate used to determine the recoverable amount of the asset, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefit Plan

The Company's net obligation in respect of the retirement benefit plans is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the retirement benefit liability is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements on retirement benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net retirement benefit liability (asset) for the period by applying the discount rate used to measure the retirement benefit liability at the beginning of the annual period to the then net retirement benefit liability (asset), taking into account any changes in the net retirement benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to retirement benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a retirement benefit plan when the settlement occurs.

Transportation Allowance

The Company grants transportation allowance to "entitled executives" for the purpose of purchasing a motor vehicle and to cover other transportation-related expenses such as, but not limited to, maintenance cost, gasoline, registration expenses and insurance premiums on motor vehicle for a period of five (5) years from the date of grant. The amount paid to executives in respect of the Company's transportation allowances is recorded as an asset carried at cost (the current portion is part of "Prepaid expenses and other current assets" account, while the noncurrent portion is part of "Other noncurrent assets" account in the separate statements of financial position) and subsequently amortized as an expense over the term of the contract.

Share-based Payment Transactions
Certain executives of the Company receive compensation under a long-term incentive program using CEMEX's Ordinary Participation Certificates (Certificados de Participación Ordinarios or CPOs) or the Company's shares and CEMEX American Depositary Shares (ADS). Pursuant to the guidance of PFRS 2, *Share-based Payment*, stock awards based on the ultimate parent company and Company's shares granted to the Company's executives are treated as equity instruments, considering that services received from employees are settled by delivering such CEMEX's shares. The cost of equity instruments represents the estimated fair value at the date of grant and is recognized in profit or loss during the period in which the exercise rights of the employees become vested against other equity reserves.

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

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

<u>Capital Stock and Additional Paid-in Capital</u>
Common stock is classified as equity. Common stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement, net of any subscription receivable, and is measured at par value. The transaction costs incurred as a necessary part of completing equity transactions are accounted for as a part of that transaction and are deducted from equity, net of related tax benefits. Considerations received in excess of the par value of shares issued are recognized in "Additional paid-in capital" account in the separate statements of financial position.

<u>Retained Earnings</u>
Retained earnings represent the cumulative balance of periodic net income (loss), dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

<u>OCI</u>
OCI pertains to items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRSs.

<u>Revenue from Contracts with Customers</u>
The Company recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in the contract with the customer.

The Company's revenue (i.e., service fees) mainly pertains to advisory services provided by the Company to its related parties under mark-up-based contracts. Revenue from such services is recognized based on the work performed for a particular customer and is calculated in accordance with the service agreement. Revenue from such services is also recognized overtime as the services are received and the benefits are consumed by the customer simultaneously.

If the services rendered by the Company exceed payments, a contract asset is recognized. If payments exceed the services rendered, a contract liability is recognized.

Receivables arising from the Company's revenue contracts recognized in "Due from related parties" account in the separate statements of financial position represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Other Income

Dividend Income

Dividend income is recognized when the Company's right to receive the payment is established. Dividends received are classified as part of cash flows from operating activities.

Interest

Interest is recognized as it accrues, taking into account the effective yield on the asset, net of final tax.

Cost and Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are rendered or the expenses are incurred.

Cost of Services

Cost of services includes direct salaries and wages and travel expense directly attributable to the services rendered. This is recognized when the services are rendered or the expenses are incurred.

Operating Expenses

Expenses incurred in the direction and general administration of day-to-day operation of the Company and are generally recognized when the services are rendered or the expenses are incurred.

Foreign Currency Transactions

Foreign currency transactions are recorded in Philippine peso based on exchange rates prevailing at transaction dates. Outstanding foreign currency denominated monetary assets and monetary liabilities are translated to Philippine peso using the prevailing rates at the reporting date. Exchange rate differences arising from the settlement of monetary items at rates different from those at which they were initially recorded during the periods are recognized in profit or loss in the period in which they arise. Foreign currency gains and losses are reported on a net basis.

Income Taxes

Income tax expense comprises current tax and deferred income tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI, in which case it is recognized in equity or in OCI.

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax assets and deferred income tax liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of unused NOLCO and unused tax credits from the excess of MCIT over RCIT.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of MCIT over RCIT, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT over RCIT can be utilized except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss;

- and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred income tax assets are reviewed at each reporting date. A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused tax credits from excess MCIT over RCIT can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred income tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan of the Company. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The income tax effects from an uncertain tax position are recognized when it is not probable that the position will be accepted based on its technical merits and assuming that the tax authorities will examine the uncertain tax treatments and have full knowledge of all relevant information. They are measured by either determining the single most likely amount or the sum of the probability-weighted amounts in a range of possible outcomes depending on which method the Company expects to better predict the resolution of the uncertainty. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset if there is a legally enforceable right to set-off current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Excess income tax payments are recognized as “Prepaid taxes” under “Prepaid expenses and other current assets” account in the separate statements of financial position and are carried at cost.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of “Prepaid expenses and other current assets” or “Accrued expenses and other payables” accounts in the separate statements of financial position.

Events After the Reporting Date

Post year-end events up to the date the separate financial statements are authorized for issue by the Board that provide additional information about the Company’s unconsolidated financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

4. Cash in Banks

The Company’s cash in banks amounted to P25,294,642 and P50,578,618 as at December 31, 2023 and 2022, respectively. Interest income earned from cash in banks amounted to P4,365 and P73 in 2023 and 2022, respectively.

The Company’s exposures to credit and foreign currency risks related to cash in banks are disclosed in Note 16 to the separate financial statements.

5. Related Party Transactions

Related party relationship exists when the other party (i) has control or joint control of the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. A related party relationship is deemed to exist when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and/or operating decisions. Another criteria recognize a related party relationship, whether or not the ability to control exists, if any of the following conditions applies to an entity: (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others, (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member), (iii) both entities are joint ventures of the same third party, (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity, or (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity (if the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity).

The Company has an approval requirement and limits on the amount and extent of related party transactions in compliance with the Revised Securities Regulation Code Rule 68 and the SEC Memorandum Circular 10-2019 - *Rules on Material Related Party Transactions for Publicly-Listed Companies*. Transactions entered into with a related party amounting to 10% or more of the total consolidated assets based on the latest audited consolidated financial statements are considered material. All individually material related party transactions shall be reviewed and evaluated by the Audit Committee and endorsed to the Board for approval. The material related party transaction shall require the approval of at least two-thirds (2/3) votes of the members of the Board, with at least the majority of the independent directors voting to approve the material related party transaction.

For aggregate related party transactions within twelve-month period with the same related party that breaches the materiality threshold, the same review and approval procedures mentioned above is required.

As at December 31, 2023 and 2022, balances of due from/to related parties are detailed as follows:

Receivables - current	2023	2022
Ultimate Parent:		
CEMEX [8]	**P2,051,404**	P -
Parent:		
CASEC[4]	**500**	2,757,929
Subsidiaries:		
Solid Cement Corporation (Solid)[7]	**785,661,189**	961,049,320
Falcon Re Ltd. (Falcon)[1]	**-**	887,675,355
APO Cement Corporation (APO)[5]	**82,843,358**	76,926,791
Newcrete Management, Inc. (Newcrete) [4]	**500**	-
Enerhiya Central, Inc. (Enerhiya) [4]	**500**	-
Ecocast Builders, Inc. (Ecocast) [4]	**500**	-
Bedrock Holdings, Inc. (Bedrock) [4]	**500**	-
Sandstone Strategic Holdings, Inc. (Sandstone) [4]	**500**	-
Triple Dime Holdings, Inc. (Triple Dime) [4]	**500**	-
Edgewater Ventures Corporation (Edgewater) [4]	**910**	-
Other related parties[10]:		
CEMEX Operaciones México, S.A. de C.V. (CEMEX Operaciones) [8]	-	724,931
	P870,560,361	P1,929,134,326

Receivables - noncurrent	2023	2022
Subsidiaries:		
Solid [7]	**P8,255,507,411**	P12,239,605,759
APO [5]	**647,806,380**	575,982,285
	P8,903,313,791	P12,815,588,044

Payables - current	2023	2022
Ultimate Parent:		
CEMEX[4]	**P -**	P622,810
Subsidiaries:		
CEMEX Asia Research AG (CAR)[2]	**5,417,527,996**	4,562,882,762
Falcon[1]	**2,947,237,408**	2,781,803,641
Solid[3]	**294,828**	18,872,927
APO[6]	**37,050,564**	17,409,402
Other related parties[10]		
Island Quarry and Aggregates Corporation (IQAC)[9]	**51,731**	-
Cemex Asia Pte. Ltd. - PHQ[4]	**-**	35,756
	P8,402,162,527	P7,381,627,298

[1]On July 14, 2022, Falcon declared US $31 million dividend to the Company. The receivable balance refers to unpaid portion of the dividend amounting to nil and P887,675,355 as at December 31, 2023 and 2022 which is unimpaired, unsecured, noninterest-bearing and shall be collected at any time between the date of resolution and December 31, 2023.

