

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 31 December 2019
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 6. (SEC Use Only)  
Province, Country or other jurisdiction of  
incorporation or organization Industry Classification Code
7. 34TH Floor Petron Mega Plaza Building 1200  
358 Sen. Gil J. Puyat Avenue, Makati City Postal Code  
Address of Principal Office
8. +632 8849-3600  
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 2019

	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			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>CHP's Revised Manual of Corporate Governance (22 March 2018) provides the general qualifications and disqualifications pertinent to members of the Board of Directors.</p> <p>CHP's SEC Form 17-A (2019 Annual Report) includes a write-up of each of the directors of CHP stating their work experience and competence and reflects an appropriate mix of competence, expertise and qualifications to enable them to fulfill their roles and responsibilities as board members and to respond to the needs of the CHP Group.</p>	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p>Brief write-ups on the academic qualifications, industry knowledge and professional experience of each of the members of CHP's Board of Directors can be found on the company's website</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.	Compliant	<p>Refer to:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>CHP's SEC Form 17-A (2019 Annual Report)</b>  <i>[pages 40 to 43]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>Profile of Board of Directors on Website</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-directors">https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-directors</a></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>Among the eight members of the Board of Directors who served in 2019, six members are considered “non-executive directors”, namely: Pedro Roxas (independent) Alfredo S. Panlilio (independent), Eleanor M. Hilado (independent), Joaquin Miguel Estrada Suarez, Antonio Ivan Sanchez Ugarte, and Larry Jose Zea Betancourt.</p> <p>Reference:  <b>Write-ups on Board Members and Senior Management of CHP</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-directors">https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-directors</a>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management">https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management</a></p> <p><b>CHP’s General Information Sheet for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5</a></p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<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><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
2. Company has an orientation program for first time directors.	Compliant	The Corporate Secretary works with first-time directors to provide materials and guidance on the 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.	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>The Corporation arranged for corporate governance training sessions for members of the Board of Directors and principal officers in 2019.</p> <p>Refer to:  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-letter-sec-dated-21-nov-2019-corporate-governance-training-certificates.pdf/04fd080a-5045-8f7d-f804-c89443f5d0c8">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-letter-sec-dated-21-nov-2019-corporate-governance-training-certificates.pdf/04fd080a-5045-8f7d-f804-c89443f5d0c8</a></p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Article 3 (A) of CHP's Revised Manual of Corporate Governance (22 March 2018) explicitly encourages diversity in the Board.</p> <p>Refer to:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>CHP's SEC Form 17-A (2019 Annual Report)</b>  <i>[pages 40 to 43]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's Board of Directors</b>  <a href="https://www.cemexholdingsphilippines.com/about-">https://www.cemexholdingsphilippines.com/about-</a></p>	

		<a href="https://www.cemexholdingsphilippines.com/us/company-profile/board-of-directors">us/company-profile/board-of-directors</a>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>Section 5 Article IV of CHP's Amended By-Laws and Article 3(M) of CHP Revised Manual of Corporate Governance (22 March 2018) contain the qualifications, duties and functions of the Corporate Secretary.</p> <p>Refer to:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>CHP's Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p> <p><b>CHP's SEC Form 17-A (2019 Annual Report)</b>  <i>[Write-up on Atty Jannette Virata Sevilla is on pages 45 to 46]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>Write-up on the incumbent Corporate Secretary on Website</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management">https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management</a></p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Non-Compliant		The positions of the Corporate Secretary and Compliance Officer are currently held by Ms. Jannette Virata Sevilla, who is a professional lawyer. She has adequate stature and authority to perform her functions as Corporate Secretary and Compliance Officer of CHP. She has had extensive work experience with the

			<p>organization having occupied a senior position (i.e., Vice President – Legal for CEMEX Asia/CEMEX Philippines) prior to her retirement in 2009. She resumed her working association with the CEMEX organization a year after her retirement, acting as external legal consultant who is principally focused on special projects involving the various business units in CEMEX Asia. Notably, she performs her current functions as Corporate Secretary and Compliance Officer relatively independent from CHP’s management team, and she does not report to the President &amp; CEO of CHP.</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 of Directors has not found the need to appoint different individuals to occupy the positions of Corporate Secretary and Compliance Officer.</p>
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>Reference:  <b>CHP’s Board of Directors</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-directors">https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-directors</a></p> <p><b>CHP’s General Information Sheet for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5</a></p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Corporate Secretary/Compliance Officer attended a 4-hour corporate governance training program conducted by the Philippine Chamber of Commerce &amp; Industry on 19 November 2019.</p> <p>Reference:  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-letter-sec-dated-21-nov-2019-corporate-governance-training-certificates.pdf/04fd080a-5045-8f7d-f804-c89443f5d0c8">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-letter-sec-dated-21-nov-2019-corporate-governance-training-certificates.pdf/04fd080a-5045-8f7d-f804-c89443f5d0c8</a></p>	
<b>Optional: Recommendation 1.5</b>			
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	<p><b>CHP's SEC Form 17-A (2019 Annual Report)</b>  <i>[Write-up on Atty Jannette Virata Sevilla is on pages 45 to 46]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>Write-up on the incumbent Corporate Secretary on Website</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management">https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management</a></p> <p><b>CHP's General Information Sheet for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5</a></p>	The positions of the Corporate Secretary and Compliance Officer are currently held by Ms. Jannette Virata Sevilla, who is a professional lawyer. She has adequate stature and authority to perform her functions as Corporate Secretary and Compliance Officer of CHP. She has had extensive work experience with the organization having occupied a senior position (i.e., Vice President – Legal for CEMEX Asia/CEMEX Philippines) prior to her retirement in 2009. She resumed her working association with the CEMEX organization a year after her retirement, acting as external legal consultant who is principally focused on special projects involving the various business units in CEMEX Asia. Notably, she performs her current functions as Corporate Secretary and Compliance Officer relatively independent from CHP's management team, and she does not report to the President & CEO of CHP.
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Corporate Secretary/Compliance Officer attended a 4-hour corporate governance training program conducted by the Philippine Chamber of Commerce &amp; Industry on 19 November 2019.</p> <p>Refer to:  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-letter-sec-dated-21-nov-2019-corporate-governance-training-certificates.pdf/04fd080a-5045-8f7d-f804-c89443f5d0c8">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-letter-sec-dated-21-nov-2019-corporate-governance-training-certificates.pdf/04fd080a-5045-8f7d-f804-c89443f5d0c8</a></p>	
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	

		<p>characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.</p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>Based on the OECD principles of corporate governance, the Board of Directors has overseen and monitored CHP's business objectives and strategy.</p>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>In this regard, in 2019 the Board of Directors convened for nine (9) 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.</p> <p>Refer to:  <b>CHP's SEC Form 17-A (2019 Annual Report)</b>  <i>[Item 14]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p>CHP's Definitive Information Statements (20-IS) for the Annual Meeting of Stockholders in June 2020 and the Annual Meeting of Stockholders in June 2019 enumerate various material transactions taken or approved by the Board of Directors for the implementation of Management in 2019.</p> <p>Refer to:  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	



Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Corporate Vision and Core Values can be viewed at: <a href="https://www.cemexholdingsphilippines.com/about-us/vision">https://www.cemexholdingsphilippines.com/about-us/vision</a>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	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.  CHP's Definitive Information Statements (20-IS) for the Annual Meeting of Stockholders in June 2019 and the Annual Meeting of Stockholders in June 2020 enumerate various material transactions taken or approved by the Board of Directors for the implementation of Management in 2019.  Reference: <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a>	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Background and qualifications of the Chairman of the Board of Directors in 2019, Mr. Joaquin Miguel Estrada Suarez, are found in CHP's 2019 Annual Report (SEC Form 17-A).  Reference: <b>CHP's SEC Form 17-A (2019 Annual Report)</b> <i>[Write-up on Mr. Joaquin Miguel Estrada Suarez is on pages 41 to 42]</i> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The organization adopts the institutional talent management processes observed globally by the CEMEX organization, consisting of processes pertaining to talent review and succession planning and determination of remuneration structure designed with the objective of retaining talent in the organization. The company 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 to ensure consistency with the CEMEX global process.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<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> <p>Reference:  <b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long- term interests of the company.	Compliant	The organization provides a compensation package to its executives that has fixed and variable components. The fixed component pertains to the basic salary and annual salary increases are determined based on 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	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<p>organization's performance and the individual executive's performance.</p> <p>Refer to CHP's 2019 Annual Report (SEC Form 17-A) which sets forth information regarding the compensation package of the principal officers. [pages 47 to 48] <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p>Reference: <b>CHP's Sustainability Report for 2019</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
<b>Optional: Recommendation 2.5</b>			
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.	Compliant	<p>The performance-based remuneration schemes applied by CHP are designed to attract, motivate and retain highly qualified employees, to obtain from each employee the best possible performance, to establish performance goals that support the organization's long-term business strategies, to align employee and shareholders interest, and to provide consistency and alignment with CEMEX's approach to performance-based pay and overall executive compensation strategy. The annual performance of employees is assessed based on the delivery of individual and country goals.</p>	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>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</p>	
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	<p>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.</p> <p>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.</p> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
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		
<b>Optional: Recommendation to 2.6</b>			
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.			
<b>Recommendation 2.7</b>			
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.	Compliant	<p>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:</p>	

<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p>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</p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</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 coursed through the appropriate levels of approval authority. The Corporation may obtain transfer pricing studies when market prices and/or market conditions under comparable circumstances are not readily available to assure compliance with relevant regulations applicable to transactions between Related Parties.</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  b) term of the agreement.”</p> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p>On September 3, 2019, the Board of Directors approved a <i>Policy on Material Related Party Transactions</i> (the “CHP</p>	

		<p>MRPT Policy”) in furtherance of SEC Memorandum Circular No. 10, Series of 2019. Transactions entered with a related party (as defined under CHP MRPT Policy) amounting to 10% or more of the total consolidated assets of CHP based on the latest audited consolidated financial statements is considered material. Each material related party transaction shall be reviewed and evaluated by the Audit Committee and endorsed to the Board of Directors for approval. The material related party transaction shall require the approval of at least two-thirds (2/3) votes of the members of the Board, with at least the majority of the independent directors voting to approve the material related party transaction. For aggregate related party transactions within twelve-month period with the same related party that breaches the materiality threshold, the same review and approval procedures mentioned above is required.</p> <p>Reference:  <b>CHP’s Policy on Material Related Party Transactions</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a></p> <p>In 2019, there was no transaction covered under Article 4 of CHP’s Revised Manual of Corporate Governance by or CHP MRPT Policy requiring the special voting requirements therein provided, respectively.</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</p>	<p>Compliant</p>	<p>Information concerning transactions with “related parties” (regardless of amount) are disclosed in the quarterly reports (SEC Form 17-Q) and annual reports (SEC Form 17-A) of CHP.</p> <p>Reference:  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a></p> <p>On September 3, 2019, the Board of Directors approved a <i>Policy on Material Related Party Transactions</i> in furtherance of SEC Memorandum Circular No. 10, Series of 2019.</p>	

<p>thresholds for disclosure and approval.</p>		<p>Reference:  <b>CHP's Policy on Material Related Party Transactions</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a></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>	<p>Non-Compliant</p>		<p>CHP is subject to the requirements under the Revised Corporation Code of the Philippines including provisions designed to protect shareholders' protection. Furthermore, CHP MRPT Policy defines the guidelines for the assessment and procedure for approval of related party transactions. The procedure requires, among others, the review and favorable endorsement of CHP's Audit Committee, the majority of members of which are independent directors.</p> <p>Furthermore, the parameters defining the relationship between CHP and CEMEX, S.A.B. de C.V. have been and are disclosed to the public. CHP is an indirect 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 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</p>

			<p>in excess of certain amounts and the making of capital expenditures in excess of certain amounts. In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with 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.</p> <p>The Company believes that the foregoing statutory and contractual undertakings provide adequate guardrails to ensure that the rights of minority shareholders are respected.</p>
<b>Recommendation 2.8</b>			
<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>	<p>Compliant</p>	<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 &amp; Chief Executive Officer, the Compliance Officer, the Internal Auditor and Vice Presidents.</p> <p>Reference to:  <b>CHP's Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p>During the organizational meeting of the Board of Directors on 6 June 2019 which was held immediately following the annual meeting of stockholders, the Board of Directors elected/appointed, among others, the following principal officers:</p>	



		<ul style="list-style-type: none"> <li>- Ignacio Alejandro Mijares Elizondo – President &amp; Chief Executive Officer</li> <li>- Rolando Valentino – Internal Auditor</li> <li>- Jose Mauro Gallardo Valdes - Enterprise Risk Management (ERM) Manager</li> <li>- Jannette Virata Sevilla – Compliance Officer (and Corporate Secretary)</li> </ul> <p>Reference:  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dtd-6-June-2019-results-meeting-board-directors-2019.pdf/35ae414b-386c-a380-db5d-5fdab6690857">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dtd-6-June-2019-results-meeting-board-directors-2019.pdf/35ae414b-386c-a380-db5d-5fdab6690857</a></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 Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The Board of Director’s responsibility of assessing performance is inherent in the powers of appointment.	
<b>Recommendation 2.9</b>			
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(I) 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		

		Refer to: <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Article 3(I) 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.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Refer to: <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a>  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/committees-of-the-board-of-directors">https://www.cemexholdingsphilippines.com/investors/corporate-governance/committees-of-the-board-of-directors</a>	
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.  Reference: <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/committees-of-the-board-of-directors">https://www.cemexholdingsphilippines.com/investors/corporate-governance/committees-of-the-board-of-directors</a>	
<b>Recommendation 2.11</b>			
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.	Compliant	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	

<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>exposures and risk management activities.</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> <p>Reference:  <b>CHP’s 2019 Annual Report (SEC Form 17-A)</b> - which discusses major risks affecting the business of the organization [pages 12 to 25 and 37]  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP’s Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
<p>Recommendation 2.12</p>			
<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>	

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Refer to: <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a>	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	CHP adheres to the global CEMEX Insider Trading Policy  Refer to <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/policies">https://www.cemexholdingsphilippines.com/investors/corporate-governance/policies</a>	
<b>Optional: Principle 2</b>			
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.	Compliant	Reference: <b>CHP's Policy on Material Related Party Transactions</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a>	
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.	
<b>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.</b>			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Board of Directors established an Audit Committee and a Nomination Committee.  Reference: <b>CHP's Amended By-Laws</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a>  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>	

		<a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a>  <b>Committees of the Board</b> <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-committees">https://www.cemexholdingsphilippines.com/about-us/company-profile/board-of-committees</a>	
<b>Recommendation 3.2</b>			
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.	<b>Compliant</b>	<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>Reference:  <b>Charter of the Audit Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	<b>Compliant</b>	<p>Following the Annual Meeting of Stockholders in 2019 which resulted in the election to the Board of Directors of 3 independent directors, the members of the Audit Committee were comprised of 4 members, 3 of whom were independent directors and the remaining member a non-executive director. The Chairman of the Audit Committee was Mr. Pedro Roxas, an independent director.</p> <p>Reference:  <b>CHP's General Information Sheet for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5</a></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 2019 Annual Report (SEC Form 17-A) under Item 9 Part III.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></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 Committee are found in CHP 2019 Annual Report (SEC Form 17-A). The Chairman of the Audit Committee is Pedro Roxas, who does not chair any other board committee.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's General Information Sheet for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5</a></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.</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</p>	

