

COVER SHEET

CS201518815

S.E.C. Registration Number

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

JANNETTE VIRATA SEVILLA
Contact Person

849-3600
Company Telephone Number

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Month		Day	

Integrated Annual Corporate Governance Report (SEC Form I-ACGR)
for 2018

0	6	0	5
Month		Day	

Fiscal Year

FORM TYPE

First Wednesday of June
Annual Meeting

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

Dept. Requiring this Doc.

Amended Articles Number/Section

	Total Amount of Borrowings	
Total No. of Stockholders	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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT



1. For the fiscal year ended **31 December 2018**

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
Address of Principal Office

1200
Postal Code

8. **+632 849-3600**
Registration's Telephone number, including area code

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

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT FOR YEAR 2018

COMPLIANT/ NON-COMPLIANT

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

Recommendation 1.1

<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p>Compliant</p>	<p>CHP SEC Form 17-A (2018 Annual Report) (for directors as of end December 2018) and CHP SEC Form 20-IS (current directors) include a write-up of each of the directors of CHP stating their work experience and competence. A brief write-up also appears on CHP's website.</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	<p>Compliant</p>		
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p>Compliant</p>		

Recommendation 1.2

<p>1. Board is composed of a majority of non- executive directors.</p>	<p>Compliant</p>	<p>Under CHP's Revised Manual of Corporate Governance (22 March 2018), an "executive director" is defined as a director who has executive responsibility of day-to-day operations of a part or the whole of the organization, while a "non-executive director" is defined as a director who has no executive responsibility for and does not perform any work related to the operations of the Corporation".</p> <p>5 out of the current 7 members of the Board of Directors are considered "non-executive directors", i.e. Alfredo S. Panilio (independent), Pedro Roxas (independent), Joaquin Miguel Estrada Suarez (Chairman) , Antonio Ivan Sanchez Ugarte and Larry Jose Zea Betancourt.</p> <p>Notably, the Securities and Exchange Commission approved on 19 July 2018 the amendment of Article VI of CHP's Articles of Incorporation of CHP increasing the total number of members of the Board of Directors from seven (7) to eight (8), and among the matters to be</p>	
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		<p>brought before the approval of shareholders during CHP's Annual Meeting of Stockholders scheduled on 5 June 2019 is the election of 8 members of the Board of Directors, and among the nominees for election to the Board of Directors include the 7 incumbent directors and a new independent director, Ms. Eleanor M. Hilado which would result in 3 independent directors in CHP's Board of Directors. The nominations were submitted to CHP by the company's principal stockholders, CEMEX Asian South East Corporation.</p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	Compliant	<p>Article 3(G) of CHP's Revised Manual of Corporate Governance (22 March 2018) states: "All Directors shall be appropriately apprised of their duties and responsibilities as member of the Board of Directors of the Corporation and shall be provided access to the Corporation's Articles of Incorporation, By-laws, Code of Ethics and Business Conduct and company policies including those impacting on corporate governance. Annual continuing seminar or workshop programs for at least four (4) hours involving courses on corporate governance and other topics relevant to the Corporation shall be provided to Directors."</p>	
<p>2. Company has an orientation program for first time directors.</p>	Compliant	<p>First-time directors are provided with Corporation's Articles of Incorporation, By-laws, Code of Ethics and Business Conduct, the company's manual of corporate governance, and various company policies impacting on corporate governance.</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	Compliant	<p>In November and December 2018, Members of the Board of Directors and principal officers attended various corporate governance training programs conducted by the Institute of Corporate Directors (See CHP SEC Forms 17-C dated 29 November 2018 and 14 December 2018)</p>	
Recommendation 1.4			

<p>1. Board has a policy on board diversity.</p>	<p>Compliant</p>	<p>Article 3 (A) of CHP's Revised Manual of Corporate Governance (22 March 2018) explicitly provides that:</p> <p>"The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process x x x The Corporation encourages diversity in the composition of the Board. Diversity shall not be limited to gender diversity but shall include diversity in age, ethnicity, culture, skills, competence and knowledge. The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction."</p> <p>Background and qualifications of the members of the Board of Directors is found in CHP 2018 Annual Report (SEC Form 17-A) under Item 9 Part III.</p>
<p>Optional: Recommendation 1.4</p>		
<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>		
<p>Recommendation 1.5</p>		
<p>1. Board is assisted by a Corporate Secretary..</p>	<p>Compliant</p>	<p>In addition to the functions of the Corporate Secretary provided under Section 5 Article IV of CHP's Amended By-Laws, Article 3(M) of CHP's Revised Manual of Corporate Governance elaborates on the duties and functions of a Corporate Secretary:</p>
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>Non-Compliant</p>	<p>(i) Assist the Board and its committees of the Board in the conduct of their respective meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the respective chairpersons of the Board and its committees to set agendas for those meetings;</p>
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>Compliant</p>	<p>(ii) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its</p>

<p>committees, as well as the other official records of the corporation;</p> <p>(iii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;</p> <p>(iv) Advise on the establishment of board committees and their terms of reference;</p> <p>(v) If he is not at the same time the Corporation's legal counsel, he must be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;</p> <p>(vi) Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;</p> <p>(vii) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;</p> <p>(viii) Perform required administrative functions;</p> <p>(ix) Oversee the drafting of the by-laws and ensure that they conform with regulatory requirements;</p> <p>(x) If he is also the Compliance Officer, perform all the duties and responsibilities as such officer; and</p> <p>(xi) Perform such other duties and responsibilities as may be required by the SEC in accordance with its legal mandate.</p> <p>The positions of the Corporate Secretary and Compliance Officer are currently held by one individual who is a professional lawyer and has had extensive work experience with the organization.</p> <p>In view of the fact that CHP and its subsidiaries are not engaged in multiple lines of businesses and its organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined the need to appoint different individuals to occupy the positions of Corporate Secretary and Compliance Officer. More importantly, she performs her functions relatively independent from the management team and she does not report to the President & CEO.</p>			
		<p>On 28 November 2018, the Corporate Secretary/Compliance Officer attended a 4-hour corporate governance training program conducted by the Institute of Corporate Directors (See CHP SEC Form 17-C dated 29 November 2018 transmitting copy of certificate of attendance)</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>Compliant</p>		

Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Article 3(N) of CHP Revised Manual of Corporate Governance (22 March 2018) contain the qualifications, duties and functions of the Compliance Officer.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	The background and qualifications of Ms. Jannette Virata Sevilla, the current Compliance Officer, are found in CHP 2018 Annual Report (SEC Form 17-A) under Item 9 Part III.	
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	On 28 November 2018, the Corporate Secretary/Compliance Officer attended a 4-hour corporate governance training program conducted by the Institute of Corporate Directors (See CHP SEC Form 17-C dated 29 November 2018 transmitting copy of certificate of attendance)	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Article 3(H) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that a director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. CHP's Revised Manual of Corporate Governance (22 March 2018) requires that each director should observe the following norms of conduct:	

	<p>(i) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p>	
	<p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.</p>	
	<p>(ii) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of, and knowledgeable with, the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p>	
	<p>(iii) Act judiciously Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p>	
	<p>(iv) Exercise independent judgment A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.</p>	
	<p>(v) Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the</p>	

		<p>rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</p> <p>A director shall keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.</p> <p>(vi) Observe confidentiality</p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>Based on the OECD principles of corporate governance, the Board of Directors has overseen and monitored CHP's business objectives and strategy. To this effect, in 2018 the Board of Directors convened for 8 meetings to discuss various significant matters affecting CHP, including regular quarterly meetings to discuss business and operational results, risks, review business approach and priorities and to approve annual budget and plans (See CHP Definitive Information Statements (20-IS) dated 4 May 2018, specifically Item 15 (b) thereof, that enumerates material transactions taken by the Board of Directors during the previous period).</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>		
<p>Supplement to Recommendation 2.2</p>			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>CHP adopts the CEMEX unified global vision, which includes the following core principles:</p> <p>(a) Purpose</p> <p>We expect to make the future better for our people, our customers, our shareholders, and the communities we interact with. We address society's growing needs by offering high-quality products and innovative solutions. We expect to drive sustainable development and improve the lives of people and communities around us by developing and delivering what we deem to be the best solutions in cement and concrete.</p> <p>(b) Mission</p> <p>We seek to create sustainable value by providing industry-leading products and solutions to satisfy the construction needs of our customers.</p>	