The payable balance pertains to the deposit balance under the agreement between Falcon and the Company, in which Falcon (depositor), may withdraw the deposit balance, including any accrued interest if requested, in its entirety or in part by giving prior notice to the Company at least 30 days prior to said date. The deposits bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points (see Note 16). Beginning January 1, 2022, the interest rate under the agreement was revised to be equal to WAILRF.

[2]The payable balance pertains to the deposit balance under the agreement between CAR and the Company, in which CAR (depositor), may withdraw the deposit balance, including any accrued interest if requested, in its entirety or in part by giving prior notice to the Company at least 30 days prior said date. The deposits bear interest rate at an annual rate equal to Safe Harbour rate issued by Swiss Federal Tax Administration .
On September 22, 2022, CAR declared US $22 million dividend to the Company. On October 14, 2022, the dividend was settled by means of legal compensation against CAR's account receivable under deposit agreement with the Company.
[3]The payable balance includes reimbursable expenses amounting to 294,828 and P18,872,927 as at December 31, 2023 and 2022, respectively, which are unsecured, noninterest-bearing and collectible upon demand.
[4]Amount pertains to reimbursable expenses which are unimpaired, unsecured, noninterest-bearing and collectible upon demand.
[5]The receivable balance includes a) the balance related to advisory services amounting to P24,013,901 and P24,271,207 as at December 31, 2023 and 2022, respectively, which have a 60-day term, unimpaired, noninterest-bearing and unsecured. The term of the agreement is two (2) years subject to renewal by mutual agreement of the parties; and b) the balance of principal and interest on loan due under the seven-year loan facility agreement between the Company and APO which was entered into on March 3, 2020, covering a principal amount of P2,540,000,000 with an annual interest rate of 11.12%. Balance of principal and interest on loan amounted to P647,806,380 (noncurrent) and P58,829,457 (current) as at December 31, 2023 and P575,982,285 (noncurrent) and P52,655,584 (current) as at December 31, 2022, respectively.
[6]The payable balance which are noninterest-bearing and unsecured includes a) pension reimbursement amounting to P37,017,776 and P17,362,761 as at December 31, 2023 and 2022, respectively; and b) reimbursable expenses amounting to P32,788 and P46,641 as at December 31, 2023 and 2022, respectively.
[7]The receivable balance includes a) balances related to advisory services amounting to P11,349,310 and P10,549,455 as at December 31, 2023 and 2022, respectively, which have a 60-day term, unimpaired, noninterest-bearing and unsecured. The term of the agreement is two (2) years subject to renewal by mutual agreement of the parties; b) reimbursable expense amounting to P1,037,282 and nil as at December 31, 2023 and 2022, respectively, which is unimpaired, noninterest-bearing and unsecured; c) net retirement benefit receivable from employee transfers to the Company amounting to P894,259 and P13,285,975 as at December 31, 2023 and 2022, respectively, which is unimpaired, noninterest-bearing and unsecured; and d) the balance of principal and interest on loan due under the seven-year loan facility agreement between the Company and Solid which was entered into on March 3, 2020, covering a principal amount of up to P12,725,000,000 with an annual interest rate of 10.02%. Balance of principal loan and interest on loan amounting to P8,255,507,411 (noncurrent) and P772,380,338 (current) as at December 31, 2023 and P12,239,605,759 (noncurrent) and P937,213,890 (current) as at December 31, 2022, respectively. On April 26, 2023, the BOD approved the conversion of a portion of the principal outstanding loan amounting to P5,000,000,000 into equity as additional paid-in capital without the issuance of shares, which transaction became effective on May 1, 2023 (see Note 7).
[8]The balance pertains to fringe benefit tax paid by the Company in relation to the share-based compensation that was claimed as reimbursable expense, which is unsecured, noninterest-bearing, unimpaired and due on demand.
[9]The balance includes a) reimbursable expenses amounting to P51,731 and nil as at December 31, 2023 and 2022, respectively which unsecured, noninterest-bearing and due on demand expenses;
[10] Other related parties pertain to entities under common control of CEMEX, except for IQAC.

The reconciliation of opening and closing balances of due to related parties that arise from financing activities follows:

	2023	2022
Balance as at January 1	**P7,344,686,403**	P5,888,298,462
Proceeds from drawdowns	**765,491,000**	1,820,596,700
Interest expense	**358,624,441**	151,762,354
Effect of exchange rate changes	**(53,337,418)**	524,604,064
Payment of principal	**-**	(1,021,048,048)
Others	**(50,699,022)**	(19,527,129)
Balance as at December 31	**P8,364,765,404**	P7,344,686,403

The main transactions entered by the Company with related parties for the years ended December 31, 2023 and 2022 are shown below:

Loans Granted	**2023**	2022
Subsidiary:		
Solid	**P218,432,654**	P1,989,455,593

Proceeds from Deposits	**2023**	2022
Subsidiaries:		
CAR	**P699,791,000**	P964,270,000
Falcon	**65,700,000**	856,326,700
	P765,491,000	P1,820,596,700

Interest Income	**2023**	2022
Subsidiaries:		
Solid	**P1,012,228,860**	P1,119,833,424
APO	**71,594,502**	64,938,803
	P1,083,823,362	P1,184,772,227

Service Fees	**2023**	2022
Subsidiaries:		
APO	**P272,325,936**	P288,130,068
Solid	**135,570,337**	125,729,636
	P407,896,273	P413,859,704

Interest Expense	**2023**	2022
Subsidiaries:		
CAR	**P210,258,662**	P108,250,502
Falcon	**148,365,779**	43,511,852
	P358,624,441	P151,762,354

Retirement Liability Transferred from (Receivable Transferred to) Related Parties	**2023**	2022
Subsidiary:		
Solid	**P894,259**	P13,285,975

Reimbursable Expenses	**2023**	2022
Ultimate Parent:		
CEMEX	**P14,099,870**	P -
Subsidiaries:		
APO	**36,928,669**	17,590,503
Solid	**1,048,952**	20,780,473
Other related party:		
CEMEX Operaciones	**-**	1,205,402
	P52,077,491	P39,576,378

Dividend Income	**2023**	2022
Subsidiaries:		
Falcon (*see Note 13*)	**P -**	P1,745,300,000
CAR	**-**	1,286,780,000
	P -	P3,032,080,000

Transaction with Key Management Personnel	**2023**	2022
Short-term employee benefits	**P210,270,313**	P206,515,270
Long-term employee benefits	**11,769,150**	23,714,709
Share-based compensation	**30,922,336**	15,124,079

As part of CEMEX's share-based compensation programs, a group of the Company's executives participates in the long-term share-based compensation program providing for the grant of CEMEX's CPOs, pursuant to which new CPOs are issued by the ultimate parent company under each annual program over a four (4) year period. By agreement with the executives, the CPOs of the annual grant, which is equivalent to 25% of the CPOs related to each plan, are placed in a trust established for the benefit of the executives to comply with a one (1) year restriction on sale.

Certain executive officers of the Company or its subsidiaries received in 2021 compensation in the form of cash pursuant to the terms of a variable long-term incentive plan approved by the Company's Board of Directors on April 25, 2018 under which the eligible executives are allocated cash amounts (to be released in four annual installments) which shall be used by these executives to purchase a specific number of shares of the Company (CHP shares) from the market.

In mid-2023, the Company began transitioning to a new long-term incentive or share-based program for its eligible executives involving the acquisition of ADS, listed on the New York Stock Exchange in lieu of CPOs and CHP shares.

Under CEMEX's share-based compensation programs, approximately 29,802,979 ADS and CPOs in 2023, and 474,337 CPOs in 2022 were issued to or purchased for the executives of the Company. As of the years ended December 31, 2023 and 2022, there were approximately 29,802,979 ADS and CPOs, and 474,337 CPOs associated with these annual programs that are expected to be granted in the succeeding years as the Company's executives render services.

