



## CONCRETE AGGREGATES CORPORATION

13 April 2023

**THE PHILIPPINE STOCK EXCHANGE, INC.**

9<sup>th</sup> Floor, PSE tower  
28<sup>th</sup> Street corner 5<sup>th</sup> Avenue  
Bonifacio Global City, Taguig

Attention: **Ms. Alexandra D. Tom Wong**  
Officer-in-Charge, Disclosure Department

Gentlemen:

In compliance with the Disclosure Rules of the Philippine Stock Exchange, we are submitting a copy of the Corporation's annual report for the year 2022 (SEC Form 17-A), which we also filed with the Securities and Exchange Commission.

Thank you and best regards.

Very truly yours,

**Jose Antonio V. Evangelista III**  
Corporate Information Officer

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

JOSE ANTONIO V. EVANGELISTA III
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Contact Person

86311231
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Company Telephone Number

1	2
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Month  
Fiscal Year

3	1
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Day

0	5
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Annual Meeting

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FORM TYPE

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Secondary License Type, If Applicable

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Amended Articles Number/Section

545
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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PSE Security Code \_\_\_\_\_  
SEC Number 36140  
File Number \_\_\_\_\_

**CONCRETE AGGREGATES CORP.**

\_\_\_\_\_  
(Company's Full Name)

**7TH FLOOR, WEST WING, ESTANCIA OFFICES, CAPITOL COMMONS,  
MERALCO AVENUE, PASIG CITY**

\_\_\_\_\_  
(Company's Address)

**8631-1231 / Fax no.: 8631-6517**

\_\_\_\_\_  
(Company's Telephone Number)

**DECEMBER 31**

\_\_\_\_\_  
(Fiscal Year Ending)  
(Month & Day)

**SEC FORM 17- A (Year 2022)**

\_\_\_\_\_  
(FORM TYPE)

\_\_\_\_\_  
(Amendment Designation if Applicable)

\_\_\_\_\_  
Period Ended Date

**PERMIT TO OFFER SECURITIES FOR SALE**

\_\_\_\_\_  
(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SECTION 141 OF THE CORPORATION CODE**

1. For the fiscal year ended **31 December 2022**
2. SEC Identification Number: **36140**                      3. BIR Tax Identification No.: **000-201-881**
4. Exact name of issuer as specified in its charter: **CONCRETE AGGREGATES CORP.**
5. Province, Country or other jurisdiction of incorporation or organization:    
**Philippines**
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of principal office: **7th Floor, West Wing, Estancia Offices, Capitol Commons, Meralco Avenue, Pasig City**  
Postal code: **1600**
8. Issuer's telephone number: **(02) 8631-1231**  
Fax number: **(02) 9631-6517**
9. Former name, former address and formal fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the Revised Securities Act (RSA):

Title of Each Class

Number of Shares of Common Stock  
Outstanding and Amount of Liability Outstanding  
(as of 31 December 2022)

**Common Shares**

**27,466,449**

Amount of consolidated liability outstanding as of 31 December 2022: **₱ 40,546,173**

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

Yes (x)    No ( )

**Classes Common "A" and Common "B"**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a) – 1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the issuer was required to file such reports);

Yes (x)    No ( )

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

Yes (x)    No ( )

13. Aggregate market value of the voting stock held by non-affiliates:

The aggregate market value of the voting stock held by non-affiliates is about ₱206.62 Million as of 31 December 2022 based on the closing price of CAC common shares at that date.

14. Pursuant to SEC Memorandum Circular No. 4-2019, CAC's Sustainability Report for 2022 is attached to and submitted together with this SEC Form 17-A.

## **PART I – BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### **Business Development**

The Company began doing business upon its incorporation in 1959 as CONCRETE AGGREGATES, INC. (CAI). Since then the Company has supplied the construction industry with quality processed aggregates, ready mix concrete, bituminous concrete mix and pre-stressed/pre-cast concrete. In 1973, CAI merged with BUILD-ON AGGREGATES CORPORATION (BAC) and the resulting entity was named CONCRETE AGGREGATES CORPORATION (CAC). CAC conducted its quarrying activities in Angono, Rizal, which is the source of the best aggregates for the construction industry.

In 1978, Ortigas & Company, Limited Partnership (OCLP) purchased a controlling interest in CAC and took over the management of the Company. The direction of the Company at that time was geared towards the acquisition of additional equipment and installation of new plants to enhance service facilities. Ramrod Blocks was purchased in 1980 and was eventually renamed CAC Power Blocks. A pre-stressed/pre-cast plant was also set up in the same year, 1980, and a Construction Services Division was formed in 1982. The Company then acquired Stressworld in 1989 and a Ready Mix Concrete (RMC) Plant was likewise installed to complement the pre-stressed/pre-cast plant.

By 1995, significant efforts were made to beef up CAC's resources to keep up with the demands of the construction industry. Towards the end of the year, purchases of vital equipment, machineries and capital expenditures (e.g., setting up of satellite plants in strategic locations and various improvements in plant facilities) were done. In the succeeding years, the equipment and facilities of CAC came to a total of two RMC plants, three Bituminous Concrete Mix (BCM) plants, four aggregates quarry/crushing plants and three pre-stressed/pre-cast concrete plants. These provided jobs and opportunities to many employees.

However, the economic crisis that hit the country in 1998 significantly affected CAC's business. Financial forecasts which perceived a steady path towards economic boom burst with the currency turmoil and debilitating high interest rates that prevailed for several years. Amidst this precarious scenario, CAC took a calculated stance, whereby sales were limited to controllable levels. The volume of transactions dropped and this cut profitability, but receivables were maintained at a safe level. Moreover, the continuing slump in the construction and real estate industry which occurred at the end of 1997 impelled the Company to adopt cost-shortening actions, cutback policies, short and medium term objective re-evaluations and other fiscal measures to ensure stability and endurance.

The worsening economic crisis inevitably slowed down the construction industry and continued to bleed the Company. The crisis eventually compelled the Company to take drastic business decisions and measures. Unfortunately, despite efforts to reduce operational costs and maintain viability of operations during these difficult times, these efforts remained insufficient to sustain the Company's workforce at that time.

In light of the situation, after a series of careful deliberations and considerations, the Board of Directors of CAC, in an emergency meeting held on 14 September 1999, unanimously passed and approved the resolution authorizing the Company to undertake, due to heavy financial losses, the total and complete closure of the Engineering and Construction Division, composed of the following: RMC, BCM, Concrete Products Group and Construction, without prejudice to any existing contracts and commitments, and the reorganization and restructuring of the remaining divisions to conform with the level of efficiency necessary to maintain the Company's viability and survival.

Business development for the next several years devolved and focused on the proper maintenance, repair and rehabilitation of the Company's four (4) crushing plants for more efficient production activities at the optimum level possible, where breakdown/downtime will be minimized if not totally eliminated; retooling to increase production hours; development of the quarry area to ensure availability of materials or reserves for continuous processing by the crushing plants for the production of aggregates and its by-products. Special attention was given to intensify and pursue aggressive marketing campaigns, with the Company attaining ISO certification to ensure quality of products and

services and customer satisfaction. Environmental enhancement and protection were likewise meticulously advocated to ensure smooth and continuous operations. In 2006, in addition to continuing its efforts in the above-discussed areas, the Company also intensified its research and development activities with the goal of introducing new products to the market.

A significant event in the history of the Company was the execution of a Management Agreement between the Company and OCLP which was approved by the Board at a regular meeting held on 30 August 2005. Pursuant to the requirements of Article 44 of the Corporation Code, the Company held a Special Stockholders' Meeting on 24 January 2006 for the purpose of approving the proposed Management Agreement. On that date, all the proposed terms and conditions of the Management Agreement were approved unanimously by the stockholders present, representing more than 92% of the Company's outstanding capital stock. Thus, in 2006, the implementation of the terms and conditions of the Management Agreement began in earnest. Thereafter, the Management Agreement was renewed thrice – on 28 October 2010, on 29 October 2015, and on 1 November 2020 – each for a period of five years under the same terms and conditions, except that the latest amendment, which was approved unanimously by the stockholders during the Annual Stockholders' Meeting on June 25, 2020, was entered into with Ortigas Land Corporation (OLC), and provided for an increased management fee subject to annual escalation.

In 2007, events once again took place, which had a significant impact on the direction being taken by the Company. At a regular meeting held on 18 June 2007, the Board of Directors of the Company authorized the conduct of a bidding to select an operator of its Angono quarry for a period of fifteen (15) years. Three companies qualified to participate in the bidding of which two submitted formal bids on 16 November 2007. On 29 November 2007, the Company's Board of Directors declared that the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the "Consortium") won the bid for the right to operate the Company's Angono quarry.

The declaration that the Consortium was the winning bidder was affirmed by the Company's stockholders during a special meeting held on 18 January 2008, including the execution of all agreements necessary to implement the foregoing. After securing stockholders' approval, the Company and the Consortium entered into an Agreement on 18 January 2008, setting forth the actions to be taken by each party as well as the agreements to be executed by them to carry out their intentions.

Complying with its obligations under the 18 January 2008 Agreement, the Company incorporated Batong Angono Aggregates Corp. (BAAC). Thereafter, the Company and BAAC entered into an Operating Agreement on 23 January 2008, which became effective as of 1 June 2008. On 2 June 2008, the parties completed all the specified actions in the 18 January 2008 Agreement including the execution of the Asset Purchase Agreement, Trademark License Agreement and Transition Services Agreement by CAC and BAAC as well as the execution by CAC and the Consortium of a Share Purchase Agreement. With the execution of the Share Purchase Agreement, the Consortium became the owner of 100% of the outstanding capital stock of BAAC.

Under the Operating Agreement, BAAC was granted the right to operate the Angono quarry for fifteen (15) years subject to the conditions indicated in the agreement, CAC's Mineral Production Sharing Agreements (MPSAs) and its Environmental Compliance Certificate (ECC). During the latter part of 2013, BAAC changed its name to Lafarge Republic Aggregates, Inc. (LRAI). BAAC was eventually renamed to LafargeHolcim Aggregates, Inc. (LHAI) in 2015. A change of name was once again undertaken in 2022 wherein LHAI changed its name to Helix Aggregates Inc (HAI).

## **Business of Issuer**

### **Principal Products**

Prior to the effectivity of the Operating Agreement on 1 June 2008, the Company directly operated its aggregates plants – the source of the Company's quality aggregates – which are nestled at the foot of the mountains in the outskirts of Barangays San Isidro and San Roque, Angono, Rizal. Optimum workability was guaranteed because only well-graded aggregates, specifically, crushed and processed basalt rocks, are passed on to customers. The centralized in-pit crushing facilities were capable of feeding crushed materials to four plants and the combined output of these plants reached approximately 7,700 cubic meters per day. Rigid quality control played a hand in every aspect of the

Angono operations. Aggregates were carefully screened to secure the desired specifications, and thoroughly washed to remove any traces of organic impurities, which can affect and reduce the strength of concrete. Available aggregates sizes were base course, 3/4, 3/8, G-1, S-1, and S-3 , which met the standards set by the Department of Public Works and Highways (DPWH) and the American Society for Testings and Materials (ASTM). CAC followed the guidelines set by the government to help ensure adequate supply of aggregates, while maintaining the best balance between social, environmental and economic considerations.