<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>		<p>(c) Strategy We aim to create value for our customers by implementing the core elements of our business strategy described above and we seek to continue to improve our overall business by growing profitably and maximizing our overall performance.</p> <p>(d) Operating model We recognize the value of developing common practices to improve the way we operate. We replicate best practices from within our operations and also from across CEMEX, apply them, and leverage our internal knowledge. We participate in global networks created by CEMEX which define specific policies and goals that directly impact our results. In general, we leverage our knowledge and scale to establish best practices and common processes with other CEMEX companies worldwide which we expect will allow us to operate our business more effectively and obtain the best use of our assets.</p> <p>(e) Values As part of our overall values, we intend to (i) promote a healthy and safe working environment by making health and safety one of our top priorities; (ii) focus on our customers by providing them with valuable business solutions that meet their needs; (iii) pursue excellence by seeking to achieve high industry standards in our overall performance; (iv) leverage our knowledge, and the global knowledge of CEMEX; and (v) act with integrity by complying with our Code of Ethics and Business Ethics.</p> <p>Refer to www.cemexholdingsphilippines.com/global-vision.aspx</p>	
	<p>Compliant</p>	<p>The Board of Directors reviews and oversees the implementation of (i) the annual budget and business plans including major capital expenditures, (ii) strategies designed to address risks and other challenges or opportunities impacting CHP, and (iii) other initiatives developed to promote plant, logistics and organizational efficiencies and improvements. Also refer to CHP Definitive Information Statements (20-IS) dated 4 May 2018, specifically Item 15 (b) that enumerates material actions taken by the Board of Directors during the previous period</p>	

Recommendation 2.3			
	<p>Background and qualifications of the Chairman of the Board of Directors, Mr. Joaquin Miguel Estrada Suarez, are found in CHP 2018 Annual Report (SEC Form 17-A) under Item 9 Part III.</p> <p>Refer also to www.cemexholdingsphilippines.com/board-of-directors.aspx</p>	Compliant	
Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>The organization undertakes an annual succession planning and talent review process as part of CEMEX's Talent Development Program. In the annual succession planning exercise, all incumbents of managerial positions and higher provide a succession plan for their respective positions. From their initial proposal, the proposed successors are reviewed by their immediate supervisors and by the Management Team. For positions related to CHP's President & CEO and his direct reports, the succession proposals are also reviewed consistent with the CEMEX global process.</p>	Compliant	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>The organization has a retirement plan for all its employees which is a defined benefit program. Upon reaching the mandatory age of retirement, employees receive a lump sum bonus amount depending on their years of service with the organization. The retirement plan provides for a retirement fund that is managed by a third-party fund manager.</p>	Compliant	
Recommendation 2.5			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>The organization provides a compensation package to its executives that has a fixed and variable component. The fixed component pertains to the basic salary and annual salary increases are determined on the basis of the executives' performance and position on the defined salary range. The variable component pertains to a variable compensation program that is paid based on the organization's performance and the individual executive's performance.</p>	Compliant	
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>		Compliant	

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Article 3(E)(iii) of CHP's Revised Manual of Corporate Governance (22 March 2018) outlines the procedure of nomination and election of members of the Board of Directors, which among others recognizes the right of any shareholder to nominate candidate/s to the Board of Directors of CHP. All nominations for Directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Corporate Secretary of the Corporation at the principal office of the corporation not earlier than fifty (50) business days nor later than thirty-two (32) business days prior to the date of the regular or special meeting of stockholders for the election of Directors.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	The Nomination Committee reviews the nominations made and prepares the list of all nominees for directors which have been submitted by shareholders and endorses the same to the Board of Directors. The Board of Directors, by majority vote, shall review the qualifications of all nominees to the Board. It may also, in the exercise of its discretion, and by a 3/4 vote of its members, disqualify a nominated shareholder who, in the Board of Directors' judgment represents an interest adverse to or in conflict with those of the Corporation.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Article 3 (L)(i) of CHP's Revised Manual of Corporate Governance (22 March 2018) discusses the scope of functions of the Nomination Committee.	

Optional: Recommendation to 2.6

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.

Recommendation 2.7

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.

2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.

3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

Compliant

Article 3(K)(ii) of CHP's Revised Manual of Corporate Governance (22 March 2018) mandates that the Audit Committee shall evaluate and monitor material Related Party Transactions to ensure compliance with relevant company policy and procedures, and recommend to the Board changes or improvements in policy and procedures. Review must take the following into consideration:

- a) the nature of the parties' interest in the transaction;
- b) the essential terms of the transactions, including the amount involved and the type of transactions;
- c) the importance of the transaction for the Corporation and the Related Party;
- d) whether the transaction could affect the impartiality of any of the Corporation's directors with respect to the interest of the Corporation and any of its shareholders;
- e) fair treatment of shareholders; and
- f) any other circumstance deemed relevant by the Audit Committee

Compliant

Article 4 of CHP's Revised Manual of Corporate Governance (22 March 2018) also provides the following:

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

Compliant

“Any amendment, revision, extension or supplement to the following material terms and conditions of the

		<p>Corporation's license agreements involving the trademark and other intellectual properties of, and service agreements with, CEMEX shall require the affirmative vote of at least two independent directors:</p> <p>a) royalty/license fee or service fee, as applicable, payable to CEMEX; and</p> <p>b) term of the agreement.”</p> <p>In 2018, there was no transaction requiring the approval of the independent directors pursuant to Article 4 of CHP's Revised Manual of Corporate Governance (22 March 2018).</p>	
Supplement to Recommendations 2.7			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	Compliant	<p>Information concerning Related Party Transactions, are disclosed in the quarterly reports (SEC Form 17-Q) and annual report (SEC Form 17-A) of CHP. All Related Party Transactions are disclosed, regardless of amount. See Supplement No. 2 below regarding shareholder's approval of RPT.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	Non-Compliant		<p>CHP is subject to the requirements under the Revised Corporation Code of the Philippines.</p> <p>CHP is a subsidiary of CEMEX, S.A.B. de C.V. ("CEMEX"), one of the largest cement companies in the world. We benefit from a continuous transfer of knowledge with CEMEX group, and CEMEX Asia Research AG is responsible for important contributions to new products that we have developed and launched in the Philippines. Access to CEMEX's broad product portfolio, experience and exposure to multiple sectors allows us to benefit from best practices, technologies and know-how in production techniques, marketing and sales strategies. These benefits enable us to introduce innovative products to our customers and implement techniques to improve our operational efficiency and reduce production costs, such as our adoption</p>

			<p>of alternative fuel sources. CEMEX's expertise has also helped us capture synergies and exploit cross-selling opportunities associated with CEMEX's trading network and brand recognition.</p> <p>On March 9, 2016, CHP entered into a Framework Agreement with CEMEX and its principal shareholder to avoid conflicts of interest between CHP and CEMEX. The Framework Agreement became effective upon commencement of trading of CHP's shares on the PSE last July 2016. The Framework Agreement governs, among other things, the CHP'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.</p> <p>In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with CEMEX'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. Also refer to www.cemexholdingsphilippines.com/corporate-governance.aspx</p>
Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Pursuant to Section 1 of Article IV of CHP's Amended By-Laws and to CHP's Revised Manual of Corporate Governance (22 March 2018), the Board of Directors is empowered to appoint the statutory officers of CHP and such other officers as it may determine to be necessary or proper, including without limitation the President & Chief Executive Officer, the Compliance Officer, the Internal Auditor and Vice Presidents.</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk</p>	Compliant	<p>The Board of Director's responsibility of assessing performance is inherent in the powers of appointment.</p>	