Under the Company's variable long-term incentive plan, net shares purchased by the executives were approximately 44,287,631 and 8,892,162 CHP shares in 2023 and 2022, respectively.

The compensation expense related to these programs for the years ended December 31, 2023 and 2022, were approximately P42,655,173 and P1,081,956, respectively, corresponding to the fair value of the number of CEMEX's CPOs at the date of grant. The weighted average fair value, which pertains to the market price of CPOs granted, is 11.47 and 7.81 Mexican Pesos for the years ended December 31, 2023 and 2022, respectively. The weighted average fair value of ADS is at 6.36 US dollar for the year ended December 31, 2023. On the other hand, CHPs weighted average fair value for 2023 and 2022 is at P1.02 and P0.66, respectively. As at December 31, 2023 and 2022, the Company did not have outstanding commitments or options to make cash payments to executives on the exercise date of awards based on changes in CEMEX's or CHP's own stock (intrinsic value).

Terms and Conditions of Transactions with Related Parties
Outstanding balances as at period-end are unsecured and are expected to be settled in cash. There is no impairment on any related party receivables. There are also no guarantees provided for any related party payables.

The Company's exposures to credit risk, foreign currency risk, interest rate risk and liquidity risk related to the outstanding related party balances are disclosed in Note 16 to the separate financial statements.

Transactions with the Retirement Fund
The Company established a retirement plan for its qualified employees. The control and administration of the retirement plan is vested in its Board of Trustees (BOT). The retirement plan's accounting and administrative functions are undertaken by the Bank of the Philippine Islands Asset Management Trust Group (BPI AMTG), the Company's duly appointed trust fund manager.

The Company's funding policy is to contribute to the Plan's fund as required under actuarial principles to maintain the fund in sound condition. In addition, the Company reserves the right to discontinue, suspend or change the rate and amount of its contribution to the fund at any time due to business necessity or economic conditions. The Company has contributions to the retirement fund amounting to P37,017,776 and P37,554,486 in 2023 and 2022, respectively.

There are also no other transactions entered into by the Company with the plan for the year. As at December 31, 2023 and 2022, the fund's unfunded status amounted to P129,054,410 and P145,929,965, respectively. The composition of the retirement plan assets is disclosed in Note 10 to the separate financial statements.

6. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	**2023**	2022
Debt service reserve account	*9*	**P259,203,631**	P -
Transportation allowance		**19,691,279**	19,625,961
Prepaid taxes		**17,509,750**	4,237,489
Prepaid employee costs		**13,801,490**	9,585,536
Prepaid subscription fees		**1,267,348**	1,376,826
Prepaid insurance		**161,771**	161,771
		P311,635,269	P34,987,583

The noncurrent portion of transportation allowance amounting to P35,405,718 and P44,028,006 as at December 31, 2023 and 2022 is recognized as "Other noncurrent asset" account in the separate statements of financial position.

Prepaid employee costs include advance payments for the rental of residential property for the use of its employees and other items that are individually immaterial.

Prepaid taxes include input VAT and creditable withholding taxes.

7. Investments in Subsidiaries

The details of investments in subsidiaries, are as follows:

	Effective Percentage of Ownership	**2023**	Effective Percentage of Ownership	2022
Subsidiaries				
Triple Dime	**100%**	**P17,898,216,400**	100%	P17,898,216,400
APO	**100%**	**12,409,217,267**	100%	12,409,217,267
Sandstone	**100%**	**8,715,027,617**	100%	8,715,027,617
Solid	**100%**	**11,316,382,707**	100%	6,316,382,707
Edgewater	**100%**	**1,726,783,116**	100%	1,726,783,116
Bedrock	**100%**	**759,519,600**	100%	759,519,600
Falcon	**100%**	**140,380,200**	100%	140,380,200
CAR	**100%**	**4,728,000**	100%	4,728,000
		P52,970,254,907		P47,970,254,907

The movements on investment in subsidiaries are as follows:

	2023	2022
Balance at beginning of year	**P47,970,254,907**	P47,970,254,907
Additional investment	**5,000,000,000**	-
Balance at end of year	**P52,970,254,907**	P47,970,254,907

On April 26, 2023, the Board of Directors of the Company approved the increase of its capital contribution in Solid by way of conversion of P5 billion loan to Solid into equity as additional paid in capital of the latter without issuance of new shares. The said transaction was effective on May 1, 2023.

The Company holds APO directly (40%) and indirectly (60%), through Edgewater and Triple Dime, and holds Solid directly (40%) and indirectly (60%), through Bedrock and Sandstone.

Following are the information relating to the Company's subsidiaries:

- Triple Dime

  Triple Dime was incorporated as a stock corporation in May 1998 under Philippine laws primarily to invest in real or personal property. Triple Dime's principal office address is located at 34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

- APO

  APO, a subsidiary of Triple Dime, was incorporated as a stock corporation under Philippine laws in December 1961, primarily to engage in the production and marketing of cement. APO is also registered to engage in the generation, supply or sale of power from its own power plant. APO's principal office is in APO Cement Plant Compound, Tina-an, Naga City, Cebu, which is also the location of its production plant.

- Sandstone

  Sandstone was incorporated as a stock corporation in November 1998 under Philippine laws primarily to invest in real or personal property. Sandstone's principal office address is located at 34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

- Solid

  Solid was incorporated as a stock corporation in September 1987 under Philippine laws primarily to engage in the manufacturing, developing, processing, exploiting, purchasing and selling of cement and/or other products derived therefrom. Its production plant is located in Antipolo City, Rizal and its principal office is located at 34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

- Edgewater

  Edgewater was incorporated and registered with the SEC as a stock corporation in April 1998 primarily to invest in real or personal property. Edgewater's principal office address is located at 34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

- Bedrock

  Bedrock was incorporated as a stock corporation in October 1998 under Philippine laws primarily to invest in real or personal property. Bedrock's principal office address is located at 34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

- Falcon

  Falcon is registered under the Companies of Barbados to conduct general insurance business, all risk property insurance, political risks insurance and non-damage business interruption insurance and received its license to operate as an insurance company in July 2016. Falcon acts as a re-insurer to third party insurers of operating subsidiaries of the Company covering property, non-damage business interruption, political risk insurance, professional liability program and cyber risks.

- CAR

  CAR was incorporated as a stock corporation in December 2015 under Switzerland laws, primarily to engage in the ownership, licensing, utilization, management, development, administration, maintenance and protection of intellectual and industrial property rights and of assets derived therefrom for the Asian market. CAR's principal place of business is located at Brügg BE, Switzerland.

Below is the summarized financial information pertaining to the Company's investments in subsidiaries as at and for the years ended December 31, 2023 and 2022:

December 31, 2023	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenue	Profit (Loss)	Total Comprehensive Income (Loss)
			(In Thousands of Peso)				
Triple Dime	**P51,085**	**P7,293,300**	**P106**	**P -**	**P -**	**(P102)**	**(P102)**
APO	**5,432,780**	**12,867,245**	**6,224,089**	**4,388,020**	**11,617,419**	**(2,209,661)**	**(2,241,046)**
Sandstone	**300**	**3,984,204**	**110,574**	**-**	**-**	**(101)**	**(101)**
Solid	**3,550,668**	**19,618,896**	**4,000,242**	**14,799,056**	**5,791,325**	**(720,477)**	**(738,197)**
Edgewater	**65,256**	**1,419,429**	**349**	**2,651**	**-**	**2,037**	**2,037**
Bedrock	**114,104**	**56,283**	**1,911**	**-**	**-**	**(101)**	**(101)**
Falcon	**3,975,145**	**1,797**	**585,414**	**-**	**1,059,638**	**1,198,514**	**1,168,841**
CAR	**6,060**	**-**	**660,788**	**-**	**1,058,036**	**581,003**	**355,934**

December 31, 2022	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenue	Profit (Loss)	Total Comprehensive Income (Loss)
			(In Thousands of Peso)				
Triple Dime	P51,184	P7,293,300	P35	P6	P -	(P70)	(P77)
APO	7,134,514	13,331,221	7,997,589	2,539,184	14,505,185	(525,552)	(494,569)
Sandstone	165	3,984,204	110,338	-	-	(97)	(97)
Solid	3,932,661	16,468,328	5,440,197	14,849,444	6,354,670	1,161,787	(1,152,238)
Edgewater	63,246	1,419,429	265	2,762	-	6,177	4,653
Bedrock	114,200	56,283	1,906	-	-	(96)	(96)
Falcon	964,181	2,776,885	1,500,569	-	1,105,220	1,152,241	1,143,541
CAR	5,572	-	453,599	-	1,259,426	560,921	361,557

8. Accrued Expenses and Other Payables

This account consists of:

	Note	**2023**	2022
Accrued interest on bank loan	*9*	**P76,764,152**	P65,298,281
Salaries and wages and other employee benefits		**56,445,130**	97,044,210
Taxes payable		**38,150,610**	36,092,764
Accrued professional fees		**2,222,079**	2,098,773
Others		**7,197,600**	5,637,621
		P180,779,571	P206,171,649

In 2022, the Company recognized provision for taxes amounting to P5,000,000. The amount is recognized as "Others" under the "Accrued expenses and other payables" account in the separate statements of financial position and under in the "Miscellaneous expenses" account in the separate statement of comprehensive income. There was an additional provision for taxes in 2023 amounting to P2,324,564.