		<p>–audit work, if allowed, should be disclosed in CHP’s annual report.</p> <p>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Non-Compliant		<p>In relation to the audit of fiscal year 2019, during the meetings of the Audit Committee held on 23 October 2019 and 2 April 2020, 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 &amp; CFO, 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 request either the Treasurer, the accounting team or the Tax Director to leave the meeting room while the external auditor presented their report.</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 2019.</p>
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	Compliant	<p>In 2019, the Audit Committee convened and held 6 meetings: 30 January, 2 April, 24 April, 24 July, 23 October and 5 December.</p> <p>Reference:  <b>CHP’s 2019 Annual Report (SEC Form 17-A)</b>  <i>[pages 57 to 58]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p>	

2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>Among the specific duties and responsibilities of CHP's Audit Committee is the review of the appointment and replacement of the Internal Auditor.</p> <p>Reference:  <b>Charter of the Audit Committee [Section 4.3]</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></p>	
<b>Recommendation 3.3</b>			
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.	Non-Compliant		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.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant		<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>Following the Annual Meeting of Stockholders in 2019 which resulted in the election to the Board of Directors of 3 independent directors, the members of the Audit Committee were comprised of 4 members, 3 of whom were independent directors and the remaining member a non-executive director.</p>
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant		<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.</p>



Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			
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.	Non-Compliant		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.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		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.  Following the Annual Meeting of Stockholders in 2019 which resulted in the election to the Board of Directors of 3 independent directors, the members of the Audit Committee were comprised of 4 members, 3 of whom were independent directors and the remaining member a non-executive director.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		This function falls under the scope of the Audit Committee. The Chairman of the Audit Committee is Mr. Pedro Roxas, an independent director.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		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.

Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		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.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Non-Compliant		<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>Following the Annual Meeting of Stockholders in 2019 which resulted in the election to the Board of Directors of 3 independent directors, the members of the Audit Committee were comprised of 4 members, 3 of whom were independent directors and the remaining member a non-executive director. The Chairman of the Audit Committee is Mr. Pedro Roxas, an independent director.</p>
Recommendation 3.6			
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.	Compliant	<p>The respective charters of the Audit Committee and the Nomination Committee contain relevant information regarding scope of functions and responsibilities of the committee and procedures. These charters are posted on the company's website.</p> <p>Reference:  <b>Charter of the Audit Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></p>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<p><b>Charter of the Nomination Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-nomination-committee-approved-on-25-october-2016.pdf/405c60c4-e445-6b2e-fa2e-70427c129da7">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-nomination-committee-approved-on-25-october-2016.pdf/405c60c4-e445-6b2e-fa2e-70427c129da7</a></p>	
3. Committee Charters were fully disclosed on the company's website.	Compliant		

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 through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<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 tele/videoconferencing or similar means.</p> <p>Reference:  <b>CHP's Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>Certificate of Directors' Attendance in 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/49256260/chp-letter-certificate-directors-attendance-2019.pdf/0bcf6f1d-f0e8-3220-1993-ba13e14a287f">https://www.cemexholdingsphilippines.com/documents/46587437/49256260/chp-letter-certificate-directors-attendance-2019.pdf/0bcf6f1d-f0e8-3220-1993-ba13e14a287f</a></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>CHP's Revised Manual of Corporate Governance requires directors to 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. Each director should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>Minutes of board meetings reflect discussion of matters including clarifications or explanations.</p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></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 (2019 Annual Report), Part III (for directors as of end December 2019) and CHP Definitive Information Statements (20-IS) for 2019 and 2020 include a write-up of each of the directors of CHP stating their directorships in other companies, where applicable.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[pages 57 to 58]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's Definitive Information Statements</b>  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></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>CHP SEC Form 17-A (2019 Annual Report), Part III (for directors as of end December 2019) and CHP Definitive Information Statements (20-IS) for 2019 and 2020 include a write-up of each of the directors of CHP stating their directorships in other companies, where applicable.</p>	

		<p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[pages 57 to 58]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's Definitive Information Statements</b>  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	The executive directors, i.e., Messrs. Ignacio Alejandro Mijares Elizondo and Alejandro Garcia Cogollos, do not serve in more than two boards of listed companies outside the CHP Group.	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	The Corporate Secretary circulates to the Board of Directors before end of the year a proposed calendar of meeting dates for the coming year. The final dates of the meetings are confirmed as each quarter progresses, depending on contingencies affecting the respective schedules of the board members.	
3. Board of directors meet at least six times during the year.	Compliant	<p>Reference:  <b>Certificate of Directors' Attendance in 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/49256260/chp-letter-certificate-directors-attendance-2019.pdf/0bcf6f1d-f0e8-3220-1993-ba13e14a287f">https://www.cemexholdingsphilippines.com/documents/46587437/49256260/chp-letter-certificate-directors-attendance-2019.pdf/0bcf6f1d-f0e8-3220-1993-ba13e14a287f</a></p>	
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.	Compliant	Following the Annual Meeting of Stockholders in 2019, three out of the eight members of the Board of Directors were independent directors, i.e. Eleanor M. Hilado, Alfredo S. Panlilio and Pedro Roxas.	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>CHP SEC Form 17-A (2019 Annual Report) and CHP Definitive Information Statements (20-IS) for 2019 and 2020 include a write-up of each of the directors of CHP stating their work experience and competence.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[pages 57 to 58]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's Definitive Information Statement</b>  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	<p>CHP's Amended 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>Reference:  <b>CHP's Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	

Recommendation 5.3			
<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>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></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>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></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>Two of CHP's independent directors, Messrs. Alfredo S. Panlilio and Pedro Roxas, began their respective tenures as independent directors only in July 2016. Ms. Eleanor M. Hilado began her tenure as independent director on 6 June 2019.</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>In 2019, CHP's Chairman of the Board was Mr. Joaquin Miguel Estrada Suarez, while its President &amp; Chief Executive Officer was Mr. Ignacio Alejandro Mijares Elizondo.</p> <p>Reference:  <b>CHP's General Information Sheet for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-general-information-sheet-2019-redacted.pdf/35c5327b-9974-7802-4cf2-232e8bc5c9c5</a></p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>The respective roles and responsibilities of the Chairman of the Board and the President &amp; 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> <p>Reference:  <b>CHP's Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	



Recommendation 5.5			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<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>Since the Chairman of the Board is not an independent director, Mr. Pedro Roxas was designated lead director among the independent directors during the organizational meeting of the Board of Directors on 6 June 2019.</p> <p>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a>   <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dtd-6-June-2019-results-meeting-board-directors-2019.pdf/35ae414b-386c-a380-db5d-5fdab6690857">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dtd-6-June-2019-results-meeting-board-directors-2019.pdf/35ae414b-386c-a380-db5d-5fdab6690857</a></p>	
Recommendation 5.6			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<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>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-</a></p>	