Upon assumption by HAI as CAC's quarry operator, CAC's income from the quarry operations consists of the royalty payments made by HAI at the rate agreed upon by the parties.

### **Intellectual Property Rights**

The Company has registered the following trademarks with the Intellectual Property Office:

<b>Trademark</b>	<b>Registration No.</b>	<b>Expiration Date</b>	<b>Compliance with DAU</b>
Concrete Aggregates & Device	4-2010-004531	23 December 2030	5 <sup>th</sup> Year DAU – Filed with the IPO on 22 February 2022
Blue Sand (Word)	4-2006-008761	11 June 2027	5 <sup>th</sup> Year DAU due on 11 June 2023
Blue Sand & Device	4-2006-010699	22 October 2027	5 <sup>th</sup> Year DAU due on 22 October 2023
Blue Sand Vibro & Device	4-2007-004449	10 December 2027	5 <sup>th</sup> Year DAU due on 10 December 2023
Blue Rock (Word)	4-2006-008726	11 June 2027	5 <sup>th</sup> Year DAU due on 11 June 2023
Blue Rock & Device	4-2006-010698	22 October 2027	5 <sup>th</sup> Year DAU due on 22 October 2023

### **New Product or Service**

With the Operating Agreement being in place until 2023, the Company continues to look into the best use of its other real properties.

### **Aggregates Industry**

CAC belongs to a sector falling under the mining industry that produces aggregates stones from quarries, either from mountain rocks or river stones. The Company supplied aggregates for use in the production of ready-mix concrete and asphalt products.

Aggregates are a major component of concrete and are used in the mixing of asphalt in road construction. Ready-mix concrete and asphalt are extensively used in the construction of buildings, roads, and other infrastructure projects.

### **Geographic Area**

The market for the aggregates produced in the Angono quarry is defined largely by distance from the Company's plant. The limit of the area of delivery is about 100 kilometers from the quarry site in Angono, Rizal.



## **Contracts**

### *Management Agreement*

Under the current Management Agreement, OLC is responsible for the general management of and overall supervision of the affairs and business operations of the Company, such as, but not limited to, the following: strategic planning; domestic and international sales; marketing and distribution; real property management and development; accounting; finance; employee care and human resources development; information technology and information systems; audit and business process management; legal; and administrative services, including, without limitation, advisory and consulting services in relation to the supervision of independent auditors; the selection, retention and supervision of external legal counsel; the selection, retention and supervision of investment bankers or other financial advisors and such other consultants as OLC may deem necessary.

The current Management Agreement was approved unanimously by the stockholders during the Annual Stockholders' Meeting on 25 June 2020 and is valid until 31 October 2025. It provides for an increase in management fee compared with the management fee under the previous management agreement, and also provides for annual escalation.

### *Operating Agreement*

As discussed above, CAC decided in 2007 to engage a third party to operate its quarry in Angono, Rizal through a bidding process and on 29 November 2007, its Board of Directors declared the Consortium as the winning bidder. On 18 January 2008, the stockholders affirmed the declaration of the Consortium as the winning bidder and authorized all the transactions to be made to implement the turnover of the quarry operations to a third-party operator. Upon approval by the stockholders, the Company executed an Agreement, dated 18 January 2008, with the Consortium, which outlined the transactions to be implemented by the parties.

Thereafter, the Company incorporated BAAC and the two parties subsequently entered into an Operating Agreement on 23 January 2008, which became effective as of 1 June 2008. On 2 June 2008, the Company and the Consortium completed all the specified actions in the 18 January 2008 Agreement, including the execution of the Asset Purchase Agreement, Trademark License Agreement and Transition Services Agreement by CAC and BAAC as well as the execution by CAC and the Consortium of a Share Purchase Agreement. With the execution of the Share Purchase Agreement, the Consortium became the owner of 100% of BAAC.

The Company formally turned over its quarry operations to BAAC on 1 June 2008. Under the Operating Agreement, BAAC was granted the right to operate the Angono quarry for fifteen (15) years subject to the conditions indicated in the agreement, CAC's MPSAs and the ECC. In return, BAAC shall make periodic royalty payments to the Company at a specified rate. As previously mentioned, BAAC changed its name to Lafarge Republic Aggregates, Inc. (LRAI) in 2013, then renamed it in 2015 to Lafarge Holcim Aggregates, Inc. (LHAI) and once again, it was changed to Helix Aggregates Inc (HAI) in 2022.

## **Transactions with and/or dependence on related parties**

In terms of management, the Company is dependent on the managers seconded by OLC pursuant to the Management Agreement entered into by the Company with OLC (see discussion above).

## **Governmental Approvals and Regulations**

CAC's properties in Barangays San Isidro and San Roque, Angono, Rizal are owned by the Company and covered by a number of transfer certificates of title (TCTs), with an aggregate area of 213 hectares. Quarrying is allowed by virtue of two MPSAs entered into with the government, particularly: MPSA No. 032-95-IV and MPSA No. 055-96-IV.

MPSA No. 032-95-IV, which has an effectivity date of 15 June 1995 and was amended on 29 December 1995, authorizes mining activities on three (3) mining claims, namely Basalt 1, Basalt 2 and

Basalt 3 for 25 years from effectivity. This MPSA covers an area of 192 hectares. MPSA No. 055-96-IV has an effectivity date of 15 November 1996 and warrants mining in the mining claim Basalt 8 for the next 25 years therefrom. This MPSA covers an area of 19.99 hectares.

In 1995, anticipating an increase in production without necessarily restructuring the existing plants, an ECC application was submitted to request permission to expand quarrying operations in Basalt 8. Thereafter, an ECC (ECC-715-RI-302-95) was granted to CAC by the DENR on 19 January 1996. Anticipating higher demand in the succeeding years, the Company embarked on a plant re-tooling program in the year 2000 to sustain the projected increase in production, and therefore was required to undergo the EIA System. The proceedings then resulted in the issuance of ECC No. 0009-526-302 on 9 December 2002 by the DENR for its *Quarry Expansion and Plant Retooling Project*, as amended by the Environmental Management Bureau (EMB) letter dated 23 July 2003. As for CAC's Environmental Protection and Enhancement Program (EPEP), the same was likewise approved and is presently being implemented.

Thereafter, in 26 February 2008, the Mines and Geosciences Bureau (MGB) of the DENR approved CAC's application for an increase in its maximum allowable extraction rate for its Angono quarry when it issued ECC No. 0707-018-2230. Under ECC No. 0707-018-2230, the Company's allowable extraction rate was increased to 5.25 million metric tons (MMT) from 2.7 MMT.

With the assumption by HAI of quarry operations beginning 1 June 2008, the responsibility of securing the necessary permits and licenses is now with HAI. The Operating Agreement likewise requires HAI to comply with the terms and conditions of the ECC and that of MPSA No. 032-95-IV and MPSA No. 055-96-IV on behalf of CAC. In 2018, CAC filed its formal application for the renewal of MPSA No. 032-95-IV and MPSA No. 055-96-IV. On 27 November 2020, the MGB issued a Memorandum allowing CAC to continue operations under the two (2) MPSAs, pending the DENR's decision on the application for renewal of the MPSAs. In 2021, the DENR renewed MPSA No. 032-95-IV for another 25-year term ending in 2045 and MPSA No. 055-96-IV with the same term ending in 2046.

Notably, the quarry still has approximately 17 million Mt of mineable reserves. This amount of basalt can serve the demand for key infrastructure projects under the government's programs for the next 5 years. The renewal of the MPSAs ensures continuous supply of premium aggregates that only the quarry can provide for some of the key infrastructure projects of the country, such as the MRT 7, Skyway Project (Segment 10), CALAX (Laguna side), SLEX and CAVITEX rehabilitations, to name a few.

## **Research and Development**

Considering the assumption by HAI of quarry operations beginning 1 June 2008, the Company has spent only a minimal amount on research and development activities.

## **Major Business Risks**

Risk management involves identification, assessment and mitigation of risks that threaten the Company's corporate objectives. Risk management is a regular management accountability and is a key function to manage crisis, comply with good corporate governance standards, minimize business uncertainty, and exploit opportunities. Among the many risks that an ordinary going concern faces, the following have been identified as major business risks based on the impact of the event, action or inaction thereto would have on the Company, to wit:

1. Compliance by HAI with its obligations under the Operating Agreement.
2. Compliance by HAI with MPSA No. 032-95-IV and MPSA No. 055-96-IV on behalf of CAC.
3. Compliance by HAI with environmental requirements under applicable laws, CAC's ECC and its EPEP.
4. Compliance with listing disclosure requirements.

For purposes of risk identification and management, major risks are defined as critical events but, with proper management monitoring, can be endured by the Company.

CAC does its risk management by going through the following processes:

1. The identification of risks is undertaken by the Company.
2. An analysis is made as to how and why the identified risks may impact on the Company, based on severity or level of gravity of the event and the likelihood of the event happening, using a provided risk matrix.
3. Mitigation measures are formulated to address the risk.
4. The effectivity of the mitigation measures is monitored.
5. A report is then made on how the risk was handled and how the Company fared.

### **Risks related to COVID-19 Pandemic**

On 11 March 2020, the World Health Organization declared the spread of COVID-19 as a global pandemic due to the rapid increase in the number of infections. On 16 March 2020, a state of calamity was declared throughout the Philippines and enhanced community quarantine (ECQ) was imposed throughout the island of Luzon until 15 May 2020. This caused a disruption to the Group's operations and significantly affected its financial performance, as with most of the companies worldwide. The pandemic also caused disruptions in the operations of HAI resulting in a temporary shutdown of its operations during the lockdown period. Towards the second half of 2020, the restrictions were gradually eased to revive and sustain the economy. Since then, there have been increased market activities. The national vaccination program helped to bring back the businesses to normalcy and gain further momentum to improve profitability.

In 2021, the province of Rizal, where the quarry operation is located, was placed into various community quarantine status. The country battled various COVID-19 variants, including, the Alpha, the Beta and the most contagious and fatal Delta variant. As the inoculation drive intensified and the immunity permeated, the cases significantly dropped. Unfortunately, as the year ended, the more highly infectious Omicron variant plagued the country. The government monitored the number of cases and adjusted the community quarantine restrictions accordingly.