Officer, Chief Compliance Officer and Chief Audit Executive).			
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Article 3(l) of CHP's Revised Manual of Corporate Governance (22 March 2018) recognizes that among the minimum internal control mechanisms for the performance of the Board's oversight responsibility include: a) The definition of the duties and responsibilities of the President/CEO who is ultimately accountable for the corporation's organizational and operational controls; b) Selection of the person who possesses the ability, integrity and expertise essential for the position of President/CEO; c) Evaluation of proposed senior management appointments; d) Selection and appointment of qualified and competent management officers; and e) Review of the corporation's human resource program for employees, and management succession plan.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Article 3(l) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides the Internal Control Responsibilities of the Board of Directors and related work scope of the Audit Committee of CHP. An Internal Auditor is appointed who has been supporting and assisting the Audit Committee and the Board of Directors oversee the implementation of internal control system. Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant	Upon favorable endorsement of the Audit Committee, the Board of Directors approved on 6 February 2018 the Internal Audit Charter. Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx	

Recommendation 2.11

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>Among the functions of the Audit Committee is to support the Board of Directors by providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.</p>
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies</p>	<p>Compliant</p>	<p>CHP works on its enterprise risk management (ERM) processes aligned with the global CEMEX ERM approach which is designed to provide the structured approach to manage all important risks that could impact the company's objectives. A multitude of risks can affect CHP, its assets and employees, as well as its neighbors and stakeholders. Accordingly, we use risk management systems and tools to gather information from a range of sources, analyze the data, identify and assess potential risks, and then respond to them. These processes include an evaluation of environmental, health, and safety risks. We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits.</p> <p>During the regular quarterly meetings, the Audit Committee and the Board of Directors have the opportunity to review reports on assessments and audits of various risks affecting CHP.</p>

Recommendation 2.12

<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>Compliant</p>	<p>In lieu of a Board Charter, the Board of Directors refers to CHP's Revised Manual of Corporate Governance (22 March 2018) that formalizes and clearly states, among others, the roles, responsibilities and accountabilities of the Board of Directors</p>
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Compliant</p>	<p>Refer to www.cemxholdingsphilippines.com/corporate-governance-manual.aspx</p>
<p>3. Board Charter is publicly available and posted on the company's website.</p>	<p>Compliant</p>	

Additional Recommendation to Principle 2		
1. Board has a clear insider trading policy.	Compliant	<p>CHP adheres to the global CEMEX Insider Trading Policy</p> <p>Refer to www.cemexholdingsphilippines.com/policies.aspx</p>
Optional: Principle 2		
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.		
Recommendation 3.1		
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>The Board of Directors established an Audit Committee and a Nomination Committee.</p> <p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>
Recommendation 3.2		
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>Information on the Audit Committee and its functions and responsibilities are provided in CHP's Revised Manual of Corporate Governance (22 March 2018), the Charter of the Audit Committee, and the Internal Audit Charter.</p> <p>The Audit Committee is responsible to recommend the appointment and removal of CHP's external auditor.</p> <p>Refer to www.cemexholdingsphilippines.com/board-committees.aspx, and www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx and www.cemexholdingsphilippines.com/corporate-governance-manual.aspx</p>

<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Non-Compliant</p>	<p>The Audit Committee is currently composed of two independent directors and one executive director. The current Chairman of the Audit Committee is Mr. Pedro Roxas, an independent director.</p> <p>Notably, the Securities and Exchange Commission approved on 19 July 2018 the amendment of Article VI of CHP's Articles of Incorporation of CHP increasing the total number of members of the Board of Directors from seven (7) to eight (8). Among the matters to be brought before the approval of shareholders during CHP's Annual Meeting of Stockholders scheduled on 5 June 2019 is the election of 8 members of the Board of Directors, and among the nominees for election to the Board of Directors include the 7 incumbent directors and a new independent director, Ms. Eleanor M. Hilado, resulting in 3 independent directors in CHP's Board of Directors. This will pave the way for the appointment of a 3rd independent director by the Board of Directors to the Audit Committee, resulting in the increase of non-executive directors as members of the Audit Committee from 2 to 3.</p>
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Background and information of members of the Audit Committee are found in CHP 2018 Annual Report (SEC Form 17-A) under Item 9 Part III.</p> <p>Refer to www.cemexholdingsphilippines.com/board-of-directors.aspx and www.cemexholdingsphilippines.com/board-committees.aspx</p>
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Background and information of members of the Audit are found in CHP 2018 Annual Report (SEC Form 17-A) under Item 9 Part III. The Chairman of the Audit Committee is Pedro Roxas, who does not chair any other board committee.</p> <p>Refer to www.cemexholdingsphilippines.com/board-of-directors.aspx and www.cemexholdingsphilippines.com/board-committees.aspx</p>
<p>Supplement to Recommendation 3.2</p>		
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>The Audit Committee approves all non-audit services conducted by the external auditor. CHP 2018 Annual Report (SEC Form 17-A) under Item 8 Part III indicates the fees billed by the external auditor for services provided in 2018.</p>

		<p>CHP's Revised Manual of Corporation Governance (22 March 2018) provides that 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 corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in CHP's annual report. For the year 2018, the external auditor did not perform any non-audit work for the company.</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>		<p>In relation to the audit of fiscal year 2018, during the meetings of the Audit Committee held on 24 October 2018 and 2 April 2019, the external audit team presented its audit plan and report/s or findings and answered questions from the Audit Committee without interference, obstruction or intimidation from management. The presence of the Treasurer, his accounting team and the Tax Director during these meetings helped in providing the members of the Audit Committee with clarification on various matters in an efficient manner. During these meetings, the Audit Committee did not find any reason to justify requesting either the Treasurer, the accounting team or the Tax Director to leave the meeting room.</p> <p>The Audit Committee has the right, when it deems appropriate or necessary, to conduct dialogues with external audit team without management present. This has not been invoked in 2018</p>
<p>Optional: Recommendation 3.2</p>			
<p>1. Audit Committee meet at least four times during the year.</p>	<p>Compliant</p>	<p>In 2018, the Audit Committee conducted 6 meetings, i.e. on February 6, March 22, April 25, July 24, October 24 and December 6.</p>	
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>			

Recommendation 3.3			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	Not Applicable		<p>CHP does not have a Corporate Governance Committee (CGC). The functions ascribed to the CGC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p>
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	Not Applicable		<p>The functions ascribed to the CGC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	Not Applicable		<p>The functions ascribed to the CGC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p> <p>The Chairman of the Audit Committee is Mr. Pedro Roxas, who is an independent director. The majority of the members of the Audit Committee are independent directors.</p>
Optional: Recommendation 3.3.			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>		<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p>	
Recommendation 3.4			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	Not Applicable		<p>CHP does not have a Board Risk Oversight Committee (BROC). The functions ascribed to the BROC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p>

<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Not Applicable</p>		<p>The functions ascribed to the BROC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and the organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined a need to create another committee. The Chairman of the Audit Committee is Mr. Pedro Roxas, an independent director. The majority of the members of the Audit Committee are independent directors.</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Not Applicable</p>		<p>This function falls under the scope of the Audit Committee. The Chairman of the Audit Committee is Mr. Pedro Roxas, an independent director.</p>
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Not Applicable</p>		<p>This function falls under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p>
<p>Recommendation 3.5</p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Not Applicable</p>		<p>CHP does not have a Related Party Transactions Committee (RPTC). The functions ascribed to RPTC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p>
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Not Applicable</p>		<p>CHP does not have an RPTC. The functions ascribed to RPTC fall under the scope of the Audit Committee. Given that CHP and its subsidiaries are not engaged in multiple lines of businesses and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board of Directors has not determined a need to create another committee.</p> <p>The Audit Committee is currently composed of two</p>