The Company's exposure to liquidity risk arising from accrued expenses and other payables is disclosed in Note 16 to the separate financial statements.

9. Long-term Bank Loan

On February 1, 2017, the Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO-Unibank, Inc. for an amount of up to the Philippine Peso equivalent of 280 million U.S. dollars to refinance a majority of the Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. Short-term portion of the bank loan amounted to P417,734,388 and nil as of December 31, 2023 and 2022, respectively.

The reconciliation of opening and closing balances of debt issuance cost deducted from total loan liability as at December 31, 2023 and 2022:

	2023	2022
Unamortized debt issue cost	**P180,684,676**	P180,684,676
Amortization of debt issue cost:		
Beginning balance	**106,606,319**	126,593,190
Debt issuance cost due to loan restructuring	**-**	(50,128,128)
Amortization during the year	**35,989,538**	30,141,257
Ending balance	**142,595,857**	106,606,319
Unamortized balance as at December 31	**P38,088,819**	P74,078,357

Interest expense incurred in 2023 and 2022, excluding amortized direct cost, amounted to P511,774,228 and P362,439,785, respectively, which is recognized as part of "Financial expense" under "Other Income (Charges)" account in the separate statements of comprehensive income.

The Facility Agreement also provides certain covenants. Compliance with these covenants shall be tested semi-annually. On December 8, 2017, the Company entered into a Supplemental Agreement to the Facility Agreement with BDO pursuant to which, more notably, it was agreed that:

- the commencement date for compliance with the aforementioned financial covenants under the Facility Agreement would be in June 2020;
- debt service reserve accounts were created; and
- additional debt incurrence restrictions be put in place.

One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Company's ability to cover its interest expense using its Operating EBITDA (interest coverage ratio) and is measured by dividing Operating EBITDA by the financial expense for the last twelve months as of the calculation date. Operating EBITDA equals operating income before other income, net plus depreciation and amortization. On December 14, 2018, the Company entered into another Supplemental Agreement to the Facility Agreement that provides an option, only for certain potential events of default under the Facility Agreement, for the Company's ultimate parent company, CEMEX, or any affiliate of CEMEX which is not a direct or indirect subsidiary of the Company, to pay all amounts outstanding under the Facility Agreement before they become due and payable prior to their maturity in certain events.

On May 15, 2019, the Company signed an Amendment to the Facility and Supplemental Agreements with BDO mainly to:

- conform the Facility Agreement with certain changes required due to PFRS 16 entering into effect;
- exclude from financial covenants in the Facility Agreement any principal and interest from certain subordinated loans and advances incurred in relation with the new cement line being built by Solid that have been made or are to be made to the Company by any subsidiary of CEMEX; and
- allow for certain loans taken by the Company with any CEMEX subsidiary to be paid with the proceeds from any equity fundraising activity of the Company without having to pay a prepayment fee to BDO under the Facility Agreement.

On June 30, 2020, the Company entered into an agreement with BDO to further amend the Facility Agreement, which provides compliance with certain financial covenants to commence at the later date of June 30, 2021.

On July 28, 2022, the Company signed a facility agreement with BDO for a 5-year senior unsecured term loan for a principal amount of up to P6.69 billion (the "2022 BDO Refinancing Facility Agreement"). The proceeds of the loan to be extended pursuant to the 2022 Facility Agreement will be used to repay approximately P6.68 billion of outstanding indebtedness under the facility agreement dated February 1, 2017 (as amended and supplemented, the "2017 Facility Agreement") between the Company, as borrower, APO and Solid, as assignors, and BDO, as lender. Following this repayment, approximately P1.11 billion principal amount maturing in February 2024 will remain outstanding under the 2017 Facility Agreement. The main terms and conditions of the 2022 Facility Agreement are summarized as follows: final maturity in August 2027; interest on the loan will accrue at a floating rate; the loan will amortize in quarterly payments beginning in November 2024; and financial and non-financial covenants under the 2022 Facility Agreement are substantially similar to those under the 2017 Facility Agreement.

On December 16, 2022, BDO approved the request to waive the Company's compliance with certain financial covenants for a two-year period beginning December 31, 2022, subject to maintenance of a Debt Service Reserve Account with funding balance equivalent to 2 quarters' worth of forward looking debt service (principal and interest, depending on the period covered). During the two-year period, these financial covenants are not applicable or enforceable.

Debt service reserve account related to the Company's bank loan amounted to P259,203,631 and P208,683,943 as at December 31, 2023 and 2022, respectively, and is recognized under "Prepaid expenses and other current assets" account as at December 31, 2023 and "Long-term time deposit" accounts as at December 31, 2022 in the separate statements of financial position. Interest income earned by the debt service reserve account amounted to P11,666,930 and P146,079 for the years ended December 31, 2023 and 2022, respectively.

As at December 31, 2023, the Company is in compliance with the applicable restrictions and covenants of the Facility Agreement.

The reconciliation of opening and closing balances of bank loan follows:

	Bank Loan	Accrued Interest	Total
Balance as at January 1, 2022	P8,892,606,166	P61,774,278	P8,954,380,444
Additional loan	6,633,622,084	-	6,633,622,084
Interest expense	30,141,257	362,439,785	392,581,042
Payment of:			
Principal	(7,832,739,284)	-	(7,832,739,284)
Interest	-	(358,915,782)	(358,915,782)
Balance as at December 31, 2022	7,723,630,223	65,298,281	7,788,928,504
Interest expense	35,989,538	511,774,228	547,763,766
Payment of:			
Principal	(1,113,958,369)	-	(1,113,958,369)
Interest	-	(500,308,358)	(500,308,358)
Balance as at December 31, 2023	**P6,645,661,392**	**P76,764,151**	**P6,722,425,543**

Accrued interest from this bank loan amounting to P76,764,151 and P65,298,281 as at December 31, 2023 and 2022, respectively, are recognized under "Accrued expenses and other payables" account in the separate statements of financial position.

The Company's exposures to liquidity risk and interest rate risk arising from its bank loan are disclosed in Note 16 to the separate financial statements.

10. Retirement Benefit Liability

The Company has a funded, noncontributory, defined benefit retirement plan covering substantially all of its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date was made on February 2, 2024. Valuations are obtained on a quarterly basis.

The retirement plan of the Company entitled a regular and permanent employee to avail of the "Normal Retirement, Early Retirement and Late Retirement Benefit" and "Voluntary Separation Benefit". In addition, the retirement plan also provides "Total and Permanent Disability and Death Benefit" for the qualified employees and beneficiaries.

Normal Retirement, Early Retirement and Late Retirement
The total benefit that will be received by a retired non-union member employee and a union member (**) employee is based on his final plan salary and years of service (YOS), which is summarized on the retirement benefit formula table below:

YOS	Retirement Benefit*
20 and Below	100% of the plan salary for every year of credited service
Above 20 and below 26	119% of the plan salary for every year of credited service
26 and above	139% of the plan salary for every year of credited service

**covering Normal, Early and Late Retirement*
***for YOS rendered before January 1, 2011*

The following retirement benefit formula table applies to a union member employee for services rendered on or after January 1, 2011:

YOS	Retirement Benefit*
20 and Below	110% of the plan salary for every year of credited service
Above 20 and below 26	130% of the plan salary for every year of credited service
26 and above	150% of the plan salary for every year of credited service

**covering Normal, Early and Late Retirement*

An employee may be entitled only to an early retirement benefit provided that he reached the age of fifty-five (55) and has completed at least ten (10) years of credited service, subject to the consent of the Company. The late retirement may be availed only beyond age sixty (60) but not beyond sixty-five (65), on a case-to-case and yearly extension basis and subject to the consent of the Company.