The year 2022 witnessed dramatic improvements in terms of financial performance of businesses albeit some are not yet fully back to pre-pandemic levels. The trajectory is, nonetheless, promising of continued recovery. The symptoms from COVID-19 generally appear similar to that of the common flu and have now become less severe and deadly. Hence the people have resumed normal lives, and which has propelled economic activities. Even while the COVID-19 lingers, the people and businesses have further adapted to the new normal and the new way of doing things, especially through the intensification of digital platforms.

The Group continues to monitor the development of related events and their impact on the business as the global pandemic unfolds.

### **Employees and Labor Relations**

On 15 June 2008, with the exception of a few, the Company's regular workforce was transferred to HAI as the operator of CAC's quarry. As of 31 December 2022, the Company has two regular employees performing administrative and technical functions, including monitoring compliance by HAI with the terms of the Operating Agreement. In addition to the Company's regular employees, personnel assigned by OLC take charge of the general management and overall supervision of the affairs and business operations of the Company pursuant to the Management Agreement, as described above. The Company does not anticipate a significant increase or decrease in the number of its regular employees over the next twelve months.

There is, at present, no collective bargaining agreement between the Company and the employees and the Company has not experienced any strikes since its restructuring.

### **Community Relations – Safety, Health and Social Concerns**

The Company understands and responds to community concerns, and it works under the following principles which: (1) place a broad interpretation on the environment and the community; (2) listens to community concerns; and (3) acknowledges the various needs of special interest groups.

The Company and the community in which it operates implemented various development programs hand-in-hand and in accordance with the agreed schedule and manner of implementation indicated in the Company's approved Social Development and Management Program (SDMP), which was approved on 15 December 2004 by the MGB. CAC believes that community development programs produce continual and collective benefits for the company, the community and the environment. In 2008, CAC turned over the funds intended for the implementation of its SDMP for the community and the environment to HAI, pursuant to the terms of the Operating Agreement.

## Compliance with Environmental Laws

As the operator of the Company's Angono quarry pursuant to the Operating Agreement, HAI is responsible for the implementation of environmental programs required by law in connection with the quarry operations.

## Item 2. Properties

Quarry operations are concentrated in the Company's properties located in Barangay San Isidro, Angono, Rizal. Majority of the above ground assets used in the quarry operations such as the crushing plants, mobile equipment, machinery, office furniture, fixtures and various tools and implements are located in the Angono, Rizal quarry site. Most of these assets were sold to HAI on 2 June 2008 as the operator of CAC's quarry.

Other properties owned by the Company include parcels of land located at Angono, Cardona, Montalban and Binangonan, Rizal, and at Batangas and Pampanga.

The following table lists the individual parcels of land owned by CAC:

TCT No.	Location	Use	Liens & Encumbrances	Restriction
TCT No. T-61014	Sto. Tomas, Batangas	Investment	None	None
TCT No. T-71928	Sto. Tomas, Batangas	Investment	None	None
TCT No. 159709	Sto. Tomas, Batangas	Investment	None	Conditions/Restrictions embodied in the Conversion Order pursuant to Entry No. 300929 and annotated on the Title as required by DAR A.O. no. 1 Series of 2002
TCT No. T-143105	Sto. Tomas Batangas	Investment	None	None
TCT No. 134650-R	San Fernando, Pampanga	Investment	None	None
TCT No. 177339-R	San Fernando, Pampanga	Investment	None	None
TCT No. 448320-R	Floridablanca, Pampanga	Investment	None	None
TCT No. 042-2010004636	Floridablanca, Pampanga	Investment	None	None
TCT No. 042-20100110526	Floridablanca, Pampanga	Investment	None	None
TCT No. N-21846	Montalban	Investment	None	None
CCT No. PT-26412	San Antonio, Pasig	Condominium space	None	None
CCT No. PT-26414	San Antonio, Pasig	Condominium space	None	None
TCT No. 628563	Angono, Rizal	Quarry site	None	None

<b>TCT No.</b>	<b>Location</b>	<b>Use</b>	<b>Liens &amp; Encumbrances</b>	<b>Restriction</b>
TCT No. 633399	Angono, Rizal	Quarry site	None	None
TCT No. 647853	Angono, Rizal	Quarry site	None	None
TCT No. 647855	Angono, Rizal	Quarry site	None	None
TCT No. 647854	Angono, Rizal	Quarry site	None	None
TCT No. 628801	Angono, Rizal	Quarry site	None	None
TCT No. 567170	Angono, Rizal	Quarry site	None	None
TCT No. 567168*	Angono, Rizal	Quarry site	None	None
TCT No. 567167*	Angono, Rizal	Quarry site	None	None
TCT No. 498505*	Angono, Rizal	Quarry site	None	None
TCT No. 498506*	Angono, Rizal	Quarry site	None	None
TCT No. 498507*	Angono, Rizal	Quarry site	None	None
TCT No. 498508*	Angono, Rizal	Quarry site	None	None
TCT No. 495637	Angono, Rizal	Quarry site	None	None
TCT No. 495636	Angono, Rizal	Quarry site	None	None
TCT No. 495929	Angono, Rizal	Quarry site	None	None
TCT No. 567169*	Angono, Rizal	Quarry site	None	None
TCT No. 486736	Angono, Rizal	Quarry site	None	None
TCT No. 500287*	Angono, Rizal	Raw land	None	None
TCT No. 505057*	Angono, Rizal	Raw land	None	None
TCT No. N-6947	Binangonan, Rizal	Raw land	None	None
TCT No. N-6608	Binangonan, Rizal	Raw land	None	None
TCT No. N-6609	Binangonan, Rizal	Raw land	None	None
TCT No. M-6610	Cardona, Rizal	Raw land	None	None

\* These properties were the subject of the 23 January 2008 Operating Agreement between CAC and HAI.

As of the filing of this report the Company does not have any intention at present to acquire any significant real property in the next twelve months.

### **Item 3. Legal Proceedings**

In 2017, the Company initiated before the Regional Trial Court of Binangonan an Accion Publiciana case against several informal settlers illegally occupying one of its properties located in Barangay Sitio Dayap, Angono, Rizal to vacate the said properties and return possession of the same to the Company. The Regional Trial Court of Binangonan decided in favor of CAC, which decision was appealed by the informal settlers before the Court of Appeals. As of the filing of this report, the case is still pending before the Court of Appeals. Other than the foregoing, the Company has no pending material legal proceeding other than labor related cases and overdue account collection cases. There was no material proceeding that was terminated during the fourth quarter of the year covered by this report.

### **Item 4. Submission of Matters to a Vote of Security Holders**

There are no matters that were submitted to a vote of the Company's stockholders, whether through the solicitation of proxies or otherwise, during the fourth quarter of 2022.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

#### Market Information

The Philippine Stock Exchange (PSE) is the principal market where CAC's common equity is traded. Par value of both Class "A" and Class "B" shares is at ₱10.00 each.

For the years 2020, 2021 and 2022 and the first quarter of 2023, the following are the quarterly high, low and closing prices for CAC Class "A" shares:

	2020			2021			2022			2023		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
Q1	70.00	49.95	60.00	65.00	50.10	55.20	48.00	44.00	48.00	38.90	30.00	31.00
Q2	64.00	45.50	54.05	64.95	52.00	56.00	48.00	40.20	40.20			
Q3	79.50	50.40	51.20	54.50	48.00	48.05	47.00	39.00	45.00			
Q4	59.75	50.00	53.55	52.00	41.25	41.25	44.95	32.00	32.00			

As per the latest information disclosed at the website of the PSE available at the time of this report, the last recorded closing price of CAC Class "A" shares is ₱31.00 per share as of 31 March 2023.

CAC Class "B" shares were first traded on 21 November 2016. The following are the quarterly high, low and closing prices for CAC Class "A" shares for the years 2020, 2021 and 2022 and the first quarter of 2023:

	2020			2021			2022			2023		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
Q1	80.00	27.50	45.50	75.00	54.20	64.85	59.80	45.30	51.00	45.00	32.25	32.25
Q2	69.80	41.15	61.45	79.50	55.45	60.00	73.95	39.10	46.00			
Q3	87.15	51.05	55.95	62.75	50.35	53.00	64.95	40.00	40.00			
Q4	61.75	51.05	60.10	62.95	45.35	55.00	54.50	32.40	32.40			

The last recorded closing price of CAC Class "B" shares is ₱32.25 per share as of 31 March 2023.

#### Stockholders

There were 529 stockholders of record holding CAC Class "A" Shares and 16 stockholders of record holding CAC Class "B" Shares as of 31 December 2022. The top 20 stockholders of the Company as of 31 December 2022 (as attested by the Company's stock transfer agent) are as follows:

Stockholder		Number of Shares			%
		Class A	Class B	Total	
1	Ortigas & Company, Limited Partnership	16,021,973	4,985,612	21,007,585	76.48
2	PCD Nominee Corporation	5,581,785	400,924	5,982,709	21.78
3	The Roman Catholic Archbishop of Manila	78,486			0.29
4	Laurel, Celia D.	27,767		27,767	0.10
5	Li Seng Giap & Sons, Inc.	19,004		19,004	0.07
6	The Roman Catholic Archbishop of Manila – Real Casa de Misericordia	13,067		13,067	0.05
7	Ortigas, Ignacio Ricardo Y Ortigas	12,632		12,632	0.05

8	Ortigas, Maria Del Rosario	12,420		12,420	0.05
9	Sevilla, Azucena C.	12,109		12,109	0.04
10	Buenviaje, Felix	11,826		11,826	0.04
11	Ortigas, Rafael Y Ortigas	9,040		9,040	0.03
12	The Roman Catholic Archbishop of Manila – Hospicio de San Juan de Dios	8,317		8,317	0.03
13	Maramba, Daniel K.	7,543		7,543	0.03
14	Macaraeg, Marietta C.	7,480		7,480	0.03
15	Rodriguez, Ramon E.	7,192		7,192	0.03
16	Ortigas, Rafael B.	7,148		7,148	0.03
17	Ortigas, Maria Teresa B.	7,118		7,118	0.03
18	Buenviaje, Reynaldo C.	6,970		6,970	0.03
19	Buenviaje, Juan C. Jr.	6,968		6,968	0.03
20	Buenviaje, Catalino C.	6,968		6,968	0.03
	Others	221,958	2,142	214,100	0.78
	<b>Total</b>	<b>22,077,771</b>	<b>5,388,678</b>	<b>27,466,449</b>	<b>100.00</b>

Common Class A shares are issued only to citizens of the Philippines and to associations, partnerships or corporations with at least 60% of the outstanding stocks held by citizens of the Philippines, while Common Class B shares may be issued to either Filipino or non-Filipino citizens or associations, partnerships or corporations without regard to the citizenship of their stockholders.

A total of 3,693 Common Class B shares are held by foreigners, amounting to approximately 0.07% of the total outstanding Common Class B shares, and approximately 0.014% of the total outstanding capital stock of the Company.