			<p>independent directors and one executive director. The Chairman of the Audit Committee is Mr. Pedro Roxas, an independent director.</p> <p>Among the matters to be brought before the approval of shareholders during CHP's Annual Meeting of Stockholders scheduled on 5 June 2019 is the election of 8 members of the Board of Directors, and among the nominees for election to the Board of Directors include the 7 incumbent directors and a new independent director, Ms. Eleanor M. Hilado, resulting in 3 independent directors in CHP's Board of Directors. This will pave the way for the appointment of a 3rd independent director by the Board of Directors to the Audit Committee, resulting in the increase of independent directors as members of the Audit Committee from 2 to 3.</p>
Recommendation 3.6			
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	Compliant	<p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	Compliant		
<p>3. Committee Charters were fully disclosed on the company's website.</p>	Compliant	<p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or tele-</p>	Compliant	<p>Section 7 Article III of the Amended By-Laws of CHP provide the procedure to be observed for tele/videoconferencing meetings of the Board of Directors. The respective charters of the Audit Committee and the Nomination Committee also provide for the conduct of meetings in person or by</p>	

<p>/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>		<p>tele/videoconferencing or similar means. Refer to www.cemxholdingsphilippines.com/by-laws.aspx and www.cemxholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>Directors are furnished with materials for meetings of the Board and Committee for their review before the meeting.</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>Minutes of meetings reflect discussion of matters including clarifications or explanations.</p>	
<p>Recommendation 4.2</p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>CHP SEC Form 17-A (2018 Annual Report), Part III (for directors as of end December 2018) and CHP SEC Form 20-IS (current directors) include a write-up of each of the directors of CHP stating their directorships in other companies, where applicable.</p>	
<p>Recommendation 4.3</p>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>No such instance has taken place and is not applicable in respect of directorships in subsidiaries or affiliates.</p>	
<p>Optional: Principle 4</p>			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>			

2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.

Non-Compliant

2 out of the current 7 members of the Board of Directors are considered independent directors, i.e. Alfredo S. Panlilio and Pedro Roxas.

The Securities and Exchange Commission approved on 19 July 2018 the amendment of Article VI of CHP's Articles of Incorporation of CHP increasing the total number of members of the Board of Directors from seven (7) to eight (8). Furthermore, Article 3 (A) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that the Board of Directors shall have eight (8) members, at least three (3) of whom shall be Independent Directors, who shall be elected individually by the Corporation's stockholders.

Among the matters to be brought before the approval of shareholders during CHP's Annual Meeting of Stockholders scheduled on 5 June 2019 is the election of 8 members of the Board of Directors, and among the nominees for election to the Board of Directors include the 7 incumbent directors and a new independent director, Ms. Eleanor M. Hilafo, resulting in 3 independent directors in CHP's Board of Directors.

Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.

Compliant

CHP SEC Form 17-A (2018 Annual Report), Part III (for directors as of end December 2018) and CHP SEC Form 20-IS (current directors) include a write-up of each of the directors of CHP stating their work experience and competence.

Supplement to Recommendation 5.2

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Compliant</p>	<p>CHP's By-Laws and Revised Manual of Corporate Governance (22 March 2018) provide the general principles and values to be observed by the Board of Directors.</p>	
<p>Recommendation 5.3</p>			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p>Article 3 (F)(ix) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that: "The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years; after which, the individual serving as Independent Director shall be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. Should the Corporation decide to retain in the same capacity an Independent Director who has served for nine (9) years, the Board should provide meritorious justification and seek shareholders' approval during the annual shareholders' meeting."</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>Article 3 (F)(ix) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that: "The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years; after which, the individual serving as Independent Director shall be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. Should the Corporation decide to retain in the same capacity an Independent Director who has served for nine (9) years, the Board should provide meritorious justification and seek shareholders' approval during the annual shareholders' meeting."</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>The current independent directors of CHP, Messrs Alfredo S. Panlilio and Pedro Roxas, began their respective tenures as independent directors only in July 2016.</p>	

Recommendation 5.4	
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	<p>Compliant</p> <p>Mr. Joaquin Miguel Estrada Suarez is CHP's Chairman of the Board and Mr. Ignacio Alejandro Mijares Elizondo is the President & Chief Executive Officer.</p>
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<p>Compliant</p> <p>The respective roles and responsibilities of the Chairman of the Board and the President & CEO are provided in Section 3 Article IV of CHP's Amended By-Laws and Article 3(C) of CHP's Revised Manual of Corporate Governance (22 March 2018).</p>
Recommendation 5.5	
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	<p>Compliant</p> <p>Article 3 (A) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that: "If the Chairman of the Board is not an Independent Director, the Board shall, upon the request of the Independent Directors, designate a lead director among the Independent Directors whose functions shall include, among others, serving as an intermediary between the Chairman and other Independent Directors, when necessary, and shall chair the meetings among non-executive directors."</p> <p>The Chairman of the Board is not an independent director. There are currently two independent directors and they have not requested for a "lead director" who shall act as intermediary between independent directors and the Chairman.</p>
Recommendation 5.6	
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<p>Compliant</p> <p>Article 3(H) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides in part that if an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>There has not been any instance for this principle to be invoked.</p>

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Not Applicable		The non-executive or independent directors have not found cause or reason to conduct separate meetings with the external auditor, Internal Auditor or Compliance Officer without the participation of other members of the Board of Directors who are executive directors.
2. The meetings are chaired by the lead independent director.	Not Applicable		CHP does not have a lead independent director. Mr. Joaquin Miguel Estrada Suarez is Chairman of the Board of Directors. Mr. Estrada is not involved in the day-to-day operations of CHP and is not part of the CHP's management team. Furthermore, his seniority and expertise in the business allows him to assist the Board in exercising a critical check on management.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant		Article 8 of CHP's Revised Manual of Corporate Governance (22 March 2018) recognizes the authority of the Board of Directors to create an internal self-rating system that can measure the performance of the Board. The Board of Directors adopted on January 30, 2019 a Framework for a Self-Rating Performance System which provides the process and criteria for self-assessment of performance of the members of the Board of Directors and board committees. The assessment exercise for 2018 performance was conducted in February 2019.
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		

4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant		
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	<p>CHP's Revised Manual of Corporate Governance (22 March 2018) provides the qualifications and criteria for directors and members of the Committees, as well as process by which shareholders have the right to submit their nominations for election to the Board of Directors. CHP's website provides the various channels by which feedback can be given by shareholders, including the ETHOS Line which is an open and confidential communication channel through which employees, stakeholders and the general public may submit suggestions, inquiries and report alleged ethics, compliance or governance violations.</p> <p>Refer to www.cemexholdingsphilippines.com/about.aspx</p> <p>The Board of Directors adopted on January 30, 2019 a Framework for a Self-Rating Performance System which provides the process and criteria for self-assessment of performance of the members of the Board of Directors and board committees. The assessment exercise for 2018 performance was conducted in February 2019.</p>	
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and	Compliant	<p>The Code of Ethics and Business Conduct observed by CHP can be accessed at www.cemexholdingsphilippines.com/CodeEthics.aspx</p>	

external dealings of the company.			
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Members of the Board of Directors, senior management and employees of CHP and its subsidiaries are provided copies of the Code of Ethics and Business Conduct. Senior management and employees have access to the Code of Ethics and Business Conduct through the CEMEX Shift, an intra-group collaboration platform.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	The Code of Ethics and Business Conduct observed by CHP can be accessed at www.cemexholdingsphilippines.com/CodeEthics.asp	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	<p>The Code of Ethics and Business Conduct (Code) is designed to govern our relationships with all of our stakeholders, and addresses anti-bribery, antitrust compliance, prevention of money laundering, related-person transactions, workplace safety, health, environmental responsibility, confidentiality terms, conflicts of interest, financial controls and records, and preservation of assets. Through the organization's ethics committees, training programs, global integrity campaigns and secure internal communications channels, awareness and enforcement of this Code are promoted.</p> <p>Employees, officers and directors are supposed to comply with our Code. Failure to comply with our Code will be considered misconduct and may subject the erring employee, officer or director to disciplinary action.</p> <p>The Code discusses the principles governing the conduct of government relations and contains policies against bribery.</p> <p>Among several implementing global policies of CEMEX that we observe are:</p> <ul style="list-style-type: none"> · Anti-Trust Compliance Policy · Anti-Bribery/Anti-Corruption Policy · Insider Trading Policy 	

			Material Event Reporting Policy Related Party Transactions [Refer to www.cemexholdingsphilippines.com/policies.aspx]	
Recommendation 7.2				
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant		Senior management and employees have access to the Code of Ethics and Business Conduct through the CEMEX Shift, an intra-group collaboration platform.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		Senior management and employees have access to various company policies through the CEMEX Shift, an intra-group collaboration platform.	
Disclosure and Transparency				
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.				
Recommendation 8.1				
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant		Article 9 of CHP's Revised Manual of Corporate Governance (22 March 2018) mandates the disclosure and transparency policy of the organization. It provides that the essence of corporate governance is transparency. Thus, all material information about the corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board of Directors and Management. The Board of Directors is committed at all times to full disclosure of material information dealings and has caused the filing of all required information through the PSE and submissions to the SEC for the interest of its stockholders and other stakeholders.	
Supplement to Recommendations 8.1				
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special	Compliant		The annual and quarterly consolidated financial reports of CHP are disclosed and published by way of investors' briefings or webcast conducted by CHP within the specified period.	