		<a href="#">4406-d26c-b444-4b6b1d794f69</a>	
		There has not been any instance for this principle to be invoked.	
<b>Recommendation 5.7</b>			
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.	Compliant	<p>In 2019, the Audit Committee, which was comprised of three independent directors and one non-executive director, convened meetings during which time presentations were made by and/or discussions were held with the Internal Auditor, the Compliance Officer and/or the head of risk functions (ERM Manager), respectively, without any other member of the senior management team/executive present.</p> <p>On the other hand, for the Audit Committee meetings wherein the external auditor was present, 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 &amp; CFO, 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 request either the Treasurer, the accounting team or the Tax Director to leave the meeting room while the external auditor presented their report.</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 2019.</p>	
2. The meetings are chaired by the lead independent director.	Compliant	The Chairman of the Audit Committee is Mr. Pedro Roxas who is the lead independent director.	
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	<p>None of the members of the Board of Directors is a former CEO of CHP.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-</a></p>	

		<a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a> <b>CHP's Definitive Information Statements</b> <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a>	
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.			
<b>Recommendation 6.1</b>			
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, while the assessment exercise for 2019 was conducted in January 2020.  Reference: <b>CHP's 2019 Annual Report (SEC Form 17-A)</b> [page 55] <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	
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		
<b>Recommendation 6.2</b>			
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	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	

<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>Compliant</p>	<p>ETHOS Line which is an open and confidential communication channel or feedback mechanism through which employees, stakeholders and the general public may submit suggestions, inquiries and report alleged ethics, compliance or governance violations.</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, while the assessment exercise for 2019 was conducted in January 2020.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>ETHOS Line</b>  <a href="https://www.cemexholdingsphilippines.com/about-us">https://www.cemexholdingsphilippines.com/about-us</a>  or  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics">https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics</a></p>	
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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**

<p>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 external dealings of the company.</p>	<p>Compliant</p>	<p>Reference:  <a href="https://www.cemexholdingsphilippines.com/about-us/ethics-and-compliance">https://www.cemexholdingsphilippines.com/about-us/ethics-and-compliance</a>  or  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics">https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics</a></p>	
<p>2. The Code is properly disseminated to the Board, senior management and</p>	<p>Compliant</p>	<p>Members of the Board of Directors have been informed about the Code of Ethics and Business Conduct. The Code is posted on CHP's website. Senior management and employees of CHP and its subsidiaries are provided access</p>	

employees.		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	Reference: <a href="https://www.cemexholdingsphilippines.com/about-us/ethics-and-compliance">https://www.cemexholdingsphilippines.com/about-us/ethics-and-compliance</a> or <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics">https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics</a>	
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"> <li>· Global Anti-Corruption Policy</li> <li>· Global Anti-Money Laundering Policy</li> <li>· Global Anti-Trust Compliance Policy</li> <li>· Code of Conduct when Doing Business with Us</li> <li>· Insider Trading Policy</li> </ul> <p>Reference: <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance">https://www.cemexholdingsphilippines.com/investors/corporate-governance</a>  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/policies">https://www.cemexholdingsphilippines.com/investors/corporate-governance/policies</a></p>	

		<p><b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
<b>Recommendation 7.2</b>			
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.	
<b>Disclosure and Transparency</b>			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
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	<p>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.</p> <p>The Board of Directors is always committed 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.</p>	

		<p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
<b>Supplement to Recommendations 8.1</b>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. 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><b>Compliant</b></p>	<p>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> <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>Reference:  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a>  and  <a href="https://www.cemexholdingsphilippines.com/investors/reports-archive">https://www.cemexholdingsphilippines.com/investors/reports-archive</a></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><b>Compliant</b></p>	<p>CHP's 2016 Annual Report, 2017 Annual Report, 2018 Annual Report and 2019 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>Reference:  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a>  and  <a href="https://www.cemexholdingsphilippines.com/investors/reports-archive">https://www.cemexholdingsphilippines.com/investors/reports-archive</a></p> <p><b>CHP's 2019 Annual Report (SEC Form 17-A)</b> - which discusses major risks affecting the business of the</p>	

		organization including relationship with the majority stockholder[pages 23 to 25 and 51 to 53] <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	
<b>Recommendation 8.2</b>			
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.	Compliant	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.  The requisite SEC Forms 23-A and 23-B have been filed by CHP.	
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.	Compliant	Reference: <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/sec-filings">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/sec-filings</a>	
<b>Supplement to Recommendation 8.2</b>			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	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.  Reference: <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/shareholdings-structure">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/shareholdings-structure</a>  Within the prescribed periods of SEC and PSE, Forms 23-A and 23-B are filed with the SEC and PSE (and accordingly posted on PSE Edge). These forms are also posted on CHP's website.	
<b>Recommendation 8.3</b>			
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	Compliant	The background, education and training and work experience and of members of the Board of Directors are discussed in CHP's 2019 Annual Report (SEC Form 17-A) and CHP's Definitive Information Statement (SEC Form 20-IS) and posted on CHP's website.	



might affect their judgment.		<p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's Definitive Information Statements</b>  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
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	<p>The background, education and training and work experience and of members of the Board of Directors are discussed in CHP's 2019 Annual Report (SEC Form 17-A) and CHP's Definitive Information Statement (SEC Form 20-IS) and posted on CHP's website.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p> <p><b>CHP's Definitive Information Statements</b>  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>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.</p> <p>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 adhoc members of Committees of the corporation exceed the maximum threshold if any applicable under relevant law or regulation.</p>	

		<p>Reference:  <b>CHP's Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p>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.</p> <p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[page 47]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</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 executive's performance.</p>	

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-Compliant</p>		<p>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 not be in the interests of CHP. CHP likewise considers potential security issues in case this information is publicly provided.</p>
<p>Recommendation 8.5</p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Article 3(K)(ii) of CHP's Revised Manual of Corporate Governance (22 March 2018) mandates that the Audit Committee shall:</p> <ul style="list-style-type: none"> <li>- 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: <ul style="list-style-type: none"> <li>a)the nature of the parties' interest in the transaction;</li> <li>b)the essential terms of the transactions, including the amount involved and the type of transactions;</li> <li>c)the importance of the transaction for the Corporation and the Related Party;</li> <li>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;</li> <li>e)fair treatment of shareholders; and</li> <li>f)any other circumstance deemed relevant by the Audit Committee</li> </ul> </li> </ul> <p>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 coursed through the appropriate levels of approval authority. The Corporation may obtain transfer pricing studies when market prices and/or market conditions under comparable circumstances are not readily available to assure compliance with relevant regulations applicable to transactions between Related Parties.</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:  a)royalty/license fee or service fee, as applicable, payable to CEMEX; and  b)term of the agreement.”</p> <p>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p>On September 3, 2019, the Board of Directors approved a <i>Policy on Material Related Party Transactions</i> in furtherance of SEC Memorandum Circular No. 10, Series of 2019.</p> <p>Reference:  <b>CHP’s Policy on Material Related Party Transactions</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a></p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>Information concerning various transactions with “related parties” (regardless of amount) are disclosed in the quarterly reports (SEC Form 17-Q) and annual reports (SEC Form 17-A) of CHP.</p> <p>Reference:  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a></p> <p>There were no transactions entered into in 2019 which fall under the definition of “<i>Material Related Party Transactions</i>” prescribed under CHP MRPT Policy or under SEC Memorandum Circular No. 10, series of 2019 (Rules on Material Related Party Transactions for Publicly-Listed Companies).</p>	

		Reference: <b>CHP's Policy on Material Related Party Transactions</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a>	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>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.</p> <p>Furthermore, among the duties and obligations of the members of the Board of Directors formalized in Article 3(H) of CHP's Revised Manual of Corporate Governance (22 March 2018) are the following:</p> <p>“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.”</p> <p>In 2019, 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.</p> <p>CHP MRPT Policy also formalizes the disclosure obligations of directors and officers.</p> <p>Reference: <a href="https://www.cemexholdingsphilippines.com/investors/corp">https://www.cemexholdingsphilippines.com/investors/corp</a></p>	