#### **Minimum Public Ownership**

The Company has a total of 27,466,449 issued and outstanding shares, out of which, 6,451,738 or 23.49% are shares owned by the public as of 31 December 2022.

#### **Recent Sales of Unregistered Securities**

For the last five (5) years, no sale of unregistered securities has been conducted by the Company.

#### **Dividends**

On 25 March 2021, the Company declared a total cash dividend of Php12,359,902.50 equivalent to Php0.45 per share to stockholders of record as of 14 April 2021 and authorized its distribution on 6 May 2022. On 24 March 2022, the Company declared a total cash dividend of Php21,149,165.73 out of the 2021 unrestricted retained earnings for stockholders of record as of 13 April 2022. The payment was set on 5 May 2023. Thereafter, on 23 March 2023, the Company declared a total cash dividend of Php23,154,216.51 out of the 2022 unrestricted retained earnings for stockholders of record as of 12 April 2023. The payment date was set on 4 May 2023.

## Item 6. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operation

### YEAR 2022 vs. 2021 PERFORMANCE

#### Results of Operations

The Company generated a Net Income of ₱23.15 million in 2022, a 10% increase from ₱21.05 million in 2021, mainly from higher production and sales volume of basalt aggregates in 4Q and higher interest income.

**Revenue** from royalty fees increased by 5% to ₱40.58 million in 2022 from ₱38.59 million in 2021, largely due to improved sales of aggregates of HAI as compared to last year when the COVID-19 pandemic caused significant business disruptions.

**Total operating expenses** registered at ₱17.06 million, higher by 6% from previous year's ₱16.05 million, mainly driven by higher professional fees, personnel cost and employee benefits..

**Other Income, net** consists of (1) Interest income which amounted to ₱1.65 million, up by 163% compared to prior year, mainly due to higher interest rates in 2022; (2) Interest income from receivables amounting to ₱0.29 million is interest earned from HAI due to late payment of royalties; and, (3) Rent income from lease of land and office unit which increased by 5% from ₱2.42 million to ₱2.55 million in 2022, due to the annual escalation of rent.

#### Financial Condition

The Financial Condition remains strong with high level of liquidity to support its future development plans.

The Company's total assets amounted to ₱341.63 million, an increase of 1% from ₱336.73 million mainly driven by the increase in receivables from HAI. The receivables were subsequently collected in Q1 of 2023.

Total Liabilities increased by ₱2.73 million to ₱40.55 million mainly due to higher deferred output VAT and additional unclaimed dividends.

Total Equity increased by ₱2.17 million to ₱301.08 million or 1% higher mainly attributed to improved results of operations, partially reduced by dividend declaration.

Book value per share is at ₱10.96 as of 31 December 2022, slightly higher than last year of ₱10.88.

### FINANCIAL HIGHLIGHTS

Presented below are the major financial highlights of the attached audited financial statements of the Company for the years 2022, 2021, and 2020, all ending 31 December, to wit:

*(In million pesos, except ratios and per share amounts)*

	Year 2022	Year 2021	Year 2020
Total Current Assets	189.42	184.84	175.89
Total Current Liabilities	16.78	14.06	14.18
Net Working Capital	172.64	170.78	161.70
Total Assets	341.63	336.73	327.85
Total Stockholders' Equity	301.08	298.92	289.93
Revenue	40.57	38.59	27.48
Operating Expenses	17.06	16.05	17.13
Other Income	4.49	3.08	5.47
Income before Tax	28.00	25.61	15.82
Net Income after Tax	23.15	21.05	12.39



Other Comprehensive Income	0.16	0.29	0.02
Total Comprehensive Income	23.32	21.34	12.42
Earnings Per Share	0.84	0.77	0.45

#### A) Key Performance Indicator

The Company has identified the following Key Performance Indicators affecting its operations:

<u>Measures</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Current Ratio	11.29	13.15
Liability/Equity Ratio	0.13	0.13
Return on Assets	6.78%	6.25%
Return on Equity	7.69%	7.04%
Net Income Rate	57.06%	54.55%

*Current Ratio = Current Assets ÷ Current Liabilities*

*Liability/Equity Ratio = Total Liabilities ÷ Total Stockholders' Equity*

*Return on Assets = Annualized Net Income ÷ Total Assets*

*Return on Equity = Annualized Net Income ÷ Total Stockholders' Equity*

*Net Income Rate = Annualized Net Income ÷ Revenue*

- i. Due to the Company's sound financial condition, and the transfer of its quarry operations to HAI, there are no foreseeable trends, events or uncertainties that may have a material impact on its long term or short-term liquidity.
- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- iii. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- iv. Funding will be sourced from internally-generated cash flow, and also from borrowings or available credit facilities from other local universal banks.
- v. There are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. Currently, the production is being handled by HAI.
- vii. The causes for any material changes in the financial statements of 2022 vs. 2021 are explained in the Management Discussion and Analysis, as well as in the accompanying notes to Financial Statements.
- viii. There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached audited financial statements.
- ix. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

<b>Accounts</b>	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Remarks</b>
Royalties	40,575,195	38,586,592	1,988,603	Increased by 5% due to higher sales of basalt aggregates particularly during 4Q.

Accounts	2022	2021	Increase (Decrease)	Remarks
Operating expenses	17,061,656	16,049,050	1,012,606	Up by 6% mainly driven by higher professional fees, personnel cost and employee benefits.
Other income	4,486,149	3,077,255	1,408,894	Higher by 46% brought about by the increase in interest rates on bank time deposits as well as interest penalty earned from HAI.
Income tax expense	4,847,981	4,565,845	282,136	Increased by 6% due to improved results of operations.
Receivables, net	17,182,545	5,381,138	11,801,407	Higher by 219% due to 4 months uncollected royalty in 2022 vs 2 months in PY. The receivables were subsequently collected in Q1 of 2023.
Prepaid expenses	5,848,342	6,621,104	(772,762)	Lower by 12% due to lower prepayments in 2022.
Trade and other payables	8,969,797	7,138,717	1,831,080	Increased by 26% due to deferred output vat on receivables.
Dividends payable	6,953,075	6,461,792	491,283	Increase by 8% due to unclaimed dividend checks.
Income tax payable	861,541	460,119	401,422	Up by 87% attributable to favorable result of operations brought by higher royalty revenue.
Fair value reserve on AFS	1,206,799	1,043,344	163,455	Higher by 16% due to additional market valuation unrealized gain in 2022.
Retained earnings	24,141,357	22,138,817	2,002,540	Increased by 9% due to improved results of operations in 2022.

## **YEAR 2021 vs. 2020 PERFORMANCE**

### **Results of Operations**

The Company generated a Net Income of ₱21.05 million in 2021, a 70% increase from ₱12.39 million in 2020, mainly from higher production and sales volume of basalt aggregates due to eased quarantine restrictions in 2021 as the economy reopens amidst the pandemic.

**Revenue** from royalty fees increased by 40% to ₱38.59 million in 2021 from ₱27.48 million in 2020, largely due to improved sales of aggregates of HAI as compared to last year when the COVID-19 pandemic caused significant business disruptions.

**The total operating expenses** registered at ₱16.05 million, reduced by 6% from previous year's ₱17.13 million, mainly due to the absence of the one-off MPSA renewal costs incurred in prior year and lower professional fees.

**Other Income** consists of (1) Interest Income from bank deposits which amounted to ₱0.63 million, lower by 80% compared to prior year, mainly due to lower interest rates in 2021 and (2) Rent Income from lease of the Company's office unit in Tektite Towers to China Banking Corporation (CBC) which increased by 5% from ₱2.30 million to ₱2.42 million in 2021, due to the annual escalation of rent.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill was signed by the President into law (Republic Act No. 11534). One of the salient features of CREATE is the reduction of the corporate income tax rate from 30% to either 25% or 20% depending on the type of corporation, effective July 1, 2020. Under CREATE, the Company is subject to 25% income tax rate,

which is 5% lower than the previous year's income tax rate, thereby resulting to a higher Net income after tax in 2021.

### **Financial Condition**

The Financial Condition remains strong with high level of liquidity to support its future development plans.

The Company's total assets amounted to ₱336.73 million, an increase of 3% from ₱327.85 million mainly driven by the increase in cash levels as a result of higher royalty fees from HAI as well as rental income from CBC versus prior year.

Total Liabilities decreased by ₱0.11 million at ₱37.81 million mainly due to lower income tax payable due to higher tax cash payments and reduced income tax rate from 30% to 25%.

Total Equity increased by ₱8.99 million to ₱298.92 million or 3% higher mainly attributed to improved results of operations.

Book value per share is at ₱10.88 as of 31 December 2021, slightly higher than last year of ₱10.56.

### **A) Key Performance Indicators**

The Company has identified the following Key Performance Indicators affecting its operations:

<u>Measures</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Current Ratio	13.15	12.41
Liability/Equity Ratio	0.13	0.13
Return on Assets	6.25%	3.78%
Return on Equity	7.04%	4.27%
Net Income Rate	54.55%	45.10%

*Current Ratio = Current Assets ÷ Current Liabilities*

*Liability/Equity Ratio = Total Liabilities ÷ Total Stockholders' Equity*

*Return on Assets = Annualized Net Income ÷ Total Assets*

*Return on Equity = Annualized Net Income ÷ Total Stockholders' Equity*

*Net Income Rate = Annualized Net Income ÷ Revenue*

- i. Due to the Company's sound financial condition, and the transfer of its quarry operations to HAI, there are no foreseeable trends, events or uncertainties that may have a material impact on its long term or short-term liquidity.
- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- iii. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- iv. Funding will be sourced from internally-generated cash flow, and also from borrowings or available credit facilities from other local and international commercial banks.
- v. At the moment, there are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. At present, the production is being handled by HAI.

- vii. The causes for any material changes in the financial statements of 2021 vs. 2020 are explained in the Management Discussion and Analysis, as well as in the accompanying notes to Financial Statements.
- viii. There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached audited financial statements.
- ix. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Accounts	2021	2020	Increase (Decrease)	Remarks
Royalties Revenue	38,586,592	27,480,493	11,106,099	Increased by 40% from higher production & sales volume of HAI due to eased community quarantines as compared with the restrictions imposed by the Philippine government in the past year due to COVID-19 pandemic.
Operating Expenses	16,049,050	17,133,118	(1,084,068)	Dipped by 6% mainly due to MPSA license renewal costs and lower professional fees, both in 2020.
Other income (expenses)	3,077,255	5,470,129	(2,392,874)	Dropped by 44% brought about by the decrease in interest rates on bank time deposits as well as interest earned from HAI in 2020.
Income tax expense	4,565,845	3,424,975	1,140,870	Increased by 33% due to improved results of operations.
Cash and cash equivalents	172,835,370	164,252,707	8,582,663	Increased by 5% due to higher cash generated from operations mainly Royalties.
Receivables, net	5,381,138	4,891,745	489,393	Higher by 10% due to 2 months uncollected royalty in 2021 vs 1 month in PY.
Deferred Income Tax Assets, Net	1,412,757	1,755,160	(342,403)	Down by 20% brought by reversal of adjustment for changes in income tax rate in 2020 due to CREATE Law enactment.
Income tax payable	460,119	892,887	(432,768)	Decreased by 48% due higher tax cash payments during the year.
Fair Value Reserve on Financial Assets at FVOCI	1,043,344	749,057	294,287	Up by 39% due to unrealized gain in investments as of 2021.
Retained earnings	22,138,817	13,449,767	8,689,050	Increased by 65% due to improved results of operations in 2021.