<p>audit revisions.</p> <p>Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty- five (45) days from the end of the reporting period.</p> <p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>		<p>These reports are also published on CHP's website and the PSE EDGE portal which can be freely accessed by CHP's stockholders and the public.</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>CHP's 2016 Annual Report, 2017 Annual Report and 2018 Annual Report (SEC Forms 17-A) discuss various transactions and risks associated with subsidiaries or affiliates of CEMEX and other related parties.</p> <p>These reports are published on CHP's website and the PSE EDGE portal which can be freely accessed by CHP's stockholders and the public.</p>	
<p>Recommendation 8.2</p>			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>Directors and officers of CHP are required to disclose or report to the Compliance Officer any dealings in CHP's shares within two (2) days. Reminder notices by email are sent by the Compliance Officer on a regular basis.</p> <p>The requisite SEC Forms 23-A and 23-B have been filed by CHP.</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>		
<p>Supplement to Recommendation 8.2</p>			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This</p>	<p>Compliant</p>	<p>On a quarterly basis, CHP's Public Ownership Report is posted on PSE EDGE portal, which report includes the shareholdings structure of CHP specifically the shares held by members of the Board of Directors, its key executive officers and controlling shareholder. These are likewise posted on CHP's website.</p>	

includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).		Refer to www.cemexholdingsphilippines.com/other-disclosures.aspx	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The background, education and training and work experience and of members of the Board of Directors are discussed in CHP's 2018 Annual Report (SEC Form 17-A) and CHP's Definitive Information Statement (SEC Form 20-IS) and posted on CHP's website. Refer to www.cemexholdingsphilippines.com/board-of-directors.aspx	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The background, education and training and work experience and of members of the Board of Directors are discussed in CHP's 2018 Annual Report (SEC Form 17-A) and CHP's Definitive Information Statement (SEC Form 20-IS) and posted on CHP's website. Refer to www.cemexholdingsphilippines.com/board-of-directors.aspx	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Section 8 Article III of CHP's Amended By-Laws provide that members of the Board of Directors shall be entitled to receive compensation as such for the discharge of the duties of supervision and collegiate decision-making proper to said management body. Article 3(K) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that the Board of Directors shall have the sole authority, in accordance with the By-laws, to determine the amount, form and structure of the fees and other compensation of the directors. However, in no case shall the total yearly compensation of directors received for the discharge of duties as members of the Board of Directors or ad hoc members of Committees of the corporation exceed the maximum threshold if any applicable under relevant law or regulation. 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 Corporation: (i) an honorarium fee/ per diem equivalent to Php 450,000.00	

			(computed on an annual basis) for acting as director and (ii) an honorarium fee/per diem equivalent to Php 90,000.00 (computed on an annual basis) per Committee membership. To date, the other members of the Board of Directors do not receive any compensation, directly or indirectly, for the discharge of their duties as director of CHP or as member of any of the Committees of the Board of Directors.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant		The organization provides a compensation package to its executives that has a fixed and variable component. The fixed component pertains to the basic salary and annual salary increases are determined on the basis of the executives' performance and position on the defined salary range. The variable component pertains to a variable compensation program that is paid based on the organization's performance and individual executive's performance.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant			CHP refrains from disclosing the remuneration of executives on an individual basis, including termination and retirement provisions. Executives are entitled to benefits under various incentive schemes depending on various factors. Each executive is normally not privy to information concerning the compensation of other executives of CHP and in the rest of the CEMEX organization. Furthermore, disclosure of remuneration of executives on an individual basis exposes CHP to potential loss of key executives and would definitely not be in the interests of CHP. CHP likewise takes into account potential security issues in case these information is publicly provided.
Recommendation 8.5				
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant		Article 3(K)(ii) of CHP's Revised Manual of Corporate Governance (22 March 2018) mandates that the Audit Committee shall: - Evaluate and monitor material Related Party Transactions to ensure compliance with relevant company policy and procedures, and recommend to the Board changes or improvements in policy and procedures. Review must take the following into consideration: a) the nature of the parties' interest in the transaction; b) the essential terms of the transactions, including the amount involved and the type of transactions; c) the importance of the transaction for the Corporation and the Related Party.	

	<p>d) whether the transaction could affect the impartiality of any of the Corporation's directors with respect to the interest of the Corporation and any of its shareholders;</p> <p>e) fair treatment of shareholders; and</p> <p>f) any other circumstance deemed relevant by the Audit Committee</p> <p>Article 4 of CHP's Revised Manual of Corporate Governance (22 March 2018) also provides the following:</p> <p>"Transactions with a Related Party shall be entered into on terms and conditions that are arm's-length, with sufficient documentation and course through the appropriate levels of approval authority. The Corporation may obtain transfer pricing studies when market prices and/or market conditions under comparable circumstances are not readily available to assure compliance with relevant regulations applicable to transactions between Related Parties.</p> <p>"Any amendment, revision, extension or supplement to the following material terms and conditions of the Corporation's license agreements involving the trademark and other intellectual properties of, and service agreements with, CEMEX shall require the affirmative vote of at least two independent directors:</p> <p>a) royalty/license fee or service fee, as applicable, payable to CEMEX; and</p> <p>b) term of the agreement."</p> <p>In 2018, there were no transactions involving a conflict of interest situation involving a member of the Board of Directors or in respect of which a member of the Board of Directors abstained from voting on account conflict of interest.</p>	
	<p>Information concerning Related Party Transactions is disclosed in the quarterly reports (SEC Form 17-Q) and annual report (SEC Form 17-A) of CHP.</p> <p>There were no transactions entered into in 2018 which fall under the definition of "Material Related Party Transactions" prescribed under SEC Memorandum Circular No. 10, series of 2019 (Rules on Material Related Party Transactions for Publicly-Listed Companies).</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	

Supplement to Recommendation 8.5

1. Company requires directors to disclose their interests in transactions or any other conflict of interests.

Compliant

Under the Code of Ethics and Business Conduct, employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and to act in the best interests of the company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interests and the interests of the company.

Furthermore, among the duties and obligations of the members of the Board of Directors formalized in CHP's Revised Manual of Corporate Governance (22 March 2018) are the following:

"The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation." Refer to Article 3(H) of CHP's Revised Manual of Corporate Governance (22 March 2018)

In 2018, there were no transactions raising a conflict of interest situation involving a member of the Board of Directors or in respect of which a member of the Board of Directors abstained from voting on account of a conflict of interest.

Optional : Recommendation 8.5

1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.