		<p><a href="#">orate-governance/code-of-ethics</a></p> <p><b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>CHP’s Policy on Material Related Party Transactions</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a></p>	
<b>Optional : Recommendation 8.5</b>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms’ length.</p>	<p>Compliant</p>	<p>Information concerning transactions with “related parties” (regardless of amount) are disclosed in the quarterly reports (SEC Form 17-Q) and annual reports (SEC Form 17-A) of CHP.</p> <p>Reference:  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a></p> <p>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 coursed through the appropriate levels of approval authority.</p> <p>CHP MRPT Policy elaborates on the above principle.</p> <p>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>CHP’s Policy on Material Related Party Transactions</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-">https://www.cemexholdingsphilippines.com/documents/46587437/46588159/chp-policy-material-related-party-</a></p>	

		<a href="#">transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a>	
<b>Recommendation 8.6</b>			
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.	Compliant	In 2019, there was 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.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	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.  Reference: <b>CHP's Policy on Material Related Party Transactions</b> <a href="https://www.cemexholdingsphilippines.com/documents/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a">https://www.cemexholdingsphilippines.com/documents/46588159/chp-policy-material-related-party-transactions-3-sep-2019.pdf/3c0bd347-13e7-7171-f49f-97a7f0cd571a</a>	
<b>Supplement to Recommendation 8.6</b>			
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	Compliant	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.	

the company.		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.  Reference: <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588171/framework-agreement-ch-2016.pdf/837c9253-3f6b-a48e-355c-21927e1078f2">https://www.cemexholdingsphilippines.com/documents/46587437/46588171/framework-agreement-ch-2016.pdf/837c9253-3f6b-a48e-355c-21927e1078f2</a>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Reference: <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8c9cb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8c9cb532-4406-d26c-b444-4b6b1d794f69</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	The latest version of CHP's Manual of Corporate Governance was approved by the Board of Directors on 22 March 2018. This was submitted to the SEC and PSE	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:	Compliant	Reference: <b>CHP's 2019 Annual Report (SEC Form 17-A)</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	
a. Corporate Objectives			



b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
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.	Compliant	Reference: <b>CHP's 2019 Annual Report (SEC Form 17-A)</b> [Part IV Item 13] <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	
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.	Compliant	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 2019.  Reference: <b>CHP's 2019 Annual Report (SEC Form 17-A)</b> [Part IV Item 13] <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	

<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>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[Part IV Item 13]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></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>Compliant</p>	<p>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b> - which discusses major risks affecting the business of the organization <i>[pages 12 to 25 and 37]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></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.

**Recommendation 9.1**

<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 2019, the appointment of the external auditor of CHP was deliberated upon and favorably endorsed by the Audit Committee during its meeting on 2 April 2019.</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>Upon the favorable endorsement of the Audit Committee, the Board of Directors approved during its meeting on 2 April 2020 the nomination of R.G. Manabat &amp; Co. as external auditor of CHP and its subsidiaries for fiscal year 2019. During the Annual Meeting of Stockholders held last 6 June 2019, the shareholders holding approximately 68.80% of the total outstanding shares of stock of CHP voted in favor of the appointment of the accounting firm of R.G. Manabat &amp; Co. as external auditor for the fiscal year 2019. During this same meeting, shareholders ratified the acts of the Board of Directors and Management which included the engagement of the accounting firm of</p>	

		<p>R.G. Manabat &amp; 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>Reference:  <b>SEC Form 17-C dated 2 April 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-2-april-2019-details-annual-stockholders-meeting.pdf/824be4aa-12f6-74d9-088a-9fb864299072">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-2-april-2019-details-annual-stockholders-meeting.pdf/824be4aa-12f6-74d9-088a-9fb864299072</a></p> <p><b>Minutes of the Annual Meeting of Stockholders held on 6 June 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d</a></p> <p><b>Definitive Information Statement for 2019 Annual Meeting of Stockholders</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-definitive-information-statement-dated-8-may-2019-with-supplement-item-9-dis.pdf/3c6083a6-44a4-b9e4-82ca-3a15e8a16189">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-definitive-information-statement-dated-8-may-2019-with-supplement-item-9-dis.pdf/3c6083a6-44a4-b9e4-82ca-3a15e8a16189</a></p>	
<p>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.</p>	<p>Compliant</p>	<p>The external auditor has not been removed or changed.</p> <p>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.</p> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	

Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>CHP has not yet reached the expiration of the five year period.</p> <p>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.</p> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<p>Compliant</p>	<p>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)</p> <p>Reference:  <b>Charter of the Audit Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></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>Reference:  <b>Charter of the Audit Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></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>Reference:  <b>Charter of the Audit Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></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>Reference:  <b>Charter of the Audit Committee</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-charter-of-the-audit-committee-approved-on-25-october-2016.pdf/4c779113-a71a-76e4-77d2-22947bfa9ffd</a></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>Reference:  <b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[Part II Item 8]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</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</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> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbe532-">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbe532-</a></p>	

objectivity.		<a href="#">4406-d26c-b444-4b6b1d794f69</a>	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Reference: <b>CHP's 2019 Annual Report (SEC Form 17-A)</b> <i>[Part II Item 8]</i> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a>	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	1)Name of the audit engagement partner – Emerald Anne C. Bagnes 2)Accreditation number – SEC Accreditation No. 0312-AR-4, Group A; 3) Date Accredited – June 21, 2018 4)Expiry date of SEC accreditation – June 20, 2021; and 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	
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).	Compliant	The Firm, R.G. Manabat &Co. has agreed to and has been covered by the SOAR Inspection Program conducted by the SEC's Office of the General Accountant.	
<b>Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.</b>			
<b>Recommendation 10.1</b>			
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 (EESG) issues of its business, which underpin sustainability.	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. 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.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Reference: <b>CHP's Sustainability Report for 2019</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a>	
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.  Reference: <b>Briefing Materials for Investors/Analysts for the 4 quarters of 2019</b> <a href="https://www.cemexholdingsphilippines.com/investors/reports-archive">https://www.cemexholdingsphilippines.com/investors/reports-archive</a>	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Refer to <a href="http://www.cemexholdingsphilippines.com">www.cemexholdingsphilippines.com</a>  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a>  <a href="https://www.cemexholdingsphilippines.com/investors/reports-archive">https://www.cemexholdingsphilippines.com/investors/reports-archive</a>  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a>  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports">https://www.cemexholdingsphilippines.com/investors/corporate-disclosures/financial-reports</a>	
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		<a href="#">Corporate-governance/by-laws</a>	
e. Minutes of ASM and/or SSM			
f. Company's Articles of Incorporation and By-Laws			
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	<b>Compliant</b>	Refer to <a href="http://www.cemexholdingsphilippines.com">www.cemexholdingsphilippines.com</a>	
<b>Internal Control System and Risk Management Framework</b>			
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.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	<b>Compliant</b>	<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"> <li>▪ Develop and manage appropriate responses to risks</li> <li>▪ Expand beyond financial reporting to other forms of reporting, operations, and compliance objectives</li> <li>▪ Eliminate ineffective, redundant, or inefficient controls that provide minimal value</li> </ul> <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 observes 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 function.</p> <p>On a quarterly basis, the Audit Committee reviews internal audit reports.</p>	
<p>Supplement to Recommendations 12.1</p>			
<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>	<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>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>	<p>Compliant</p>	<p>CHP has put in place the best available security measures and frequently tests its vulnerability to any potential cyberattacks. Furthermore, CHP safeguards its systems and electronic information through a set of cyber-security controls, processes and a proactive monitoring service to attend to potential breaches.</p> <p><b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></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>	<p>Compliant</p>	<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>Reference:  <b>Internal Audit Charter</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-internal-audit-charter-approved-on-6-february-2018.pdf/e458c0e5-f326-9e8b-c1dc-520c0a84d087">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-internal-audit-charter-approved-on-6-february-2018.pdf/e458c0e5-f326-9e8b-c1dc-520c0a84d087</a></p>	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>CHP's Internal Auditor is Mr. Rolando Valentino. Internal audit work is performed in-house in coordination with relevant CEMEX global teams. Mr. Valentino's background can be found in CHP's annual reports and on CHP's website.</p> <p>Reference:  <b>Profile of Senior Management</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management">https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management</a></p> <p><b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p>	