Voluntary Separation
The total benefit that will be received by a retired employee is based on his final salary and YOS, which is summarized on the retirement benefit formula table below:

YOS	Retirement Benefit
10 to less than 16	79% of the plan salary for every year of credited service
16 to less than 21	99% of the plan salary for every year of credited service
21 to less than 26	119% of the plan salary for every year of credited service
26 and above	139% of the plan salary for every year of credited service

Total and Permanent Disability and Death Benefit
In the event that a qualified employee dies or is required by the Company to retire due to total and permanent disability, his benefit should be equal to an amount based on the retirement benefit formula. In the case of disability, the employee should have completed at least three (3) years of credited service.

The plan is registered with the Bureau of Internal Revenue (BIR) as tax-qualified plan under RA No. 4917, as Amended. The control and administration of the retirement plan is vested in its BOT. The retirement plan's accounting and administrative functions are undertaken by BPI AMTG, and its duly appointed trust fund manager.

a) *Movement in Retirement Benefit Liability*

The following table shows reconciliation from the opening balances to the closing balances for retirement benefit liability and its components as at December 31:

		Present Value of Defined Benefit Obligation		**Fair Value of Plan Assets**		**Retirement Benefit Liability**	
	Note	**2023**	2022	**2023**	2022	**2023**	2022
				In Thousands of Peso			
Balance at January 1		**P205,044**	P194,517	**(P59,114)**	(P22,315)	**P145,930**	P172,202
Included in Profit or Loss							
Service costs:							
Current service cost		**11,816**	12,062	**-**	-	**11,816**	12,062
Interest cost, net		**14,335**	9,056	**(3,726)**	(773)	**10,609**	8,283
		26,151	21,118	**(3,726)**	(773)	**22,425**	20,345
Included in OCI							
Actuarial loss (gain) from:							
Change in financial assumptions		**(5,942)**	(22,458)	**-**	-	**(5,942)**	(22,458)
Change in demographic assumption		**-**	-	**-**	-	**-**	-
Experience adjustments		**5,600**	18,259	**-**	-	**5,600**	18,259
Return on plan assets excluding interest income		**-**	-	**4,348**	1,528	**4,348**	1,528
		(342)	(4,199)	**4,348**	1,528	**4,006**	(2,671)
Others							
Benefits paid		**(7,183)**	(19,678)	**-**	-	**(7,183)**	(19,678)
Actual contributions		**-**	-	**(37,018)**	(37,554)	**(37,018)**	(37,554)
Net acquired obligation	*5*	**894**	13,286	**-**	-	**894**	13,286
		(6,289)	(6,392)	**(37,018)**	(37,554)	**(43,307)**	(43,946)
Balance at December 31		**P224,564**	P205,044	**(P95,510)**	(P59,114)	**P129,054**	P145,930

The Company acquired employees from Solid in 2023 and 2022. The transactions resulted to acquired obligation of P894,259 and P13,285,975 in 2023 and 2022, respectively (see Note 5).

b) Plan Assets

As at December 31, plan assets consisted of the following:

	2023	2022
Unit Investment Trust Fund (UITF):		
Equities	**P10,207,979**	P1,984,736
Fixed income	**1,235,096**	797,752
Money market	**3,529,534**	2,923,193
Government securities	**28,317,871**	16,186,421
Deposits	**22,247,867**	30,046,193
Mutual funds	**15,623,046**	2,177,798
Debt instruments	**7,921,687**	4,872,865
Trustee fee	**(23,390)**	(12,843)
Others	**6,449,702**	138,034
	P95,509,392	P59,114,149

The Domestic Fixed Income portfolio of the account holds government securities and corporate bonds. The portfolio is benchmarked against BPI Government Bond Index.

Government securities, categorized under direct securities, are debt obligations from the Philippine government that are denominated in local currency. Such securities are risk free because of extremely low probability that the government will default in its own debt.

Local and foreign currency debt instruments are financial instruments issued by the government or corporate entity in the domicile or country of origin. Local currency and foreign currency time deposits were made to a reputable bank.

The portfolio also holds several unit investment trust funds (UITFs). Domestic Equity UITF investments are placed in a concentrated portfolio of stocks listed in the PSE which are generally invested in holding firms, industrial companies, financial institutions, mining and real estate corporations. Global Equity UITF investments are invested in diversified portfolio of global equity collective investment schemes with the goal of long-term capital growth. Domestic Fixed Income and Domestic USD Fixed Income UITF investments are placed mainly in portfolio of bonds and other similar fixed-income securities, with weighted average term to maturity and denomination that varies depending on the strategy of the fund and the market outlook. Money Market UITF investments are derived from a diversified portfolio of primarily short-term fixed income instruments, such as time deposits, government and corporate bonds with a maturity profile of less than one year.

Aside from UITFs, the portfolio is likewise invested in mutual funds and exchange traded funds (ETFs). Global Fixed Income mutual funds are invested in investment grade bonds denominated in major world currencies, with an average duration of the fund which will vary depending on the strategy and market outlook of the fund manager. Global Equity ETFs are invested in selected stocks which are actively traded in globally developed markets.

The BOT reviews the level of funding required for the retirement fund with inputs from the Company's accredited actuary. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The objective of BPI AMTC is to manage the portfolio in accordance with the objectives set forth by both the Company and BPI AMTC, and to be able to provide and fund benefits as they fall due.

c) *Defined Benefit Obligation*

(i) *Assumptions*

The principal actuarial assumptions, at the reporting date, used to determine the retirement benefits are as follows (expressed as weighted averages):

	2023	2022
Discount rate	**6.97%**	7.27%
Future salary growth	**3.60%**	4.30%

The following are the turnover rate assumption in 2023:

Age	**2023**	2022
18 - 29	**12 to <21**	12 to <21
30 - 34	**10 to <12**	10 to <12
35 - 37	**8 to <10**	8 to <10
38 - 41	**7 to <8**	7 to <8
42 - 53	**6 to <7**	6 to <7
54 - 59	**1 to <6**	1 to <6

Mortality rates in 2023 and 2022 are based on the "2017 Philippine Intercompany Mortality Table" from the Actuarial Society of the Philippines. Disability rate is based on "1952 Disability Study, Period 2, Benefit 5".

Sensitivity Analysis
Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as at December 31 by the amounts shown below:

	2023		2022	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5% movement)	**(P5,932,608)**	P6,210,973	**(P5,923,343)**	P6,215,116
Future salary increase rate (0.5% movement)	**6,925,687**	(6,663,212)	**6,854,637**	(6,579,817)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

Maturity Analysis
Maturity analysis of the benefit follow:

	Carrying Amount	**Contractual Cash Flows**	**Within >1 Year**	**Within 1 - 5 Years**	**More than 5 Years**
2023	**P224,563,688**	**P543,502,644**	**P17,524,154**	**P134,054,111**	**P391,924,379**
2022	P205,044,114	P552,350,003	P15,735,100	P105,012,114	P431,602,789

As at December 31, 2023 and 2022, the weighted average duration in years of the defined benefit obligation is 7 years and 13 years, respectively.

Based on the latest study, the Company does not expect to contribute to its retirement benefit plan in 2024, subject, however to changes on any relevant actuarial assumptions or imminent impact from actuarial risks.

d) *Retirement Benefit Expense*

Retirement benefit expense is recognized in the following line items in the separate statements of comprehensive income:

	Note	**2023**	2022
Cost of services	*12*	**P11,815,671**	P12,062,574
Financial expense on retirement benefits		**10,609,108**	8,282,927
		P22,424,779	P20,345,501

11. Stockholders' Equity

As at December 31, 2023 and 2022, information on the Company's common stock is summarized as follows:

	Number of Shares	Amount
Authorized - P1.00 par value per share	18,310,395,454	P18,310,395,454
Paid, Issued and Outstanding shares	13,489,226,623	13,489,226,623
Total Common Stock	13,489,226,623	P13,489,226,623

On September 17, 2015, CASEC subscribed to 376,000 shares of stock of the Company at P100 par value. Of the agreed subscription price of P37,600,000, only P9,400,000 was paid in 2015 while the remainder of P28,200,000 was paid in 2016. In 2016, the Company's Board approved the amendment of articles of incorporation and increase in the authorized capital stock of the Company (ACS) from P150,400,000 divided into 1,504,000 common shares with par value of P100 per share, to P5,195,395,454 divided into 5,195,395,454 common shares with par value of P1 per share.