Recommendation 8.6

<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p> <p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	Compliant	<p>In 2018, there is no material fact or event on the acquisition or disposal of significant assets which could adversely affect the viability or interests of its shareholders and other stakeholders.</p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	Compliant	<p>There are company policies which govern the acquisition or disposal of assets including measures under which the services of an independent party, solicitation of multiple offers or other market analysis are undertaken to evaluate the fairness of transaction price.</p>	

Supplement to Recommendation 8.6

<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	Compliant	<p>CHP is a party to the Framework Agreement dated 9 March 2016 with CEMEX and CHP's principal shareholder, CEMEX Asian South East Corporation, designed to avoid conflicts of interest between the CHP and CEMEX. The Framework Agreement became effective upon commencement of trading of CHP's shares on the PSE in July 2016. The Framework Agreement governs, among other things, the CHP'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.</p> <p>In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with CEMEX'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. Refer to www.cemexholdingsphilippines.com/corporate-governance.aspx</p>	
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Recommendation 8.7		
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Refer to www.cemexholdingsphilippines.com/corporate-governance.aspx to
2. Company's MCG is submitted to the SEC and PSE.	Compliant	
3. Company's MCG is posted on its company website.	Compliant	
Supplement to Recommendation 8.7		
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p>CHP submits with the SEC and PSE its Manual of Corporate Governance (MCG). The MCG has undergone several revisions or updates.</p> <p>The latest submission on changes to CHP's manual of corporate governance can be found in http://www.cemexholdingsphilippines.com/corporate-governance-manual.aspx</p> <p>The Board of Directors approved the Revised Manual of Corporate Governance last 22 March 2018. A copy of this latest revised manual was also posted on PSE EDGE portal and submitted to the Philippine SEC on 23 March 2018.</p>
Optional: Principle 8		
1. Does the company's Annual Report disclose the following information:	Compliant	Refer to Parts II, III and IV of CHP's 2018 Annual Report (SEC Form 17-A)
a. Corporate Objectives		
b. Financial performance indicators		
c. Non-financial performance indicators		
d. Dividend Policy		

<p>e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors</p>			
<p>f. Attendance details of each director in all directors meetings held during the year</p>			
<p>g. Total remuneration of each member of the board of directors</p>			
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>Compliant</p>	<p>Refer to Part IV Item 13 (1) of CHP's 2018 Annual Report (SEC Form 17-A)</p>	
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Compliant</p>	<p>The members of the Board of Directors reviewed CHP's material controls (including operational, financial and compliance controls) and risk management systems for fiscal year 2018. Refer to Part IV Item 13 (3) of CHP's 2018 Annual Report (SEC Form 17-A)</p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	<p>Compliant</p>	<p>The following statements were made in CHP's 2018 Annual Report (SEC Form 17-A): "The members of the Audit Committee and the Board of Directors are informed about the internal controls and procedure 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 material weaknesses in the internal controls and risk management system currently in place. However, in support of the oversight function of the Board of</p>	

<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>		<p>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.” Refer to Part IV Item 13 (3) of CHP’s 2018 Annual Report (SEC Form 17-A)</p>	
<p>Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.</p>			
<p>Recommendation 9.1</p>			
<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>For 2018, the appointment of the current external auditor of CHP was deliberated upon and favorably endorsed by the Audit Committee during its meeting on March 22, 2018.</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>Compliant</p>	<p>During the Annual Meeting of Stockholders held last 6 June 2018, the shareholders holding approximately 75.06% of the total outstanding shares of stock of CHP voted in favor of the appointment of the accounting firm of R.G. Manabat & Co. as external auditor for the fiscal year 2018. During this same meeting, shareholders ratified the acts of the Board of Directors and Management which included the engagement of the accounting firm of R.G. Manabat & Co (favorably endorsed by the Audit Committee and approved by the Board of Directors.) The fees of the external auditor were disclosed in CHP’s Definitive Information Statement circulated to shareholders prior to this meeting.</p> <p>The re-appointment of the accounting firm of R.G. Manabat & Co. for 2019 has been favorably endorsed by</p>	

	the Audit Committee and approved by the Board of Directors during its meetings held on 2 April 2019 and is among the matters to be submitted to shareholders for their approval during the Annual Meeting of Stockholders scheduled on 5 June 2019.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	The external auditor has not been removed or changed. Article 6(B) of CHP's Revised Manual of Corporate Governance provides that if the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the report should be given by the corporation to the external auditor before its submission.
Supplement to Recommendation 9.1		
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	CHP has not yet reached the expiration of the five year period. Article 6 (A)(v) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides that the external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency.
Recommendation 9.2		
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight	Compliant	Section 4 of the Charter of the Audit Committee reiterates the functions and responsibilities of the Audit Committee consistent with CHP's Revised Manual of Corporate Governance (22 March 2018) Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx

<p>to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>			
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>Section 4 of the Charter of the Audit Committee states the functions and responsibilities of the Audit Committee</p> <p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	
<p>Supplement to Recommendations 9.2</p>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>Section 4 of the Charter of the Audit Committee states the functions and responsibilities of the Audit Committee</p> <p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Section 4 of the Charter of the Audit Committee states the functions and responsibilities of the Audit Committee</p> <p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	
<p>Recommendation 9.3</p>			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>Refer to Item 8 Part II of the 2018 Annual Report (SEC Form 17-A).</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>Refer to Article 3 (L) (12) and Article 6 of CHP's Revised Manual of Corporate Governance (22 March 2018)</p>	

Supplement to Recommendation 9.3

<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>The total fees billed for all audit-related services, for fiscal year 2017 amounted to Php8,719,700, inclusive of the audit of annual financial statements or services that are normally engaged by external auditor in connection with statutory and regulatory filings or engagements for fiscal year 2017 equivalent to Php6,100,700.00; while the total fees for non-audit work for fiscal year 2017 amounted to Php 465,077.75.</p> <p>For fiscal year 2018, external auditor has not billed for non-audit services.</p> <p>Refer to Item 8 Part II of the 2018 Annual Report (SEC Form 17-A)</p>	
<p>Additional Recommendation to Principle 9</p>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>1) Name of the audit engagement partner – Emerald Anne C. Bagnes</p> <p>2) Accreditation number – SEC Accreditation No. 0312-AR-4, Group A;</p> <p>3) Date Accredited – June 21, 2018</p> <p>4) Expiry date of SEC accreditation – June 20, 2021; and</p> <p>5) Name, address, contact number of the audit firm - R.G. Manabat & Co., The KPMG Center, 9/F, 6787 Ayala Avenue, Makati City, Philippines 1226</p> <p>The Firm, R.G. Manabat & Co. (including its covered audit engagements) has not yet been inspected by the Philippine SEC under the SOAR Program.</p>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Compliant</p>		

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (ESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>CHP adheres to enterprise risk management (ERM) processes aligned with the global CEMEX ERM approach which is designed to provide the structured approach to manage all important risks that could impact the company's objectives. A multitude of risks can affect CHP, its assets and employees, as well as its neighbors and stakeholders. Accordingly, we use risk management systems and tools to gather information from a range of sources, analyze the data, identify and assess potential risks, and then respond to them. These processes include an evaluation of environmental, health, and safety risks. We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits.</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>CHP is aligned with the global reporting initiative guidelines defined in the CEMEX 2018 Integrated Sustainability Report. Part 6 of this report describes the reporting scope and data measurement techniques.</p> <p>Refer to www.cemex.com/sustainability/reports/global-reports</p>	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

Compliant

On a quarterly basis, CHP conducts investors' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. CHP submits to the PSE and SEC notices of these briefings and materials.

Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:

Compliant

Refer to www.cemexholdingsphilippines.com

a. Financial statements/reports (latest quarterly)

b. Materials provided in briefings to analysts and media

c. Downloadable annual report

d. Notice of ASM and/or SSM

e. Minutes of ASM and/or SSM

f. Company's Articles of Incorporation and By-Laws

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.