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	Reference: <b>Internal Audit Charter</b> <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-internal-audit-charter-approved-on-6-february-2018.pdf/e458c0e5-f326-9e8b-c1dc-520c0a84d087">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-internal-audit-charter-approved-on-6-february-2018.pdf/e458c0e5-f326-9e8b-c1dc-520c0a84d087</a>	
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.	Compliant	CHP's Internal Auditor is Mr. Rolando Valentino. Internal audit work is performed in-house in coordination with relevant CEMEX global teams.	
<b>Recommendation 12.4</b>			
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.	
<b>Supplement to Recommendation 12.4</b>			
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 heads the ERM department of CHP. Among his responsibilities are the following:</p> <ul style="list-style-type: none"> <li>• defines the ERM's objectives, scope, methodology and approach</li> <li>• analyze and test the company's business models, providing alternative scenarios and analysis</li> <li>• identifies and classifies business risks, provides analysis and follows-up on mitigation of risks</li> <li>• reports to management the different business risks, priorities and other key indicators</li> <li>• ensures that processes performed are in compliance with company policies</li> </ul> <p>Reference:  <b>Profile of Senior Management</b>  <a href="https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management">https://www.cemexholdingsphilippines.com/about-us/company-profile/senior-management</a></p> <p><b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p>	
<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 &amp; 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 attestations of CHP's President &amp; Chief Executive Officer (Mr. Ignacio Alejandro Mijares Elizondo) and Internal Auditor (Mr. Rolando Valentino) will be submitted together with this Integrated Annual Corporate Governance Report.</p>	

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"> <li>(i) Right to vote on all matters that require their consent or approval;</li> <li>(ii) Right to inspect corporate books and records;</li> <li>(iii) Right to information;</li> <li>(iv) Right to dividends; and</li> <li>(v) Appraisal right.</li> </ul> <p><b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company’s website.</p>	<p>Compliant</p>	<p>CHP’s Revised Manual of Corporate Governance (22 March 2018) can be accessed at:  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
<p>Supplement to Recommendation 13.1</p>			
<p>1. Company’s common share has one vote for one share.</p>	<p>Compliant</p>	<p>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.</p> <p>Reference:  <b>CHP’s Amended By-Laws</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156">https://www.cemexholdingsphilippines.com/documents/46587437/46588156/latest-amended-by-laws.pdf/d44a2e1a-0673-079c-db71-53252a1aa156</a></p>	

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</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"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p>	
<p>3. Board has an effective, secure, and efficient voting system.</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>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>Refer to Definitive Information Statements (SEC Form 20-IS) for the meetings of stockholders which were held in 2019  <a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></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>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></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"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul>	

		<p>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> <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> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbbb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbbb532-4406-d26c-b444-4b6b1d794f69</a></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 &amp; 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 2019.</p> <p>Reference:  <b>Minutes of the Annual Meeting of Stockholders held on 6 June 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d</a></p>	



Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual 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 2019, the notice and agenda were posted on PSE EDGE on 5 April 2019. The corresponding disclosures were posted on CHP's website.</p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=ab523adbdc46e67defdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=ab523adbdc46e67defdfc15ec263a54d</a></p> <p>In respect of the Special Meeting of Stockholders held on 16 October 2019, the notice and agenda were posted on PSE Edge on 4 September 2019. The corresponding disclosures were posted on CHP's website.</p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=87c90102517c8668efdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=87c90102517c8668efdfc15ec263a54d</a></p> <p><a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		<p>Definitive Information Statement for 2019 Annual Meeting of Stockholders contains profiles of nominees for the Board of Directors, information regarding the external independent auditor recommended for re-appointment and sample of proxies.</p> <p>Reference:  <a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=812c22fba5d31551efdfc15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=812c22fba5d31551efdfc15ec263a54d</a></p> <p><a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-definitive-information-statement-dated-8-may-2019-with-supplement-item-9-dis.pdf/3c6083a6-44a4-b9e4-82ca-3a15e8a16189">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-definitive-information-statement-dated-8-may-2019-with-supplement-item-9-dis.pdf/3c6083a6-44a4-b9e4-82ca-3a15e8a16189</a></p> <p><a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant		
b. Auditors seeking appointment/re- appointment	Compliant		
c. Proxy documents	Compliant		

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<p>Refer to Definitive Information Statements (SEC Form 20-IS) for 2019 which includes the Notice of the Annual Meeting of Stockholders containing the explanation to the agenda items</p> <p><a href="https://edge.pse.com.ph/openDiscViewer.do?edge_no=812c22fba5d31551efdfe15ec263a54d">https://edge.pse.com.ph/openDiscViewer.do?edge_no=812c22fba5d31551efdfe15ec263a54d</a></p> <p><a href="https://www.cemexholdingsphilippines.com/investors/shareholders-meetings">https://www.cemexholdingsphilippines.com/investors/shareholders-meetings</a></p>	
Recommendation 13.3			
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.	Compliant	<p>The results of the Annual Meeting of Stockholders held on 6 June 2016 and the Special Meeting of Stockholders held on 16 October 2019 were posted on the PSE EDGE and submitted with the Securities and Exchange Commission on the same day.</p> <p>Reference:  <b>SEC Form 17-C dated 6 June 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dtd-6-june2019-results-of-annual-meeting-stockholders-2019.pdf/32365d6e-7838-bff8-d3cb-a3a0f49a384b">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dtd-6-june2019-results-of-annual-meeting-stockholders-2019.pdf/32365d6e-7838-bff8-d3cb-a3a0f49a384b</a></p> <p><b>SEC Form 17-C dated 16 October 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dated-16-oct-2019-results-special-meeting-stockholders.pdf/e6eee756-4498-1cc0-4ed4-a8a4c0bec8b">https://www.cemexholdingsphilippines.com/documents/46587437/47765000/chp-sec-form-17-c-dated-16-oct-2019-results-special-meeting-stockholders.pdf/e6eee756-4498-1cc0-4ed4-a8a4c0bec8b</a></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.	Non-Compliant		<p>The Draft Minutes of the Annual Meeting of Stockholders held on 6 June 2019 (Thursday) was posted on CHP's website on 14 June 2019 (Friday) which was the 6<sup>th</sup> business day from the end of the meeting. The draft Minutes of the Special Meeting of Stockholders on 16 October 2019 (Wednesday) was posted on CHP's website within 5 business days from the end of the meeting, i.e. 22 October 2019 (Tuesday).</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 Meeting of Stockholders held on 6 June 2019 and the Special Meeting of Stockholders held on 16 October 2019</p> <p>Reference:  <b>Minutes of Annual Meeting of Stockholders held on 6 June 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d</a></p> <p><b>Minutes of the Special Meeting of Stockholders held on 16 October 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-special-meeting-stockholders-20191016.pdf/40097e2e-4e0e-6c22-cf98-4fa811bc9883">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-special-meeting-stockholders-20191016.pdf/40097e2e-4e0e-6c22-cf98-4fa811bc9883</a></p>	
Recommendation 13.4			
<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>Reference:  <b>CHP’s Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></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>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbbc532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbbc532-4406-d26c-b444-4b6b1d794f69</a></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 Director of CHP is Mr. Pierre Ignatius C. Co. He can be contacted at: pierre.co@cemex.com and +632 8849 3600</p>	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>Compliant</p>	<p>During the Annual Meeting of Stockholders of CHP held on 6 June 2019 and the Special Meeting of Stockholders of CHP held on 16 October 2019, the Investor Relations Director was present.</p> <p>Reference:  <b>Minutes of the Annual Meeting of Stockholders held on 6 June 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-annual-meeting-stockholders-2019.pdf/5484f10e-d848-ac14-8df2-d792fe5ca59d</a></p> <p><b>Minutes of the Special Meeting of Stockholders held on 16 October 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-special-meeting-stockholders-20191016.pdf/40097e2e-4e0e-6c22-cf98-4fa811bc9883">https://www.cemexholdingsphilippines.com/documents/46587437/46588174/chp-approved-minutes-special-meeting-stockholders-20191016.pdf/40097e2e-4e0e-6c22-cf98-4fa811bc9883</a></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	As of 31 December 2019, CHP had approximately 33.55% public float.	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Press releases which were issued by CHP on material events or information include contact details of the Investor Relations Director. CHP's website has a dedicated page wherein shareholders can send their inquiries.  Reference: <a href="https://www.cemexholdingsphilippines.com/contact-us">https://www.cemexholdingsphilippines.com/contact-us</a>	
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	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	