## **YEAR 2020 vs. 2019 PERFORMANCE**

### **Results of Operations**

The Company generated Net Income of ₱12.39 million in 2020, a 65% drop from ₱35.62 million in 2019, largely due to the business disruptions caused by the unprecedented COVID-19 pandemic.

**Revenue** from royalty fees of ₱27.48 million in 2020, a 50% decline from ₱54.64 million in 2019, as its operator HAI put its quarry operations to a halt starting mid of March 2020, in view of the Enhanced Community Quarantine implemented in the province of Rizal due to the COVID-19 pandemic. HAI resumed the sale of aggregates on May 18, 2020 albeit significantly lower than usual.

**Total operating expenses** were slightly reduced by 1% at ₱17.13 million from previous year's ₱17.31 million, mainly due to lower transportation, utility expenses and personnel costs.

**Other income** consists of (1) Interest Income amounted to ₱3.13 million, lower by 25% compared to prior year, due to lower interest rates in 2020 and (2) Rent Income from lease of the Company's office unit in Tektite Towers to China Banking Corporation increased by 3% from ₱2.24 million to ₱2.30 million in 2020, due to the annual escalation of rent.

### **Financial Condition**

The Financial Condition remains strong with high level of liquidity to support its future development plans.

The Company's total assets amounted to ₱327.85 million, a decrease of 7% from ₱353.4 million mainly driven by the decrease in cash level as a result of lower Royalties income from HAI while maintaining almost the same level of expenses from 2019.

Total Liabilities decreased by ₱2 million at ₱37M or 6% lower than prior year mainly due to lower income tax payable due to reduced Royalty revenues.

Total Equity decreased by ₱23.29 million to ₱289.93 million or 7% lower mainly due to lower Net Income and dividend declaration.

Book value per share is at ₱10.56 as of 31 December 2020, slightly lower than last year of ₱11.40.

### **A) Key Performance Indicators**

The Company has identified the following Key Performance Indicators affecting its operations:

<u>Measures</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Current Ratio	12.41	12.16
Liability/Equity Ratio	0.13	0.13
Return on Assets	3.78%	10.08%
Return on Equity	4.27%	11.37%
Net Income Rate	45.10%	65.20%

*Current Ratio = Current Assets ÷ Current Liabilities*

*Liability/Equity Ratio = Total Liabilities ÷ Total Stockholders' Equity*

*Return on Assets = Annualized Net Income ÷ Total Assets*

*Return on Equity = Annualized Net Income ÷ Total Stockholder's Equity*

*Net Income Rate = Annualized Net Income ÷ Revenue*

- i. Due to the Company's sound financial condition, and the transfer of its quarry operations to HAI, there are no foreseeable trends, events or uncertainties that may have a material impact on its long term or short-term liquidity.
- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- iii. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

- iv. Funding will be sourced from internally-generated cash flow, and also from borrowings or available credit facilities from other local and international commercial banks.
- v. At the moment, there are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. At present, the production is being handled by HAI.
- vii. The causes for any material changes in the financial statements of 2020 vs. 2019 are explained in the Management Discussion and Analysis, as well as in the accompanying notes to Financial Statements.
- viii. There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached audited financial statements.
- ix. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Accounts	2020	2019	Increase (Decrease)	Remarks
Royalties Revenue	27,480,493	54,638,878	(27,158,385)	Decreased by 50% due to effect of the COVID-19 pandemic on sales of aggregates & related industries, such as the construction industry.
Other income (expenses)	5,470,129	6,458,716	(988,587)	Decreased by 15% primarily due to lower interest income from short-term placements.
Income tax expense	3,424,975	8,176,734	(4,751,759)	Decreased by 58% due to lower collection of royalties.
Cash and cash equivalents	164,252,707	180,010,746	(15,758,039)	Lower by 9% due to lower cash generated from operations mainly Royalties.
Receivables, net	4,891,745	13,946,395	(9,054,650)	Lower by 65% due to updated collection from HAI.
Prepaid expenses	6,745,338	7,262,662	(517,324)	Dropped by 7% mainly due to absence of prepaid MPSA renewal fees this year.
Trade and other payables	6,846,366	8,461,376	(1,615,010)	Lower by 19% due to payment of various accruals at year end.
Income tax payable	892,887	1,388,604	(495,717)	Decreased by 36% due to lower collection of royalties.
Retained earnings	13,449,767	36,763,622	(23,313,855)	The decrease represents mainly the effect of COVID-19 pandemic.

#### Item 7. Financial Statements

Please see the attached Consolidated Financial Statements of Concrete Aggregates Corporation and Subsidiaries as of 31 December 2022 with comparative figures for 2021 and 2020 and the Independent Auditors' Report.

## Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

On 28 October 2010, the Board of Directors appointed Isla Lipana & Co. (a member practice of PricewaterhouseCoopers global network) as the new independent auditor of the Company for the year ended 31 December 2010 with such appointment effective as of 1 November 2010. Isla Lipana & Co. has been the Company's independent auditor for the years ended 31 December 2011 to 2022.

### External Audit Fees

	2022	2021	2020
(a) Audit and audit-related fees The aggregate fees, net of VAT, billed for professional services rendered by Isla Lipana and Co. for the audit of the Company's annual financial statements for the years ended 31 December 2022, 2021, and 2020.	₱231,530	₱196,800	₱196,800
(b) Tax Fees The aggregate fees, net of VAT, billed for professional services rendered by Isla Lipana & Co. for tax accounting, compliance, advice, planning and any other form of tax services.	-	-	-
(c) All Other Fees The aggregate fees, net of VAT, billed for products and services provided by Isla Lipana and Co. for years 2022, 2021, and 2020, other than the services reported under items (a), b and (c) above. The nature of which includes out of pocket expenses such as transportation, meals, postage, printing and documentation.	₱23,153	₱19,680	₱19,680

There were no changes or disagreements with the Company's external auditor, Isla Lipana & Co., on accounting and financial statement disclosures.

### Audit and Risk Management Committee's Approval Policies and Procedures

The following are the Audit and Risk Management Committee's policies and procedures regarding the Company's external auditors (as enunciated in its Charter):

- The Audit and Risk Management Committee shall review and evaluate the effectiveness of the Company's processes for assessing significant risks or exposures and the steps management has taken to minimize such risks.
- The Audit and Risk Management Committee shall consider and review the effectiveness of or weaknesses in the Company's overall control environment, and any related significant findings and recommendations of the independent accountants, together with management's responses thereto.
- The Audit and Risk Management Committee shall review the coordination of the audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant efforts, and the effective use of audit resources.
- The Audit and Risk Management Committee shall discuss the status and adequacy of management information systems and other information technology.
- The Audit and Risk Management Committee shall review filings with the SEC and other agencies, and other published documents containing the Company's financial statements, and consider whether the information contained in these documents is consistent with the information contained in the financial statements.
- The Audit and Risk Management Committee shall recommend to the Board of Directors the External Auditor to be nominated and approved.

## PART III-CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Company

#### Jose Emmanuel H. Jalandoni

55 years old

Filipino

Positions and offices held for the present and past five (5) years:

Chairman of the Board and President, Concrete Aggregates Corporation

Current Term of Office: May 2022 to May 2023

Period Served: 25 June 2015 to the present

Senior Vice President, Ayala Land, Inc.

Chairman of the Board and President, Ortigas Land Corporation

Chairman of the Board and President, Ortigas Commercial Corporation

Chairman of the Board and President, Ortigas Property Management, Inc.

Chairman of the Board, ALI Capital Corp.

Chairman of the Board, ALI Commercial Center Inc.

Chairman of the Board, ALI Makati Hotel and Residences, Inc.

Chairman of the Board, ALI Makati Hotel Property, Inc.

Chairman of the Board, ALI Triangle Hotel Ventures, Inc.

Chairman of the Board, ARCA South Hotel Ventures, Inc.

Chairman of the Board, AREIT, Inc.

Chairman of the Board, Asia Town Hotel Ventures, Inc.

Chairman of the Board, Ayala Hotels, Inc.

Chairman of the Board, AyalaLand Hotels and Resorts Corp.

Chairman of the Board, AyalaLand Medical Facilities Leasing, Inc.

Chairman of the Board, AyalaLand Offices, Inc.

Chairman of the Board, Bacuit Bay Development Corporation

Chairman of the Board, Bay Area Hotel Ventures, Inc.

Chairman of the Board, Bonifacio Hotel Ventures, Inc.

Chairman of the Board, Capitol Central Hotel Ventures, Inc.

Chairman of the Board, Cebu Insular Hotel Company, Inc.

Chairman of the Board, Central Bloc Hotel Ventures, Inc.

Chairman of the Board, Chirica Resorts Corporation

Chairman of the Board, Circuit Makati Hotel Ventures, Inc.

Chairman of the Board, Ecoholdings Company, Inc. Chairman of the Board, Econorth Resort Ventures, Inc.

Chairman of the Board, Ecosouth Hotel Ventures, Inc.

Chairman of the Board, Enjay Hotels, Inc.

Chairman of the Board, Greenhaven Property Ventures Inc.

Chairman of the Board, Integrated Eco-Resort Inc.

Chairman of the Board, Lip Resort Ventures, Inc.

Chairman of the Board, Makati North Hotel Ventures, Inc.

Chairman of the Board, North Liberty Resort Ventures, Inc.

Chairman of the Board, President and Chief Executive Officer, North Triangle Hotel Ventures, Inc.

Chairman of the Board, President and Chief Executive Officer, Northgate Hotel Ventures, Inc.

Chairman of the Board, One Makati Hotel Ventures, Inc.

Chairman of the Board, One Makati Residential Ventures, Inc.

Chairman of the Board, Pangulasian Island Resort Corporation Chairman of the Board, Paragua Eco-Resort Ventures, Inc. Chairman of the Board, Sentera Hotel Ventures, Inc.

Chairman of the Board, Sicogon Island Tourism Estate Corp.

Chairman of the Board, Sicogon Town Hotel, Inc.