On May 20, 2016, the SEC approved the Company's application for the amendment of articles of incorporation and increase in its ACS. Accordingly, the original subscription of CASEC changed from 376,000 common shares with par value of P100 per share to 37,600,000 common shares with par value of P1 per share. Furthermore, in connection with the increase in authorized capital stock, CASEC subscribed to an additional 2,819,867,500 shares at P1 par value per share or a total par value of P2,819,867,500 of which was fully paid. During the IPO, which culminated in the listing of all of the outstanding shares of stock of the Company on July 18, 2016, the Company issued additional 2,337,927,954 shares at P1 par value per share or a total par value of P2,337,927,954 at the offer price of P10.75 per share (see Note 1).

The Board and stockholders of the Company approved on April 2, 2019 and October 16, 2019, respectively, the amendment of the Seventh Article of the Amended Articles of Incorporation of the Company, to reflect an increase in the Company's ACS from P5,195,395,454, consisting of 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395,454, consisting of 18,310,395,454 common shares with a par value of P1 per share.

In connection with the proposed ACS increase, the Company's Board on September 3, 2019 approved the conduct of SRO. The shares subject of the SRO will come from an increase in Company's ACS. On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the SRO is exempt from the registration requirements of the Securities Regulation Code of the Philippines, and the board of directors of the PSE approved the Company's application for listing of the shares to be offered in the SRO, subject to the fulfillment of certain listing conditions, such as but not limited to the Company having obtained the SEC's approval of the increase in the company's authorized capital stock. As at December 31, 2019, the shareholdings in the Company owned by CASEC increased to 3,469,412,498 common shares at P1 par value per share or P3,469,412,498.

On January 6, 2020, the Company defined the final terms of the SRO which involved 8,293,831,169 common shares which was sourced from the increase in the Company's ACS, offered at an offer price of P1.54 per share during an offer period from January 20 to 24, 2020. The SRO offer period was concluded resulting in the full subscription of 8,293,831,169 common shares.

On February 27, 2020, the SEC approved the Company's application for amendment of articles of incorporation and increase in ACS and on March 4, 2020, 8,293,831,169 common shares, comprising the Rights Shares, were listed under the Main Board of the Exchange. After the SRO and the approval by the SEC of the Company's application for increase in ACS, the Company's issued and outstanding shares totaled 13,489,226,623 common shares at P1 par value per share or a total par value of P13,489,226,623.

As of December 31, 2020, the shareholdings in the Company owned by CASEC was 10,500,624,662 common shares, which corresponded to approximately 77.84% of the total issued and outstanding capital stock of the Company. CASEC increased its shareholdings in the Company to 10,507,954,662 common shares at P1 par value per share as at December 31, 2022.

In 2020, the total proceeds from the issuance of common stock amounted to P12,772,500,000 which resulted in the increase in common stock and additional paid-in capital (APIC) by P8,293,831,169 and P4,478,668,831, respectively. Total cost related to the SRO amounted to P224,319,548, of which P220,029,039 direct share issuance cost was charged as reduction against APIC, while the remaining portion of the total cost amounting to P4,290,509 was recognized in profit or loss. As of December 31, 2020, the shareholdings in the Company owned by CASEC was 10,500,624,662 common shares at P1 par value per share.

In September 2022, CASEC increased its shareholdings in the Company to 10,507,954,662 common shares at P1 par value per share.

In March 2023, in connection with the voluntary tender offer exercise launched by CASEC, CASEC acquired 1,614,000,000 common shares of the Company at the Tender Offer Price of P1.30 with a total transaction price of P2,098,200,000. The cross sales were executed last 29 March 2023. As a result of the tender offer, CASEC owns and controls 12,121,954,662 common shares of the Company (inclusive of 5 shares held by individuals), which is approximately 89.86% of the issued and outstanding common shares of the Company.

12. Cost of Services

This account consists of:

	Note	**2023**	2022
Salaries and allowances		**P358,999,123**	P364,173,521
Retirement benefit expense	*10*	**11,815,671**	12,062,574
		P370,814,794	P376,236,095

13. Dividend Income

On July 14, 2022, Falcon Re Ltd declared dividends to the Company amounting to US dollar $31 million or P1,745,300,000. On September 22, 2022, CAR declared dividends amounting to US $22 million or P1,286,780,000 to the Company.

Outstanding receivable in relation to dividends declared by its subsidiaries amounted to nil and P896,352,300 as at December 31, 2023 and 2022, respectively.

14. Other Expenses

Other expenses for the years ended December 31, 2023 and 2022 are detailed as follows:

		2023	2022
Bank charges		**P30,521,567**	P33,555,181
COVID-19 related expenses	*18*	**-**	7,008,570
Reorganization expenses		**4,385,372**	-
		P34,906,939	P40,563,751

COVID-19 related expenses include sanitation supplies, financial assistance and employee transportation cost.

Reorganization expenses consist of severance and other post-termination benefit costs resulting from the cost reduction efforts of the Company.

15. Income Taxes

Income tax expense for the years ended December 31, 2023 and 2022 are presented below:

	2023	2022
Current income tax:		
Current income tax expense	**P30,901,893**	P236,328,939
Adjustments in respect of current income tax of previous year	**2,324,564**	-
Deferred income tax expense (benefit) for the origination and reversal of temporary differences	**10,415,915**	(126,225,701)
Total income tax expense	**P43,642,372**	P110,103,238

For the years ended December 31, 2023 and 2022, the income tax effects of the temporary differences that resulted in deferred income tax assets - net are presented below:

2023	**Balance at January 1**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance at December 31**
Unrealized foreign exchange loss	**P152,700,680**	**(P14,212,637)**	**P -**	**P138,488,043**
Accrued retirement benefit expense	**37,771,531**	**(3,127,675)**	**1,001,456**	**35,645,312**
Accrued documentary stamp tax	**(8,411,569)**	**5,041,306**	**-**	**(3,370,263)**
Other items*	**20,513,877**	**1,883,091**	**-**	**22,396,968**
	P202,574,519	**(P10,415,915)**	**P1,001,456**	**P193,160,060**

**Majority of other items pertains to accruals related to compensation.*

2022	Balance at January 1	Recognized in Profit or Loss	Charged to Prepayments	Recognized in OCI	Balance at December 31
Unrealized foreign exchange loss	P18,735,460	P133,965,220	P -	P -	P152,700,680
Accrued retirement benefit expense	41,925,386	(3,486,142)	-	(667,713)	37,771,531
MCIT	9,338,768	-	(9,338,768)	-	-
Accrued documentary stamp tax	541,228	(8,952,797)	-	-	(8,411,569)
Other items*	15,814,457	4,699,420	-	-	20,513,877
	P86,355,299	P126,225,701	(P9,338,768)	(P667,713)	P202,574,519

**Majority of other items pertains to accruals related to compensation.*

The reconciliation of the income tax expense computed at statutory income tax rate to the income tax expense shown in the separate statements of comprehensive income follows:

	2023	2022
Profit before income tax	**P165,118,756**	P2,957,776,743
Income tax rate at 25%	**P41,279,689**	P739,444,185
Additions to (reductions in) income tax resulting from the tax effects of:		
Adjustments in respect of current income tax of previous year	**2,324,564**	-
Nondeductible expenses	**37,901**	1,071
Interest income subjected to final tax	**218**	(18)
Non-creditable withholding tax on dividend from CAR	**-**	128,678,000
Non-taxable dividend income	**-**	(758,020,000)
	P43,642,372	P110,103,238

16. Financial Risk and Capital Management Objectives and Policies

This note presents information on the financial risk exposure of the Company relating to credit risk, foreign currency risk and liquidity risk; goals, policies and procedures of the Company to measure and manage such risks and the administration of the Company's resources.

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management.

The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company; b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

Credit Risk

Credit risk is the risk of financial loss faced by the Company if a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from cash in banks. The exposure to credit risk is monitored constantly according to the behavior of payment of the counterparty. The Company's management has established a policy which analyzes the creditworthiness of each counterparty. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 is as follows:

	Note	2023	2022
Cash in banks	*4*	**P25,294,642**	P50,578,618
Due from related parties	*5*	**9,773,874,152**	14,744,722,370
Other current accounts receivable		**13,769,796**	8,976,054
Debt service reserve account	*6, 9*	**259,203,631**	208,683,943
		P10,072,142,221	P15,012,960,985

The amounts above represent the gross carrying amount of these financial assets.