		<p>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 can identify its 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 CHP's principal operating subsidiaries, i.e., APO Cement Corporation and SOLID Cement Corporation) 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 &amp; livelihood, health &amp; safety, arts &amp; culture, employee volunteerism and sustainability partnerships.</p> <p>Reference:  <b>Code of Ethics and Business Conduct</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea">https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea</a></p> <p><b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	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> <p>Reference:  <b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></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>	<p>Compliant</p>	<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>Reference:  <b>ETHOS Line</b>  <a href="https://www.cemexholdingsphilippines.com/about-us">https://www.cemexholdingsphilippines.com/about-us</a>  or  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics">https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics</a></p> <p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbcb532-4406-d26c-b444-4b6b1d794f69</a></p> <p><b>Code of Ethics and Business Conduct</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea">https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea</a></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> <p>Reference:</p>	

		<p><b>CHP's Revised Manual of Corporate Governance (22 March 2018)</b></p> <p><a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbb532-4406-d26c-b444-4b6b1d794f69">https://www.cemexholdingsphilippines.com/documents/46587437/46588165/chp-revised-manual-of-corporate-governance-approved-on-22-march-2018.pdf/8cbb532-4406-d26c-b444-4b6b1d794f69</a></p>	
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>	Compliant	<p>CHP has not sought such exemption.</p>	
<p>2. Company respects intellectual property rights.</p>	Compliant	<p>Reference: <b>Code of Ethics and Business Conduct</b></p> <p><a href="https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea">https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea</a></p>	
Optional: Principle 14			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	Compliant	<p>Reference: <b>CHP's Sustainability Report for 2019</b></p> <p><a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	Compliant	<p>Reference: <b>CHP's Sustainability Report for 2019</b></p> <p><a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></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

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.	Compliant	Employees have access to CEMEX Shift (intranet), a collaboration platform that encourages efficient and meaningful sharing of ideas and best practices within the organization.	
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Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The organization provides a compensation package to its executives that has fixed and variable components. 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.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<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.</p> <p>Reference:  <b>Code of Ethics and Business Conduct</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea">https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea</a></p>	
3. Company has policies and practices on training and development of its employees.	Compliant	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>Reference:  <b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p> <p><b>CHP's 2019 Annual Report (SEC Form 17-A)</b>  <i>[Part IV Item 13]</i>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c">https://www.cemexholdingsphilippines.com/documents/46587437/46588099/chp-sec-form-17-a-for-2019.pdf/110803f3-a636-10e3-f444-968edab1ca7c</a></p>	
Recommendation 15.2			
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.	Compliant	<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 CHP adheres to the CEMEX Global Anti-Bribery/Anti-Corruption Policy.</p> <p>Reference:  <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/policies">https://www.cemexholdingsphilippines.com/investors/corporate-governance/policies</a></p> <p><b>Code of Ethics and Business Conduct</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea">https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea</a></p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p>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.</p>	
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	<p>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.</p> <p>Reference:  <b>Code of Ethics and Business Conduct</b></p>	

		<a href="https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea">https://www.cemexholdingsphilippines.com/documents/46587437/46587913/code-of-ethics-20200528.pdf/e3b3a413-6ea1-e224-09d1-3928973465ea</a>	
<b>Recommendation 15.3</b>			
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.  Reference: <b>ETHOS Line</b> <a href="https://www.cemexholdingsphilippines.com/about-us">https://www.cemexholdingsphilippines.com/about-us</a> or <a href="https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics">https://www.cemexholdingsphilippines.com/investors/corporate-governance/code-of-ethics</a>	
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	<p>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.</p> <p>Reference:  <b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	<p>Reference:  <b>CHP's Sustainability Report for 2019</b>  <a href="https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa">https://www.cemexholdingsphilippines.com/documents/46587437/50256333/chp-sustainability-report-2019-merged.pdf.pdf/e43d2f3c-e5b2-935e-9c73-8ffac5b31faa</a></p>	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant		

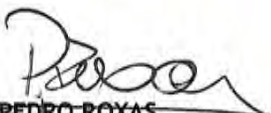
Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (2019) is signed on behalf of the Registrant, CEMEX HOLDINGS PHILIPPINES, INC..

  
SERGIO MAURICIO MENENDEZ MEDINA  
Chairman of the Board of Directors  
Date:  
Place:


MAKATI CITY

IGNACIO ALEJANDRO MIJARES ELIZONDO  
President & Chief Executive Officer  
Date: 27 JUL 2020  
Place:


MAKATI CITY

  
PEDRO ROXAS  
Independent Director  
Date: 27 JUL 2020  
Place:

MAKATI CITY

  
ALFREDO S. PANLILIO  
Independent Director  
Date: 27 JUL 2020  
Place:

MAKATI CITY

  
ELEANOR M. HILADO  
Independent Director  
Date: 27 JUL 2020  
Place:

MAKATI CITY

  
JANNETTE VIRATA SEVILLA  
Compliance Officer & Corporate Secretary  
Date: 27 JUL 2020  
Place:

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	[REDACTED]
Alfredo S. Panlilio	[REDACTED]
Eleanor M. Hilado	[REDACTED]
Ignacio Alejandro Mijares Elizondo	[REDACTED]
Jannette Virata Sevilla	[REDACTED]

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 27 JUL 2020.

Doc. No. 262  
Page No. 79  
Book No. 164  
Series of 2020.