Chairman of the Board, President and Chief Executive Officer, Southcrest Hotel Ventures, Inc.

Chairman of the Board, Ten Knots Development Corporation

Chairman of the Board, Ten Knots Philippines, Inc. Chairman of the Board, Whiteknight Holdings, Inc.



Director, Anvaya Cove Golf and Sports Club, Inc. Director, AyaGold Retailers, Inc.  
 Director, Ayala Property Management Corp.  
 Director, Cagayan de Oro Gateway Corp.  
 Director, Cebu Holdings, Inc.  
 Director, Columbus Holdings, Inc.  
 Director, Fort Bonifacio Development Corp.  
 Director, Makati Cornerstone Leasing Corp.  
 Director, Makati Development Corporation  
 Director, Philippine Family Mart CVS, Inc.  
 Director, Philippine Integrated Energy Solutions, Inc.  
 Director, Station Square East Commercial Corp.  
 President and Chief Executive Officer, AyalaLand Logistics Holdings Corporation

### **Bernard Vincent O. Dy**

59 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corp.

Current Term of Office: May 2022 to May 2023

Period Served: 25 March 2021 to the present

Director, Ortigas Land Corporation

Director, Ortigas Commercial Corporation

Advisor, Alveo-Federal Land Communities, Inc.

Chairman of the Board, Ataraza Development Corporation

Chairman of the Board, Alveo Land Corp.

Chairman of the Board, Alviera Country Club, Inc.

Chairman of the Board, Amaia Land Corp.

Chairman of the Board, Amicassa Process Solutions, Inc.

Chairman of the Board, Avencosouth Corp.

Chairman of the Board, Aviana Development Corp.

Chairman of the Board, Ayagold Retailers, Inc.

Chairman of the Board, AyalaLand Logistics Holdings Corp.

Chairman of the Board, Ayala Property Management Corporation

Chairman of the Board, AyalaLand Commercial REIT, Inc.

Chairman of the Board, AyalaLand-Tagle Properties, Inc.

Chairman of the Board, Bellavita Land Corporation

Chairman of the Board, BGNorth Properties, Inc.

Chairman of the Board, BGSouth Properties, Inc.

Chairman of the Board, BGWest Properties, Inc.

Chairman of the Board, Cagayan de Oro Gateway Corp.

Chairman of the Board, Makati Development Corporation

Chairman of the Board, Nuevocentro, Inc.

Chairman of the Board, Portico Land Corp.

Chairman of the Board, Station Square East Commercial Corporation

Chairman of the Board, Vesta Property Holdings, Inc.

Director, President and Chief Executive Officer, Ayala Land, Inc.

Director, President and Chief Executive Officer, Berkshires Holdings, Inc.

Director, President and Chief Executive Officer, Bonifacio Land Corporation

Director, President and Chief Executive Officer, Columbus Holdings, Inc.

Director, President and Chief Executive Officer, Emerging City Holdings, Inc.

Director, President and Chief Executive Officer, Fort Bonifacio Development Corporation

Vice Chairman, Aurora Properties Incorporated

Vice Chairman, Ayala Greenfield Development Corporation

Vice Chairman, AyalaLand Premier, Inc.

Vice Chairman, Ceci Realty, Inc.

Senior Managing Director, Ayala Corporation

Director and President, Alabang Commercial Corporation

Member and President, Bonifacio Art Foundation, Inc.

Member and President, Hero Foundation Incorporated

Member, Ayala Foundation, Inc.

Member, Ayala Group Club, Inc.  
Director, Accendo Commercial Corp.  
Director, AKL Properties Inc.  
Director, ALI Eton Property Development Corporation  
Director, AREIT, Inc.  
Director, Avida Land Corp.  
Director, AyalaLand Medical Facilities Leasing, Inc.  
Director, MCT BHD  
Director, Philippine Integrated Energy Solutions, Inc.  
Director, Serendra, Inc.  
Director, WhiteKnight Holdings Inc.

**Jeffrey C. Lim**

61 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation  
Current Term of Office: May 2022 to May 2023  
Period Served: 25 June 2015 to the present  
President, SM Prime Holdings, Inc.  
President, SM Development Corporation (until 2 February 2020)  
Director, Ortigas Land Corporation  
Director, Ortigas Commercial Corporation

**Edmundo L. Tan**

77 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation  
Current Term of Office: May 2022 to May 2023  
Period Served: 25 June 2015 to 2 March 2016, 1 September 2019 to present  
Managing Partner, Tan Acut Lopez & Pison Law Offices  
Director, APC Group, Inc.  
Director, Aragorn Power and Energy Corporation  
Director, PRC MAGMA Resources, Inc.  
Director, Ortigas Land Corporation  
Director, Sagittarius Mines, Inc.  
Director, Philippine Global Communications, Inc.  
Adviser to the Board, BDO Leasing and Finance, Inc.  
Co-Founder and President, Philippine Dispute Resolution Center, Inc.  
Corporate Secretary, BDO Unibank, Inc.  
Corporate Secretary, BDO Private Bank, Inc.

**Ma. Asuncion O. Padilla**

55 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation  
Current Term of Office: May 2022 to May 2023  
Period Served: 25 June 2015 to the present  
Director, Ortigas Land Corporation  
Director, Ortigas Commercial Corporation  
Director, Sagitro, Inc.  
Director, Leafar Commercial Corporation  
Director, Leafar Foundation, Inc.  
Director, 3K BFusion Corporation  
Director, Tri Tuazon Megadevelopment Inc.  
Director, Tri C5 Megadevelopment Inc.  
Director, Tri Loyola Megadevelopment Inc.

Director, Tri Bulacan Megadevelopment Inc.  
 Director, Tri Gastambide Megadevelopment Inc.  
 Director, Tri Sky Megadevelopment Corporation  
 Director, Tri Morato Megadevelopment Inc.  
 Director, Tri Sta. Rosa Megadevelopment Inc.  
 Director, Tri Calamba Megadevelopment Inc.  
 Director, Tri City Megadevelopment Corporation  
 Director, Tri Angeles Megadevelopment Inc.  
 Director, Tri Lipa Megadevelopment Inc.  
 Director, Tri Geronimo Megadevelopment Inc.  
 Director, Tri Buendia Pasay Megadevelopment Inc.  
 Director, Tri Alabang Zapote Megadevelopment Inc.  
 Director, Creative Realty Dev. Inc.  
 Director, Point Ad Inc.  
 Director, Family Eatertainment Concepts, Inc.  
 Director, Balibago Angeles Bar and Grill Inc.  
 Director, Marcos Highway Bar and Grill Inc.  
 Director, Philcoa Bar and Grill Inc.  
 Director, Tuazon Bar and Grill Inc.  
 Director, Dasmariñas Bar and Grille Inc.  
 Director, Tayo Na Sa Bocobo, Inc.  
 Director, Calle Industria Restaurant Inc.  
 Director, Antipolo Circumferential Bar and Grill Inc.  
 Director, Lipa Batangas Sisig Restaurant Inc.  
 Director, EDSA Taft Bar and Grill Inc.  
 Director, Padis Pub Inc.  
 Director, Padis Place Inc.  
 Director, Padis Cues Inc.  
 Director, Baguio Padis, Inc.  
 Director, Gotcha, Inc.  
 Director, Big Red Barn Inc.  
 Director, Fun Ranch Megadevelopment Inc.  
 Director, Jump Yard Trampoline, Inc.  
 Director, Padi's Point/Vicente A. Padilla Jr. Co.  
 Director, First San Fernando Fun Sports Inc.  
 Director, Barkada Entertainment Inc.  
 Director, Jumping Jack Sports Inc.  
 Director, Leaps N' Bounds Inc.  
 Director, First Alabang Fun Sports Inc.  
 Director, Lazer MAXX Games Shop Arcade Inc.  
 Director, Dragon Arcade Megadevelopment Inc.  
 Director, Chilly Festival Alabang Inc.  
 Director, Geronimo Lacson Dining Inc.  
 Director, High Up Gil Puyat Dining Corp.  
 Director, Buendia Gil Puyat Dining Inc.  
 Director, Tri South Drive Baguio Megadevelopment Inc.  
 Director, Tri Fairview Regalado Megadevelopment Inc.  
 Director, Tri Marcos Highway Megadevelopment Inc.  
 Director, Tri Nakar Megadevelopment Inc.  
 Director, Tri Rizal Tayuman Megadevelopment Inc.  
 Director, Launchpad Group of Companies, Inc.  
 Director, Kainan Alabang Zapote Inc.

**Samson C. Lazo**

78 years old

Filipino

Positions and offices held for the present and past five (5) years:

Independent Director, Concrete Aggregates Corporation

Current Term of Office: May 2022 to May 2023  
Period Served: 29 June 2006 to the present  
Fellow, Institute of Corporate Directors  
Fellow, Philippine Institute of Civil Engineers, College of Fellows  
Member, Rotary Club of Pasig

**Rolando R. Cruz**

62 years old

Filipino

Positions and offices held for the present and past five (5) years:

Independent Director, Concrete Aggregates Corporation

Current Term of Office: May 2022 to May 2023

Period Served: 29 June 2017 to the present

Vice President for Nickel Mining Business, Nickel Asia Corporation (January 2023 to present)

Senior Vice President and Chief Operating Officer, Taganito Mining Corporation (January 2023 to present)

Senior Vice President and Chief Operating Officer, Cagdianao Mining Corporation (January 2023 to present)

Vice President – Corporate Planning and Revenue Assurance, Nickel Asia Corporation (March 2022 to December 2022)

Vice President – Research and Technology, Innovations and Corporate Special Projects; Officer-in-Charge of Strategic Development and Growth Group (June 2021 to March 2022)

Vice President – Project Development and Research, Nickel Asia Corporation (until May 2021)

Vice President – Operations, Dinapigue Mining Corporation (formerly Geogen Corporation) (July 2020 to January 2021)

Vice President – Project Development and Research, Dinapigue Mining Corporation (July 2018 to July 2020)

Vice President – Project Development and Research, Hinatuan Mining Corporation (until March 2018)

Vice President – Operations, Cagdianao Mining Corporation (until August 2017)

Member, Australian Institute of Mining & Metallurgy

**Independent Directors**

An independent director is a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Mr. Samson C. Lazo and Mr. Rolando R. Cruz were elected to serve as independent directors of the Company, pursuant to Section 38 of the Securities Regulation Code, during the Annual Stockholders' Meeting of the Company held last 26 May 2022.

The above independent directors had no involvement in any legal proceedings for the last five (5) years.

**Significant Employees**

**Michael David I. Abundo III**

**(seconded by virtue of the Management Agreement between OLC and CAC)**

53 years old

Filipino

Positions and offices held for the present and past five (5) years:

General Manager and Corporate Information Officer, Concrete Aggregates Corporation

Director and Corporate Secretary, Ortigas Property Management, Inc.