Other current accounts receivable consists of receivable from employees arising from personal loans and other miscellaneous receivables.

Impairment on cash in banks and debt service reserve account has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that these financial assets have low credit risk as these are held with reputable banks and financial institutions. All other debt instruments at amortized cost are considered to have low credit risk, because they have low risk of default as the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Credit risk on these financial assets has not increased significantly since their initial recognition. Hence, the loss allowance calculated was therefore limited to 12 months expected losses. The Company has determined an insignificant amount of ECL on these financial assets because of the zero-instance of default from the counterparties and the effect of forward-looking information on macro-economic factors affecting the ability of the counterparties to settle the receivables were assessed to have an insignificant impact.

All of the Company's financial assets as at December 31, 2023 and 2022 are neither past due nor impaired. The Company's exposure to credit risk arises from default of the counterparty. As at December 31, 2023 and 2022, the Company's credit risk is concentrated on its amounts due from related parties. Cash in bank and debt service reserve account are of high grade quality as these are deposited in reputable banks. Due from related parties and other current accounts receivable are also of high grade quality. High grade quality financial assets are those assessed as having minimal credit risk.

The credit qualities of financial assets are determined as follows:

- Cash in banks and debt service reserve account are based on credit standing or rating of the counterparty.
- Due from related parties and other current accounts receivable are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit assessment.

The management does not expect any counterpart to fail in meeting its obligations.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. The management of the Company ensures that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements. As necessary, cash advances are extended by related parties to ensure payments of currently maturing liabilities.

The following are the contractual maturities, including estimated interest payments, of financial liabilities:

	As at December 31, 2023				
	Carrying Amount	**Contractual Cash Flow**	**12 Months or Less**	**1 - 5 Years**	**Over 5 Years**
	(In Thousands of Peso)				
Trade payables	**P8,790**	**P8,790**	**P8,790**	**P -**	**P -**
Accrued expenses and other payables*	**142,629**	**142,629**	**142,629**	**-**	**-**
Long-term bank loan	**6,645,661**	**7,504,600**	**730,010**	**6,774,590**	**-**
Due to related parties	**8,402,163**	**8,789,236**	**8,789,236**	**-**	**-**
	P15,199,243	**P16,445,255**	**P9,670,665**	**P6,774,590**	**P -**

**Excludes government-related payables amounting to P38.15 million.*

	As at December 31, 2022				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	Over 5 Years
	(In Thousands of Peso)				
Trade payables	P5,973	P5,973	P5,973	P -	P -
Accrued expenses and other payables*	170,079	170,079	170,079	-	-
Long-term bank loan	7,723,630	9,217,040	451,480	8,765,560	-
Due to related parties	7,381,627	7,695,866	7,695,866	-	-
	P15,281,309	P17,088,958	P8,323,398	P8,765,560	P -

**Excludes government-related payables amounting to 36.09 million.*

The interest payments on floating rate bank loans and short-term deposit from Falcon reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's income and expenses are generated and settled mainly in Philippine Peso. The Company had an exposure arising from the dollar-denominated financial obligations to its related parties. Net unrealized foreign exchange gain (loss) in 2023 and 2022 amounted to P56,850,549 and (P535,951,190), respectively.

As at December 31, 2023 and 2022, a summary of the quantitative information of the exposure of the Company due to foreign currencies on the basis of its risk management policy is as follows:

In U.S. dollar	**2023**	2022
Cash in banks	**$108,344**	$616,575
Due from related parties	**37,049**	19,403,861
Trade payables	**(365,110)**	(158)
Due to related parties	**(151,070,352)**	(131,742,610)
	($151,290,069)	($111,722,332)

The applicable foreign exchange rates are as follows:

	2023		2022	
Currency	**Closing**	**Average**	Closing	Average
U.S. dollar	**P55.37**	**P55.56**	P55.76	P54.47

Sensitivity Analysis on Foreign Currency Risk
For the management of foreign currency risks, the Company intends to reduce the impact of short-term fluctuations in its income. The following table demonstrates the sensitivity to a reasonably possible change in U.S. dollar, with all other variables held constant, of the Company's profit before income tax and equity as at December 31, 2023 and 2022:

USD	**Strengthening (Weakening) of Philippine Peso**	**Effect on Profit before Income Tax**	**Effect on Equity**
2023	**+0.7%**	**P58,590,444**	**P43,942,833**
	-0.7%	**(58,590,444)**	**(43,942,833)**
2022	+9.3%	579,304,311	434,478,223
	-9.3%	(579,304,311)	(434,478,223)

Interest Rate Risk
As at December 31, 2023 and 2022, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P2.9 billion and P2.8 billion, respectively, of the long-term bank loan with BDO (see Note 9) and from its deposits from Falcon with a rate equivalent to the higher of WAILRF rate minus 10 basis points as at December 31, 2023 and 2022. Beginning January 1, 2022, minus 10 basis points in deposits from Falcon was removed (see Note 5).

Sensitivity Analysis on Interest Rate Risk
As at December 31, 2023 and 2022, a hypothetic 1% increase in interest rate, with all other variables held constant, profit for the years ended December 31, 2023 and 2022 would have decreased by approximately P22,074,608 and P20,863,276, net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Fair Values of Financial Asset and Financial Liabilities
The fair values of the Company's cash in banks, due from related parties, other current accounts receivable, trade payables, accrued expenses and other payables and due to related parties as at December 31, 2023 and 2022 approximate their carrying amounts due to the short-term nature of the said financial instruments. The fair value of the Company's long-term time deposit approximates its carrying amount as at December 31, 2023 and 2022 since the Company does not anticipate its carrying amount to be significantly different from the actual amount that such financial asset would be eventually collected.

The information about the fair value of the Company's long-term receivables from APO and Solid as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Solid	**P8,255,507,411**	**P8,447,286,836**	P12,239,605,759	P12,732,161,466
APO	**647,806,380**	**665,639,657**	575,982,285	603,224,540

The fair value of the Company's long-term receivables from APO and Solid is based on the present value of expected cash flows using the discount rates based on current market rates of similar instruments and categorized as Level 2 of the fair value hierarchy.

The bank loan provided by BDO consists of floating rate tranche starting July 2022. The following is the comparison of the carrying amount and fair value of bank loan:

Bank Loan	***Note***	**2023**	2022
Carrying amount	*9*	**P6,227,927,004**	P7,723,630,223
Fair value		**5,719,805,706**	6,784,019,129

The fair value of bank loan is based on the present value of expected cash flows using the discount rates based on current market rates of similar instruments and categorized as Level 2 of the fair value hierarchy.

As at December 31, 2023 and 2022, the Company has no other financial instruments measured at levels 1, 2 and 3 of the fair value hierarchy.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Board has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company's capital is defined as "Total Equity" as shown in the separate statements of financial position.

The Company is not subject to externally imposed capital requirements. The Company's net debt to equity ratio as at December 31, 2023 and 2022 are as follow:

	Note	**2023**	2022
Total liabilities		**P15,366,448,035**	P15,468,986,683
Less cash in banks	*4*	**25,294,642**	50,578,618
Net debt		**P15,341,153,393**	P15,418,408,065
Total equity		**P47,956,946,509**	P47,795,819,317
Net debt to equity ratio at December 31		**P0.32:1**	P0.32:1

17. Relevant Information Regarding the 2018 Landslide

On September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Landslide"), a site located within an area covered by the mining rights of ALQC who is a principal raw material supplier of APO. The Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC, an indirect subsidiary of CEMEX and a majority shareholder of the Company, owns a minority 40% stake in Impact Assets Corporation.

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. By the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

On November 19, 2018, the Company and APO were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu, against the Company, APO, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for “Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems”.

In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants’ gross negligence; and (ii) seek, among other reliefs, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO and the Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund. The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

Among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Company, ALQC and APO hold the position that the landslide occurred due to natural causes and deny liability, fault and negligence.