  
ATTY. JOSHUA P. LAPUZ  
Notary Public for and in Makati City,  
Appointment No. M/56 until 12/31/2022  
PTR No. 8116015 / Jan. 2, 2020, Makati City  
Roll No. 40/00, IBP, Lifetime N. 04897  
MCLE No. VI-0016565 / Jan. 14, 2019  
5/F Fedman Suites, 199 Salcedo Street  
Legaspi Village, Makati City

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report (2019) is signed on behalf of the Registrant, CEMEX HOLDINGS PHILIPPINES, INC..

o



SERGIO MAURICIO MENENDEZ MEDINA  
Chairman of the Board of Directors  
Date: **27 July 2020**  
Place: **Nuevo Leon, Mexico**

IGNACIO ALEJANDRO MIJARES ELIZONDO  
President & Chief Executive Officer  
Date:  
Place:

PEDRO ROXAS  
Independent Director  
Date:  
Place:

ALFREDO S. PANLILIO  
Independent Director  
Date:  
Place:

ELEANOR M. HILADO  
Independent Director  
Date:  
Place:

JANNETTE VIRATA SEVILLA  
Compliance Officer & Corporate Secretary  
Date:  
Place:



28 July 2020

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Attention: Rachel Esther J. Gumtang-Remalante  
Director, Corporate Governance and Finance Department

Dear Atty. Gumtang-Remalante:

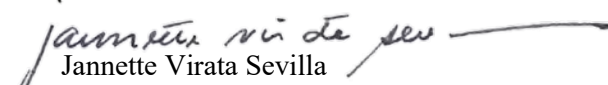
We hereby submit the Integrated Annual Corporate Governance Report (I-ACGR) of CEMEX HOLDINGS PHILIPPINES, INC. (CHP) for 2019, signed by the Chairman of the Board of Directors, all independent directors, the President & CEO and the Corporate Secretary & Compliance Officer. Together with this submission are the Attestations of CHP's President & Chief Executive Officer and Internal Auditor, regarding the internal audit, control and compliance system of the company.

Since there were no *Material Related Party Transactions*<sup>1</sup> entered into during 2019, CHP's I-ACGR for 2019 does not have a summary of Material Related Party Transactions for 2019.

Finally, we wish to inform the Commission that while Mr. Menéndez (the Chairman of the Board of Directors), a non-resident of the Philippines, has signed his counterpart of the I-ACGR in Nuevo Leon, Mexico (a copy of which is included in this submission), it was not feasible for him to do so before a notary public or any other officer authorized to administer the oath in his place of execution due to travel/mobility limitations arising from the COVID-19 pandemic situation affecting him and his locality. In view of the foregoing, we humbly request for a waiver from the Commission as it relates to the Chairman's execution of the I-ACGR under oath, with our commitment to submit the Chairman's signed counterpart duly notarized/apostilled as soon as it is feasible for him to appear before a notary public and complete the formalities required.

Hoping for your favorable consideration on the matter.

Very truly yours,

  
Jannette Virata Sevilla  
Compliance Officer

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<sup>1</sup> Based on the definition of SEC Memorandum Circular No. 10, series of 2019 and CHP's Material Related Party Transactions Policy of 3 September 2019



### ATTESTATION

I, **IGNACIO ALEJANDRO MIJARES ELIZONDO**, of legal age and with office address at 34<sup>th</sup> Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200, after being sworn in accordance with law hereby certify that:

1. I am the President & Chief Executive Officer of CEMEX HOLDINGS PHILIPPINES, INC. (the "Company").
2. Under Article 3 I) of the Company's Revised Manual of Corporate Governance, the control environment of the Company consists of: (a) the Board of Directors which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.
3. Pursuant to the Company's Internal Audit Charter (i) Management is primarily responsible for the definition and design of internal control system shall reside with the internal control functional area of the organization, and Management remains accountable for the due implementation of said internal control system, (ii) among the key responsibilities of the Internal Audit is to provide an independent risk-based reasonable assurance to the Board of Directors of the Corporation, the Audit Committee and Management on the effectiveness of the Corporation's governance and control processes, and (iii) the Internal Auditor directly reports functionally to the Audit Committee to ensure independence and objectivity allowing Internal Audit to fulfill its responsibilities.
4. The Company's external auditor is responsible for assessing and expressing an opinion regarding the conformity of the audited financial statements of the Company with Philippine Financial Reporting Standards and the overall quality of the financial reporting process observed by the organization;
5. Internal Audit activities were performed in adherence to the International Standards for the Professional Practice of Internal Auditing.
6. In the framework of the foregoing, and based on the results of the respective activities undertaken by the internal and external auditors of the Company for the year 2019, I confirm that a sound internal audit, control and compliance system is in place and working effectively in the Company.

27 JUL 2020

IN WITNESS WHEREOF, I have hereunto set my hand on \_\_\_\_\_ in Makati City, Metro Manila, Philippines.

  
**IGNACIO ALEJANDRO MIJARES ELIZONDO**  
*President & Chief Executive Officer*


ACKNOWLEDGMENT

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

Before me, a notary public in and for the place named above, personally appeared Ignacio Alejandro Mijares Elizondo, who was identified by me through competent evidence of identity [REDACTED] to be the same person described in the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal on 27 JUL 2020.

Doc. No. 260  
Page No. 53  
Book No. 134  
Series of 2020.

  
**ATTY. JOSHUA P. LAPUZ**  
Notary Public in and for Makati City  
Appointment No. M-1 (until 12/31/2021)  
PTR No. 8116016, Jan. 2, 2020, Makati City  
Roll No. 45790, IBP, Lifetime N. 04897  
MCLE No. VI-0016565 / Jan. 14, 2019  
5/F Fedman Suites, 199 Salcedo Street,  
Legaspi Village, Makati City

### ATTESTATION

I, **ROLANDO VALENTINO**, of legal age and with office address at 34<sup>th</sup> Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200, after being sworn in accordance with law hereby certify that:

1. I am the Internal Auditor of CEMEX HOLDINGS PHILIPPINES, INC. (the "Company").
2. Under Article 3 I) of the Company's Revised Manual of Corporate Governance, the control environment of the Company consists of: (a) the Board of Directors which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.
3. Pursuant to the Company's Internal Audit Charter (i) Management is primarily responsible for the definition and design of internal control system shall reside with the internal control functional area of the organization, and Management remains accountable for the due implementation of said internal control system, (ii) among the key responsibilities of the Internal Audit is to provide an independent risk-based reasonable assurance to the Board of Directors of the Corporation, the Audit Committee and Management on the effectiveness of the Corporation's governance and control processes, and (iii) the Internal Auditor directly reports functionally to the Audit Committee to ensure independence and objectivity allowing Internal Audit to fulfill its responsibilities.
4. The Company's external auditor is responsible for assessing and expressing an opinion regarding the conformity of the audited financial statements of the Company with Philippine Financial Reporting Standards and the overall quality of the financial reporting process observed by the organization;
5. Internal Audit activities were performed in adherence to the International Standards for the Professional Practice of Internal Auditing.
6. In the framework of the foregoing, and based on the results of the respective activities undertaken by the internal and external auditors of the Company for the year 2019, I confirm that a sound internal audit, control and compliance system is in place and working effectively in the Company.

IN MAKATI CITY WHEREOF, I have hereunto set my hand this 27 JUL 2020 in \_\_\_\_\_, Philippines.

  
**ROLANDO VALENTINO**  
*Internal Auditor*


ACKNOWLEDGMENT

Republic of the Philippines)  
Makati City, Metro Manila) s.s.

Before me, a notary public in and for the place named above, personally appeared Rolando Valentino who was identified by me through competent evidence of identity [REDACTED] to be the same person described in the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal on 27 JUL 2020.

Doc. No. 261  
Page No. 13  
Book No. 120  
Series of 2020.

  
**ATTY. JOSHUA P. LAPUZ**  
Notary Public in and for Makati City  
Appointment No. 156 until 12/31/2021  
PTR No. 8116016 Jan. 2, 2020, Makati City  
Roll No. 45790 IBP, Lifetime N. 04897  
MCLE No. VI-0016565 / Jan. 14, 2019  
3/F Fedman Suites, 199 Salcedo Street  
Leasbi Village, Makati City