Compliant

Refer to www.cemexholdingsphilippines.com

Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>CHP maintains an internal control system that provides reasonable assurance that main risks can be mitigated, assures the existence of documented internal controls rules and demonstrate the existence of an effective internal controls system to comply with legal requirements affecting CHP. CHP follows the framework issued by the Committee of Sponsoring Organizations of Treadway Commission, known as the "COSO 2013 framework":</p> <ul style="list-style-type: none"> ▪ Develop and manage appropriate responses to risks ▪ Expand beyond financial reporting to other forms of reporting, operations, and compliance objectives ▪ Eliminate ineffective, redundant, or inefficient controls that provide minimal value <p>We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits.</p> <p>On a quarterly basis, the Audit Committee reviews internal audit reports.</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>CHP adheres to enterprise risk management (ERM) processes aligned with the global CEMEX ERM approach which is designed to provide the structured approach to manage all important risks that could impact the company's objectives. These processes include an evaluation of environmental, health, and safety risks. We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits</p> <p>Other risk management processes within the company, such as internal audits, internal controls, compliance, and financial risk management, complement the ERM</p>	

		function. On a quarterly basis, the Audit Committee reviews internal audit reports.	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	Compliant	<p>CHP adheres to enterprise risk management (ERM) processes aligned with the global CEMEX ERM approach which is designed to provide the structured approach to manage all important risks that could impact the company's objectives. These processes include an evaluation of environmental, health, and safety risks. We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits</p> <p>After the corresponding analysis and assessment, risks are prioritized by estimated impact and probability of materialization, and a mitigation strategy and monitoring plan are defined for their treatment and follow-up.</p> <p>On a quarterly basis, the Audit Committee reviews internal audit reports</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>			
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	Compliant	<p>CHP's Internal Auditor is Mr. Rolando Valentino. Internal audit work is performed in-house in coordination with the global areas. The Board of Directors upon favorable endorsement of the Audit Committee, passed and approved the company's Internal Audit Charter last 6 February 2018</p> <p>Refer to www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx</p>	

Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	CHP's Internal Auditor is Mr. Rolando Valentino. Internal audit work is performed in-house in coordination with the global areas. Mr. Valentino's background can be found in CHP's annual reports and on CHP's website.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	Refer to the CHP's Internal Audit Charter www.cemexholdingsphilippines.com/committees-of-the-board-of-directors.aspx	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not Applicable		
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	CHP adheres to enterprise risk management (ERM) processes aligned with the global CEMEX ERM approach which is designed to provide the structured approach to manage all important risks that could impact the company's objectives. These processes include an evaluation of environmental, health, and safety risks. We have several processes that test the robustness of our systems, evaluate compliance across all business units, and encourage continuous improvements. These processes include compliance training for employees, periodic reviews of our policies and procedures, and regular internal audits On a quarterly basis, the Audit Committee reviews internal audit reports	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Technical Support is also provided by executives of other business units in the CEMEX global organization.	

Recommendation 12.5

<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>Compliant</p>	<p>Mr. José Mauro Gallardo Valdés joined CHP as the Enterprise Risk Management (ERM) Manager and among his responsibilities as ERM Manager are:</p> <ul style="list-style-type: none"> • defines the ERM's objectives, scope, methodology and approach • analyze and test the company's business models, providing alternative scenarios and analysis • identifies and classifies business risks, provides analysis and follows-up on mitigation of risks • reports to management the different business risks, priorities and other key indicators • ensures that processes performed are in compliance with company policies 	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>Compliant</p>	<p>The ERM Manager reports to CHP's President & CEO and on a coordinated basis to the CEMEX Global ERM Director.</p>	

Additional Recommendation to Principle 12

<p>1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively</p>	<p>Compliant</p>	<p>The attestation of CHP's President & Chief Executive Officer and Internal Auditor will be submitted together with this Integrated Annual Corporate Governance Report.</p>	
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Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Article 7 of CHP's Revised Manual of Corporate Governance (22 March 2018) reconfirms among others the shareholders' basic rights:</p> <ul style="list-style-type: none"> (i) Right to vote on all matters that require their consent or approval; (ii) Right to inspect corporate books and records; (iii) Right to information; (iv) Right to dividends; and (v) Appraisal right. 	
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2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	CHP's Revised Manual of Corporate Governance (22 March 2018) can be accessed at www.cemexholdingsphilippines.com/corporate-governance-manual.aspx	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	CHP's equity capital structure consists only of common shares with voting rights. CHP's Amended Articles of Incorporation and Amended By-Laws do not contain any other class of shares enjoying preferential voting rights or otherwise denied voting rights.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>Article (7) (B) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides the following:</p> <ul style="list-style-type: none"> - The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor. - It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. - The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. - Although all stockholders should be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation. 	

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>Section 7 Article II of CHP's Amended By-Laws describes the basic voting system designed to promote the exercise by stockholders of their right to vote..</p>	
<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>Compliant</p>	<p>CHP observes the voting requirements prescribed under the Revised Corporation Code of the Philippines, including those provisions requiring supermajority votes.</p>	
<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>Compliant</p>	<p>Article (7) (B) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides among others that the Board of Directors shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Article (7) (B) of CHP's Revised Manual of Corporate Governance (22 March 2018) provides the following:</p> <ul style="list-style-type: none"> - The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor. - It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. - The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. 	

			<p>- Although all stockholders should be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>Dividends can only be declared out of unrestricted retained earnings, subject to a number of factors including restrictions that may be imposed by current and prospective financial covenants, the amount of CHP's consolidated indebtedness, the projected operating results of our subsidiaries, our working capital needs, our subsidiaries' long-term capital expenditures and regulations governing dividends, among others. As a result of substantial long-term capital expenditure needs and current indebtedness, the Board of Directors have not declared dividends.</p>		
Optional: Recommendation 13.1				
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>R.G. Manabat & Co., with address at The KPMG Center, 9/F, 6787 Ayala Avenue, Makati City, Philippines 1226, was engaged to count and validate the votes during the Annual Meeting of Stockholders held on 6 June 2018.</p>		
Recommendation 13.2				
1. Board encourages active shareholder participation by sending the Notice of Annual Meeting and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>In respect of the Annual Meeting of Stockholders held on 6 June 2018, the notice and agenda were posted on PSE EDGE portal at least 28 days before the meeting.</p>		
Supplemental to Recommendation 13.2				
1. Company's Notice of Annual Stockholders' Meeting contains the following information:				

<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>Compliant</p>	<p>The profiles of the directors are included in the Definitive Information Statement (SEC Form 20-IS) which accompany the notices.</p>	<p>The profiles of the directors are included in the Definitive Information Statement (SEC Form 20-IS).</p>
<p>b. Auditors seeking appointment/re- appointment</p>	<p>Compliant</p>	<p>Refer to Definitive Information Statements (SEC Form 20-IS) for the years 2017, 2018 and 2019 which include the Notices of the Annual Meeting of Stockholders containing the agenda items with explanations and sample proxies</p>	
<p>c. Proxy documents</p>	<p>Compliant</p>	<p>Refer to Definitive Information Statements (SEC Form 20-IS) for the years 2017, 2018 and 2019 which include the Notice of the Annual Meeting of Stockholders containing the agenda items with explanations and sample proxies</p>	
<p>Optional: Recommendation 13.2</p>			
<p>1. Company provides rationale for the agenda items for the annual stockholders meeting</p>	<p>Compliant</p>	<p>Refer to Definitive Information Statements (SEC Form 20-IS) for the years 2017, 2018 and 2019 which include the Notice of the Annual Meeting of Stockholders containing the agenda items with explanations and sample proxies.</p>	
<p>Recommendation 13.3</p>			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>Compliant</p>	<p>The results of the previous Annual Meetings of Stockholders held on 7 June 2017 and on 6 June 2018 were posted on the PSE EDGE portal and submitted with the Securities and Exchange Commission on the same day.</p>	
<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>Refer to Minutes of the Annual Meetings of Stockholders held on 7 June 2017 and 6 June 2018 at www.cemexholdingsphilippines.com/shareholders-meetings.aspx</p>	

Supplement to Recommendation 13.3

<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>Representatives of the external auditor were present during the Annual Meetings of Stockholders held on 7 June 2017 and 6 June 2018, and they are expected to be present during the Annual Meeting of Stockholders scheduled on 5 June 2019.</p>	
<p>Recommendation 13.4</p>			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>Compliant</p>	<p>Article 4 (G) of CHP's Revised Manual of Corporate Governance (22 March 2018) recognizes the duty of the Board to make available an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.</p> <p>To date, no intra-corporate dispute has arisen.</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Article 4 (G) of CHP's Revised Manual of Corporate Governance (22 March 2018) recognizes the duty of the Board to make available an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.</p> <p>To date, no intra-corporate dispute has arisen.</p>	
<p>Recommendation 13.5</p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p>	<p>The Investor Relations Officer of CHP is Mr. John Benette Bacani Mamañgun. He can be contacted at: jb.mamangun@cemex.com and ++632 849 3600</p>	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>Compliant</p>	<p>During the Annual Meetings of Stockholders of CHP held on 7 June 2017 and 56 June 2018 the Investor Relations Officer was present during the meeting.</p>	