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs’ Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs’ motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Company and APO is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019. During the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case. In another order dated November 17, 2021, the Regional Trial Court denied plaintiffs' motion for reconsideration and also granted the motions of the Mines and Geosciences Bureau and the City Government of Naga and dismissed the subject case against them. On January 31, 2022, plaintiffs filed with the Regional Trial Court their Notice of Appeal, indicating their intention to appeal the court's latest order to the Court of Appeals. Defendants (including government defendants) opposed the plaintiff's Notice of Appeal, and, on April 28, 2022, the Regional Trial Court rejected the plaintiffs' Notice of Appeal for having been filed out of time and instructed the entry of judgement and to issue the corresponding certificate of finality The plaintiffs did not file a Motion for Reconsideration and due to this failure, the Regional Trial Court issued the corresponding certificate of finality. Accordingly, the court's order dated September 30, 2019, partially granting the affirmative defenses of the private defendants and ruling, among others, that the subject case against the Company and APO is dismissed for failure to state a cause of action, is now deemed to be final and executory.

As of December 31, 2023, only ALQC remains as a private defendant in the subject case.

18. Impacts of COVID-19

On March 11, 2020, the World Health Organization declared as a pandemic the outbreak of the novel strain of the coronavirus identified in China in late 2019 (the “COVID-19 Pandemic”), due to its rapid spread throughout the world. On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine (“ECQ”) throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of school classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures, when necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. While transportation was heavily regulated, on March 19, 2020, the Department of Trade and Industry issued Memorandum Circular No. 20-06 mandating that the movement of all types of cargo should be left unhampered. On March 24, 2020, the Philippine Government enacted Republic Act No. 11469, also known as the Bayanihan Act, to effectively enact measures to address the pressing problems caused by the COVID-19 Pandemic. On March 26, 2020, the Governor of the Province of Cebu announced the implementation of ECQ measures for the entire island of Cebu, effective March 30, 2020. Beginning May 16, 2020, several cities and provinces, including Metro Manila and Cebu City, were placed under modified enhanced community quarantine, while other cities and provinces, including the Province of Rizal and other cities in the Province of Cebu, were placed under general community quarantine.

Consistent with the ECQ implementation in Luzon, the Company initiated steps to temporarily suspend the production of cement products at, and distribution of cement products from, Solid's cement plant in the third week of March 2020. On May 20, 2020, after taking the corresponding measures to fully comply with government regulations, operations at Solid's cement plant were resumed and have been able to operate continuously since then. APO's cement plant remained operational in accordance with government regulations and the necessary hygiene and safety measures. Since then, provinces and cities have been placed from time to time under different community quarantine levels with corresponding restrictions, respectively. Subsequent to the recommendations of the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) in its Resolution No. 146-F (s. 2021) dated October 28, 2021, the President of the Philippines issued Executive Order No. 151 dated November 11, 2021 adopting the Alert Level System for all areas of the Philippines through a nationwide roll-out which was designed to allow the reinvigoration of the economy through the opening of more sectors, while protecting the people's health through the continuous observance of public health protocols and interventions and the heightened implementation of lockdowns in smaller areas, also known as granular lockdowns. Restrictions and/or limitations affecting intrazonal and interzonal movement as well as the level of operations and activities undertaken by establishments and persons in areas nationwide were defined depending on the applicable Alert Level Status (ranging from 1 to 5). At any level, minimum public health standards and precautions such as the wearing of face masks and social distancing protocols may be mandated. On December 15, 2021, it was announced that all areas of the Philippines would be under Alert Level 2 until December 31, 2021, then extended to January 15, 2022. Thereafter, due to the surge of the Omicron COVID-19 variant, the Alert Levels in Metro Manila, Cebu City, Cebu Province (including Naga City), and the Province of Rizal (including Antipolo City) were increased to Alert Level 3 beginning on January 16, 2022. The Alert Levels for these areas started to be downgraded at their respective pace in the month of February 2022. The Alert Levels for Metro Manila, Cebu City, and the Province of Rizal (including Antipolo City) have been at Alert Level 1 since March 1, March 16, and April 1, 2022, respectively. The Province of Cebu (including Naga City) has been at Alert Level 2 since March 1, 2022. The National Capital Region (NCR) is under Alert Level 1 effective July 16, 2022 until further notice according to the IATF. Meanwhile, Cebu City has been downgraded to Alert Level 1 effective August 16, 2022, while Cebu Province remains in Alert Level 2. Since October 28, 2022, the wearing of face masks is only mandatory in healthcare facilities, medical transport, and public transportation by land, air or sea. In other settings, wearing of facemasks is voluntary. Based on the latest IATF Resolution No. 6-C, series 2023 dated April 14, 2023, provinces, cities and municipalities throughout the country were placed under Alert Levels 1 and 2, respectively, for the period from April 15 to 30, 2023. NCR, Cebu City, Naga City in Cebu and the Province of Rizal (including Antipolo City) remained at Alert Level 1, while certain areas of Cebu Province were among those localities at Alert Level 2.

On July 21, 2023, President Ferdinand Marcos, Jr. signed Proclamation No. 297 lifting the State of Public Health Emergency throughout the country due to COVID-19 Pandemic, thereby withdrawing or revoking all prior orders, memoranda and issuances that are effective only during this public health emergency.

The consequences resulting from the COVID-19 Pandemic have negatively affected the Company's operating subsidiaries. For the year ended December 31, 2023 and 2022, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to nil and P7,008,571, respectively. These additional expenses were presented under "Other expenses" account in the separate statements of comprehensive income for the year ended December 31, 2022, respectively. The Company implemented hygiene protocols in its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers, and drastically reduce the possibility of contagion during the COVID-19 Pandemic. It will continue to place emphasis on the use of the CEMEX Go platform for a digital, contactless and/or limited contact experiences for customers, and enable additional online channels to promote engagement, manage communications and facilitate transactions with customers.

19. Russia-Ukraine Conflict

The Company has no exposure to investments in Russia or Ukraine. It currently has no business, investments, customers, or suppliers from any of these countries. However, this event has given rise and may continue to give rise to circumstances with the potential to further cause world trade disruptions and rising prices of basic commodities, including oil and power, among others.

20. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the BIR

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. Following are the tax information/disclosures required for the taxable year ended December 31, 2023:

A. VAT

		Amount
1.	Output VAT	**P198,356,555**
	Basis of the Output VAT:	
	Vatable sales	**P1,652,971,294**
2.	Input VAT	
	Balance from previous period	**P37,440**
	Current year's domestic purchases:	
	a. Goods for resale/manufacture or further processing/other than for resale or manufacture	**43,118**
	b. Services lodged under cost of goods sold/under other accounts	**5,520,058**
	c. Services rendered by non-residents	**-**
	Total allowable input VAT	**5,600,616**
	VAT payments for the year	**192,755,940**
		198,356,556
	Balance at the end of the year, net of Output VAT	**P -**

B. Documentary Stamp Taxes

	Amount
On loans	**P19,868,523**

C. Withholding Taxes

	Amount
Tax on Compensation and other benefits	**P101,755,210**
Final withholding taxes	**50,730,045**
Creditable withholding taxes	**12,416,341**
	P164,901,596

D. All Other Taxes (Local and National)

	Amount
Other taxes paid during the year shown under "Taxes and licenses" in the Separate Statement of Comprehensive Income	
License and permit fees	**P12,355,364**

E. Tax Assessments and Cases

As at December 31, 2023, the Company was the subject of the tax investigation conducted by the BIR covering all internal revenue taxes for the taxable year 2022. As of March 22, 2024, no preliminary tax audit findings or issues have been raised arising from this investigation.

On December 19, 2022, the Company received a Final Decision on Disputed Assessment (FDDA) from the BIR in connection with the 2018 audit of all internal revenue taxes (except VAT). The Company filed its appeal to the Office of the Commissioner of the BIR on January 18, 2023, which is still pending to date.

On February 21, 2024, the Company received a Final Assessment Notice and Formal Letter of Demand from the BIR in connection with the 2021 audit of all internal revenue taxes (except VAT). The Company filed its protest letter to the Office of the Regional Director of Revenue Region No. 8A of the BIR on March 20, 2024.

On March 08, 2024, the Company received the FDDA from the BIR in connection with the 2020 audit of all in internal revenue taxes. On March 13, 2024, the Company paid the deficiency tax assessment based on the FDDA amounting to P9.8 million, which resulted in the termination of the BIR's investigation of the Company covering all internal revenue taxes of 2020.

Information on amounts of custom duties, tariff fees, percentage taxes and excise taxes is not applicable since the Company has no transaction in 2023 that could be subjected to these taxes.