Director, Concrete Aggregates Corporation (until 1 April 2016)

Vice President, Corporate Secretary, Head - Corporate Resources Division, Head – Legal and Administrative Services and Strategic Business Unit Head for Estates and Horizontal Development, Ortigas Land Corporation

Vice President, Corporate Secretary, and Head – Corporate Resources Division, Ortigas Commercial Corporation

**Davee M. Zuñiga**

**(seconded by virtue of the Management Agreement between OLC and CAC)**

51 years old

Filipino

Positions and offices held for the present and past five (5) years:

Treasurer and Chief Finance Officer, Concrete Aggregates Corporation  
Director, Treasurer and Chief Finance Officer, Ortigas Property Management, Inc.  
Treasurer and Chief Finance Officer, Ortigas Land Corporation  
Treasurer and Chief Finance Officer, Ortigas Commercial Corporation  
Vice President – Internal Audit, SM Prime Holdings, Inc.  
Partner – Assurance Advisory Services, Sycip Gorres Velayo & Co.

**Maria Jennifer J. Almojuela**

**(seconded by virtue of the Management Agreement between OLC and CAC)**

45 years old

Filipino

Positions and offices held for the present and past five (5) years:

Head of Finance, Concrete Aggregates Corporation  
Controller, Ortigas Land Corporation  
Financial Controller and IT Head, International SOS (Phils.) Inc.  
Deputy Chief Finance Officer – Residential Business Group (RBG) Sales Finance, Ayala Land, Inc.  
Deputy Chief Finance Officer, Ayala Land International Sales (ALISI)  
Deputy Chief Finance Officer, Ayala Land International Marketing (ALIM San Francisco, ALIM Italy, ALIM Hongkong, ALIM Singapore, ALIM London and ALIM Dubai)  
Head of Corporate Finance, Ayala Land, Inc.  
Financial Planning and Analysis Manager, Abbott Laboratories Inc.  
Strategy Partner – Finance, Globe Telecom, Inc.

**Ronilo B. Quiat**

**(seconded by virtue of the Management Agreement between OLC and CAC)**

55 years old

Filipino

Positions and offices held for the present and past five (5) years:

Special Projects Head, Concrete Aggregates Corporation  
Assistant Vice President - Information Systems and Technology, Ortigas Land Corporation

**Jose Antonio V. Evangelista III**

**(seconded by virtue of the Management Agreement between OLC and CAC)**

50 years old

Filipino

Positions and offices held for the present and past five (5) years:

Corporate Secretary, Chief Risk Officer and Corporate Information Officer, Concrete Aggregates Corporation\*\*\*\*  
Assistant Vice President - Legal, Ortigas Land Corporation

\*\*\*\* Mr. Jose Evangelista III assumed the role of Chief Risk Officer upon the retirement of Mr. Mario Evangelista effective 31 August 2021.

**Isagani Elias A. Elacio**

**(seconded by virtue of the Management Agreement between OLC and CAC)**

49 years old

Filipino

Positions and offices held for the present and past five (5) years:

Assistant Corporate Secretary, Compliance Officer, Corporate Information Officer and Investor Relations Officer, Concrete Aggregates Corporation  
Assistant Vice President - Head of External Affairs, Ortigas Land Corporation

## Family Relationships

None of the directors elected in 2022 are related by consanguinity or affinity.

## Involvement in Certain Legal Proceedings

Except as disclosed below, the above directors and executive officers had no involvement in any material legal proceedings for the last five (5) years. No director declined to stand for re-election to the Board of Directors since the date of the last annual meeting.

None of the directors is a party to any pending case, whether civil or criminal in nature.

## Item 10. Compensation of Directors and Executive Officers

A regular Board meeting is scheduled every quarter, and each director receives a token sum of ₱7,500 per board meeting and ₱5,000 per diem allowance for each committee meeting attended. The total annual per diems and allowances for 2022 was ₱0.07 million. Committee meetings are held in accordance with the specific committee's charter with additional meetings held as needed. The Company likewise adopted a Compensation Policy for Directors and Officers, which was unanimously approved by its stockholders on 11 November 2008. On 29 November 2012, the Board of Directors also approved the grant of a special bonus to non-executive directors of the corporation in the total amount of ₱500,000.00, which was approved by the stockholders during the meeting that was held last 15 February 2013.

Except as otherwise stated in this report, none of the incumbent directors of the Company serve in any other capacity whether as consultant or otherwise. Neither is there any contract, employment or compensatory plan between the Company and any director or named executive officer.

Herein below is the disclosure of the compensation received by the Company's key officer/s for the last three (3) fiscal years, to wit:

### Summary Compensation Table

#### **Annual Compensation for year 2020**

Particulars	Salary & Per Diems (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key Officer (Mining Engineer)	₱540,000	₱45,000	₱75,500
Directors	₱52,500		

#### **Annual Compensation for year 2021**

Particulars	Salary & Per Diems (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key Officer (Mining Engineer)	₱540,000	₱90,000	₱67,500
Directors	₱92,500		

#### **Annual Compensation for year 2022**

Particulars	Salary & Per Diems (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key Officer (Mining Engineer)	₱583,200	₱93,600	₱83,500
Directors	₱70,357		

#### **Estimated Annual Compensation for year 2023**

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key Officer (Mining Engineer)	₱629,856	₱101,088	₱75,500
Directors	₱92,500		

The Mining Engineer is a regular employee of the Company and is the only managerial employee who has received compensation from the Company for the last three years. The current Mining Engineer as of reporting date is Ms. Mae Lean Langcay. For the executive officers of the Company, such as the President, Chief Finance Officer, General Manager, Corporate Secretary, Treasurer, Head of Finance, Assistant Corporate Secretary and Special Projects Head, there is no compensation given by the Company for their services, as they are performing the said services not as regular employees of the Company but pursuant to the Management Agreement between the Company and OLC.

The following benefits apply to key officer/s:

<b>Benefit</b>	<b>Criteria</b>
Monthly Gasoline Allowance	₱5,000
Medical Allowance	₱7,500 annual
Health Plan	₱275,000 annual limit
Group Life Insurance	₱2,000,000 coverage
Omnibus Loan	Maximum of ₱35,000 payable in 1 year at 0% interest
Annual Clothing Allowance	₱8,000
Training Budget	Individual - ₱24,000 Common Budget - ₱32,000
Leaves	15 days' vacation leave accruable up to 30 days; leaves in excess of 30 days are forfeited 15 days sick leave accruable up to 90 days; leaves in excess of 90 days may be encashed

#### **Item 11. Security Ownership of Certain Beneficial Owners and Management**

##### **Security Ownership of Certain Beneficial Owners**

<b>Title of Class</b>	<b>Name &amp; address of record owner and (Relationship with Issuer)</b>	<b>Name of Beneficial Owner and (Relationship with Record Owner)</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>% of class</b>
Class "A" and "B"	Ortigas & Company, Limited Partnership 7 <sup>th</sup> Floor Estancia West Wing, Brgy. Oranbo, Pasig City (Security Holder)	Ortigas & Company Limited Partnership (Same Entity)	Filipino	21,007,585 (16,021,973 Common A and 4,985,612 Common B shares)	76.48

The cutoff date for the determination of the above is 31 December 2022.

##### **Security Ownership of Management**

###### **Board of Directors**

<b>Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>% of Class</b>
Class A	Jose Emmanuel H. Jalandoni	1 (direct)	Filipino	Negligible
Class A	Ma. Asuncion O. Padilla (Director)	7,119 (direct)	Filipino	0.03%
Class A	Bernard Vincent O. Dy	1 (direct)	Filipino	Negligible

<b>Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>% of Class</b>
Class A	Jeffrey C. Lim (Director)	1 (direct)	Filipino	Negligible
Class A	Edmundo L. Tan (Director)	1 (direct)	Filipino	Negligible
Class A	Samson C. Lazo (Independent Director)	1 (direct)	Filipino	Negligible
Class A	Rolando R. Cruz (Independent Director)	1 (direct)	Filipino	Negligible
Total		7,125		0.03% (Negligible)

The cutoff date for the determination of the above is 31 December 2022.

The aggregate ownership of all the Directors as a group totals 7,125 shares or 0.03%, considered negligible as compared with the total amount of outstanding shares.

The voting powers of OCLP reside with the duly authorized person who is designated to attend the Stockholders' Meeting. The Company will only know who will represent OCLP at the stockholders' meeting when the representative attends the meeting.

#### **Voting Trust Holders of 5% or more**

No portion of the outstanding capital stock, whether under Class A or Class B shares, has been the subject of a voting trust agreement or any similar agreement.

#### **Changes in Control**

No change in the control of the Company has occurred since the beginning of the last fiscal year.

#### **Item 12. Certain Relationships and Related Transactions**

In the ordinary course of business, the Company enters into transactions with OCLP, its parent Company, and OLC, its ultimate parent company and its subsidiaries.

The Company entered into a Management Agreement with OCLP in 2005, which provides for the general management and overall supervision of the affairs and business operations of the Company by OCLP. The Management Agreement was renewed thrice – in 2010, 2015 and 2020 – each for a period of five years under the same terms and conditions. The Management Agreement with OLC was approved unanimously by the stockholders during the Annual Stockholders' Meeting held on June 25, 2020. The current Management Agreement with OLC is effective from 1 November 2020 to 31 October 2025.

Further descriptions and explanations of the above transaction are disclosed in other parts of this report and in Note 13, Related Party Transactions, to the Annual Audited Consolidated Financial Statements attached as an Exhibit to this report.

There exist no transactions, actual or proposed, in which the Company and any of its directors, executive officers, nominees for election as directors, security holders and their relatives to the second civil degree by consanguinity or affinity, were parties for the last three years.



## **PART IV – CORPORATE GOVERNANCE**

### **Annual Corporate Governance Report**

Pursuant to SEC Memorandum Circular No. 15, Series of 2017, the “Integrated Annual Corporate Governance Report (ACGR) for 2019” is not required to be attached to the 2022 Annual Report. The I-ACGR will be submitted to the Commission on or before 30 May 2023.

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

#### **Exhibits**

Attached to this SEC 17-A Report and made an integral part hereof is the Audited Consolidated Financial Statements and Sustainability Report of the Company for 2022.