Supplemental Recommendations to Principle 13		
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The Board has not employed anti-takeover measures or similar devices.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	CHP has approximately 45% public float.
Optional: Principle 13		
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Shareholders' Meeting		
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		
Duties to Stakeholders		
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.		
Recommendation 14.1		
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The Code of Ethics and Business Conduct (Code) is designed to govern our relationships with all of our stakeholders, and addresses anti-bribery, antitrust compliance, prevention of money laundering, related-person transactions, workplace safety, health, environmental responsibility, confidentiality terms, conflicts of interest, financial controls and records, and preservation of assets. Through the organization's ethics committees, training programs, global integrity campaigns and secure internal communications channels, awareness and enforcement of this Code are promoted.</p> <p>CHP has a robust Corporate Social Responsibility program through which its operating subsidiaries are able</p>

		<p>to identify stakeholders. Most of the projects are implemented through the CEMEX Philippines Foundation, Inc., a non-stock non-profit organization established in 2003 which acts as the primary vehicle through which the CEMEX Philippines Group of Companies (which includes APO Cement and SOLID Cement) has been working with its various stakeholders in the implementation of its projects. Key projects are focused on areas like education, environmental protection, community development, skills & livelihood, health & safety, arts & culture, employee volunteerism and sustainability partnerships.</p> <p>Refer to www.cemexholdingsphilippines.com/sustainable-development.aspx</p>	
Recommendation 14.2			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	Compliant	<p>Article (7) (B) of CHP's Revised Manual of Corporate Governance (22 March 2018) lays down the basic principle to ensure fair treatment and protection of stakeholders.</p>	
Recommendation 14.3			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	Compliant	<p>If there are concerns or suspected violations pertaining to ethics, governance or compliance, employees, stakeholders and the general public can report these through our ETHOS Line, a secure, confidential and independent online portal and phone line for sending comments, requesting advice and submitting complaints on these topics. ETHOS Line is accessible through CHP's website. 24 hours a day, seven days a week.</p> <p>The Chairman of the Audit Committee, who is an independent member of the Board of Directors, and the Internal Auditor can be contacted as well.</p> <p>Refer to www.cemexholdingsphilippines.com/CodeEthics.aspx</p>	

Supplement to Recommendation 14.3

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>Article 4 (G) of CHP's Revised Manual of Corporate Governance (22 March 2018) recognizes the duty of the Board to make available an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.</p> <p>To date, no intra-corporate dispute has arisen.</p>	
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Additional Recommendations to Principle 14

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p>CHP has not sought such exemption.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>		

Optional: Principle 14

<p>1. Company discloses its policies and practices that address customers' welfare</p>			
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>			

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>Compliant</p>	<p>Employees have access to CEMEX Shift (intranet), a collaboration platform that encourages efficient and meaningful sharing of ideas and best practices within the organization.</p>
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Supplement to Recommendation 15.1

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Compliant</p>	<p>The organization provides a compensation package to its executives that has a fixed and variable component. The fixed component pertains to the basic salary and annual salary increases are determined on the basis of the executives' performance and position on the defined salary range. The variable component pertains to a variable compensation program that is paid based on the organization's performance and individual performance.</p>
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The organization gives highest priority to preventing incidents and safeguarding the health and safety of its workforce. CHP is fully committed to carrying out its business activities in a safe and efficient manner and to care for the well-being of all those on its sites and those who may be impacted by its activities. Refer to the Code of Ethics and Business Conduct.</p>
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>The organization provides training opportunities to its employees depending on their work responsibilities or aspirations in the organization. Employees are required to participate in a minimum number of hours or training programs.</p>

Recommendation 15.2

<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>The Board of Directors adopted the CEMEX Code of Ethics and Business Conduct under which it is expressly declared that the organization rejects all forms of corruption, and adheres to the CEMEX Global Anti-Bribery/Anti-Corruption Policy.</p>
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		Refer to www.cemexholdingsphilippines.com/policies.aspx	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Employees are informed of CEMEX's business ethics principles in various ways including the Code of Ethics and Business Conduct, internal communications campaigns and displays, face-to-face training, and online legal training through the organization's intranet Policy Center, legal audits, global policies and other activities.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	The Code of Ethics and Business Conduct describes the process for investigating violation of the Code, including its implementing policies like the Anti-Bribery/Anti-Corruption Policy.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The Code of Ethics and Business Conduct expressly provides that the organization will not tolerate any kind of retaliation for reports or complaints of misconduct that are made in good faith, and underscores that open communication of issues and concerns by all employees, officers and directors without fear of retaliation is vital to the successful implementation of our Code.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	The organization has established different communication channels to report incidents and submit evidence of inappropriate conduct. Employees are expected to report any concerns about violations of the Code of Ethics and Business Code to various persons, departments or bodies, including ETHOS Line, their immediate supervisor, Human Resources Department, Legal Department, CHP's Ethics Committee, Chairman of the CHP's Audit Committee or the Internal Auditor.	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	The ETHOS Line is managed by an autonomous third party. The Board of Directors is informed of feedback or complaints received through the ETHOS Line.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	The core of the organization's business operations is found in its sustainability framework which revolves around managing its footprint, engaging stakeholders, and enhancing value creation. Refer to www.cemexholdingsphilippines.com/sustainable-development.aspx	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (2018) is signed on behalf of the Registrant, CEMEX HOLDINGS PHILIPPINES, INC., in the City of Makati.




JOAQUIN MIGUEL ESTRADA SUAREZ
Chairman of the Board of Directors
Date: APR 25 2019



IGNACIO ALEJANDRO MIJARES ELIZONDO
President & Chief Executive Officer
Date: 06 MAY 2019



PEDRO ROXAS
Independent Director
Date: 06 MAY 2019



ALFREDO S. PANLILIO
Independent Director
Date: 06 MAY 2019



JANNETTE VIRATA SEVILLA
Compliance Officer & Corporate Secretary
Date: 06 MAY 2019

Republic of the Philippines)
Makati City) s.s.

Before me, a notary public in and for the place named above, personally appeared:

NAME	GOVERNMENT ISSUED ID NO./Issue Date/Place Issued
Joaquin Miguel Estrada Suarez	Spanish Passport No. XDC971569 issued on 2 APRIL 2018/Embassy of Spain in Singapore

who was identified by me through competent evidence of identity to be the same person who executed the foregoing Integrated Annual Corporate Governance Report and who admitted to me that the same is his free and voluntary act and deed.

APR 25 2019

Witness my hand and seal this _____.

Doc. No. 80 ;
Page No. 11 ;
Book No. 43 ;
Series of 2019.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT NO M-87 UNTIL DEC 31, 2020
ROLL OF ATTY NO 48348
MCLE COMPLIANCE NO V-0026676/A-11-2018
IBP O.R No.708762-LIFETIME MEMBER JAN 29, 2007
PTR No.7333029 JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST.
MAKATI CITY

Republic of the Philippines)
Makati City) s.s.


Before me, a notary public in and for the place named above, personally appeared:

NAME	GOVERNMENT ISSUED ID NO./Issue Date/Place Issued
Pedro Roxas	Philippine Passport No. P0388893B/ 24Jan2019/DFA Manila.
Alfredo S. Panlilio	Philippine Passport No. P1017428A/ 29 November 2016/DFA Manila
Ignacio Alejandro Mijares Elizondo	Mexican Passport No. G23177265/ 18 November 2016/Nueva Leon, Mexico
Jannette Virata Sevilla	Philippine Passport No. EC 5001771/ 13 August 2015/DFA Manila

who was identified by me through competent evidence of identity to be the same persons who executed the foregoing Integrated Annual Corporate Governance Report and each of whom admitted to me that the same is his/her free and voluntary act and deed.

Witness my hand and seal this MAY 06 2019.

Doc. No. 344
Page No. 7
Book No. 40
Series of 2019.


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
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IBP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007
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