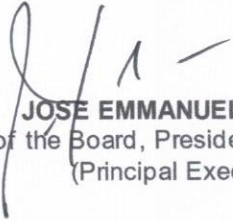
#### **Reports on SEC Form 17-C**

The following reports on SEC Form 17-C were filed with the SEC during the last six months of 2022 (July – December 2022):

- a. Certificates of Attendance of Atty. Edmundo L. Tan and Mr. Davee M. Zuñiga in a Corporate Governance Seminar for 2022 – Filed on 1 September 2022
- b. Certificates of Attendance of Ms. Ma. Asuncion O. Padilla, Atty. Michael David I. Abundo III, Atty. Jose Antonio V. Evangelista III, Atty. Elias Isagani A. Elacio, and Ms. Maria Jennifer J. AlmojuelaA in a Corporate Governance Webinar for 2022 – Filed on 6 December 2022
- c. Certificates of Attendance of Mr. Bernard Vincent O. Dy, Mr. Rolando R. Cruz, Mr. Samson C. Lazo and Mr. Ronilo B. Quiat in a Corporate Governance Webinar for 2022 – Filed on 19 December 2022
- d. Certificates of Attendance of Mr. Jose Emmanuel H. Jalandoni and Mr. Jeffrey C. Lim in a Corporate Governance Webinar for 2022 – Filed on 27 December 2022

## SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 177 of the Revised Corporation Code, this Annual Report is signed on behalf of Concrete Aggregates Corporation by the undersigned, hereunto duly authorized, in Pasig City on MAR 30 2023, 2023.



**JOSE EMMANUEL H. JALANDONI**

Chairman of the Board, President, and Chief Executive Officer  
(Principal Executive Officer)



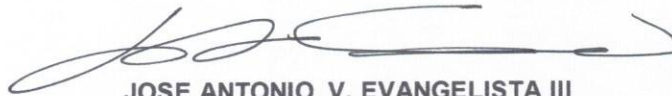
**DAVEE M. ZUNIGA**

Treasurer & Chief Finance Officer  
(Principal Finance & Accounting Officer  
and exercising Comptrollership functions)



**MICHAEL DAVID I. ABUNDO III**

General Manager  
(Principal Operating Officer)



**JOSE ANTONIO V. EVANGELISTA III**

Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 30 2023, 2023, affiants exhibiting to me their respective Competent Evidence of Identity, as follows:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date of Issue/Expiration/</u> <u>Place of Issue</u>
Jose Emmanuel H. Jalandoni	Passport No. P6984078B	15 June 2021/Manila
Davee M. Zuniga	DL No. C11-97-099778	11 November 2032/NCR
Michael David I. Abundo III	Passport No. P0673998C	24 June 2022/Manila
Jose Antonio V. Evangelista III	Passport No. P9958103B	6 May 2022/Manila

Doc. No. 208;  
Page No. 43;  
Book No. 105;  
Series of 2023.

**ALLAN MARCISO P. MACASAE**  
Notary Public for the Cities of Pasig, San Juan  
and Municipalities of Baleros, Metro Manila  
Until December 31, 2023  
Per Appointment No. 117 (2022-2023)  
16 F. Unit 1602 The Centerpoint Bldg.,  
Julia Vargas Ave., Ortigas Center, Pasig City  
IBP No. 260443-01 05 2023-RSM  
PTR No. 8979036-01 03 2023-Pasig City  
Roll No. 42176

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## Fw: SEC eFast Initial Acceptance



**Jose Antonio V. Evangelista III**

To: Xantine Kristel C. Morales



Thu 4/13/2023 2:23 PM

FYI

Best regards,



**Ortigas  
Land**

**Jose Antonio V. Evangelista III**

Legal Department

[evangelistajv@ortigas.com.ph](mailto:evangelistajv@ortigas.com.ph)

+632 8631 1231 loc. 158

Ortigas Land Corporation  
7<sup>th</sup> Floor, Estancia West Wing  
Capitol Commons, Meralco Avenue  
Ortigas Center, Pasig City, 1605, Philippines  
[ortigas.com.ph](http://ortigas.com.ph)

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**SEC Registration No:** 0000036140

**Company Name:** CONCRETE AGGREGATES CORP.

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**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

C	O	N	C	R	E	T	E		A	G	G	R	E	G	A	T	E	S		C	O	R	P.		A	N	D		
S	U	B	S	I	D	I	A	R	I	E	S																		

**PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)**

7	F		W	E	S	T		W	I	N	G	,		E	S	T	A	N	C	I	A		O	F	F	I	C	E	S
C	A	P	I	T	O	L		C	O	M	M	O	N	S	,														
M	E	R	A	L	C	O		A	V	E	N	U	E	,		P	A	S	I	G		C	I	T	Y				

Form Type

A	F	S	
---	---	---	--

Department requiring the report

C	R	M	
---	---	---	--

Secondary License Type, if Applicable

N	/	A	
---	---	---	--

**COMPANY INFORMATION**

Company's Email Address

concreteaggregatescorp@cac.com.ph

Company's Telephone Number/s

**+632-8631-1231**

Mobile Number

**+632-8631-1231**

No. of Stockholders

**545**

Annual Meeting (Month/Day)

**May 25**

Fiscal Year (Month/Day)

**December 31**

**CONTACT PERSON INFORMATION**

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

**Atty. Jose Antonio V. Evangelista  
III**

Email Address

evangelistaiv@ortigas.com.ph

Telephone Number/s

**+632-8631-1231**

Mobile Number

**+632-8631-1231**

**CONTACT PERSON'S ADDRESS**

**7<sup>th</sup> Floor West Wing, Estancia Offices, Capitol Commons, Meralco Avenue, Pasig City 1600**

**Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of Concrete Aggregates Corporation (CAC) and its subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the shareholders.

Isla Lipana & Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

By:

  
**Jose Emmanuel H. Jalandoni**  
Chairman of the Board, President and  
Chief Executive Officer

  
**Michael David I. Abundo III**  
General Manager

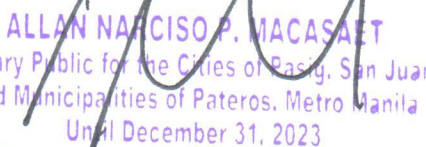
  
**Davee M. Zuñiga**  
Treasurer & Chief Finance Officer

Signed this 23<sup>rd</sup> day of March 2023.

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of MAR 30 2023 2023, affiants exhibiting to me their respective Competent Proofs of Identity as follows:

<u>Name</u>	<u>Passport/License No.</u>	<u>Date/Place of Issue</u>
Jose Emmanuel H. Jalandoni	P6984078B	15 June 2021/Manila
Michael David I Abundo III	P0673998C	24 June 2022/Manila
Davee M. Zuñiga	C-11-97-099778	11 November 2019/NCR

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Page No. 43  
Book No. 103  
Series of 2023

  
**ALLAN NARCISO P. MACASAET**  
Notary Public for the Cities of Pasig, San Juan  
and Municipalities of Pateros, Metro Manila  
Until December 31, 2023  
Per Appointment No. 117 (2022-2023)  
16 F, Unit 1602 The Centerpoint Bldg.,  
Julia Vargas Ave., Ortigas Center, Pasig City  
IBP No. 260443-01 05 2023-RSM  
PTR No. 8979036-01 03 2023-Pasig City  
Roll No. 42176

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Isla Lipana & Co.

## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig City

## **Reports on the Audits of the Financial Statements**

### ***Our Opinion***

In our opinion, the accompanying consolidated financial statements of Concrete Aggregates Corporation (the "Parent Company") and its Subsidiaries (together, the "Group") present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

### ***What we have audited***

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

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Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Concrete Aggregates Corporation and Subsidiaries  
Page 2

### ***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit pertains to the recoverability of investment properties.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<b>Recoverability of investment properties</b>	
Refer to Notes 6 and 21.11 in the consolidated financial statements.	The Group has assessed whether impairment indicators exist by referencing to the fair values of the investment properties as at December 31, 2022 using the market approach. Under this approach, the fair values are based on management's information about the sales prices of comparable properties within the vicinity.
The total carrying value of investment properties held by the Group as at December 31, 2022 amounts to P57.4 million. A testing of the recoverability is necessary considering that the said investment properties have not undertaken significant development. The estimated fair values of the Group's investment properties approximate P967.48 million as at December 31, 2022.	We obtained the appraisal reports for investment properties and assessed the independence and competence of the external appraiser engaged by the Group. We also obtained an understanding of the external appraiser's work including the data, assumptions and calculation methods utilized and evaluated the relevance and reasonableness of the external appraiser's findings and conclusions and consistency with other audit evidence we obtained. We likewise assessed the highest and best use of the properties based on current conditions and locations.
	The results of procedures performed and discussions with management did not reveal any indicators of impairment as at December 31, 2022.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Concrete Aggregates Corporation and Subsidiaries  
Page 3

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity within the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entities within Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Concrete Aggregates Corporation and Subsidiaries  
Page 4

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entities within Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Isla Lipana & Co.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Concrete Aggregates Corporation and Subsidiaries  
Page 5

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ruth F. Blasco.

**Isla Lipana & Co.**

A handwritten signature in black ink that reads 'ruthfblasco'.

Ruth F. Blasco

Partner

CPA Cert No. 112595

P.T.R. No. 0018519, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024  
financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024  
financial statements

TIN 235-725-236

BIR A.N. 08-000745-133-2020, issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
March 23, 2023



Isla Lipana & Co.

Statements Required by Rule 68  
Securities Regulation Code (SRC)

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To the Board of Directors and Shareholders of  
**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig City

We have audited the consolidated financial statements of Concrete Aggregates Corporation and Subsidiaries as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 23, 2023. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration and the Ortigas Group Structure within which the Parent Company belongs, as additional components required by Part I, Section 5 of the Revised SRC Rule 68, and Schedules A, B, C, D, E, F, and G, as required by Part II of the Revised SRC Rule 68, is presented for the purposes of filing with the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised SRC Rule 68.

**Isla Lipana & Co.**

Ruth F. Blasco  
Partner

CPA Cert No. 112595

P.T.R. No. 0018519, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements

TIN 235-725-236

BIR A.N. 08-000745-133-2020, issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
March 23, 2023

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Isla Lipana & Co.

Statements Required by Rule 68  
Securities Regulation Code (SRC)

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To the Board of Directors and Shareholders of  
**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Concrete Aggregates Corporation and Subsidiaries (the “Group”) as at December 31, 2022 and 2021 and for the each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 23, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group’s consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

**Isla Lipana & Co.**



Ruth F. Blasco  
Partner

CPA Cert No. 112595

P.T.R. No. 0018519, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024  
financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024  
financial statements

TIN 235-725-236

BIR A.N. 08-000745-133-2020, issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
March 23, 2023

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## Concrete Aggregates Corporation and Subsidiaries

Consolidated Statements of Financial Position  
As at December 31, 2022 and 2021  
(All amounts in Philippine Peso)

	Notes	2022	2021
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	2	166,389,321	172,835,370
Receivables, net	3	17,182,545	5,381,138
Prepaid expenses	4	5,848,342	6,621,104
Total current assets		189,420,208	184,837,612
<b>Non-current assets</b>			
Property and equipment, net	5	59,502,686	59,415,970
Investment properties, net	6	57,382,692	57,420,107
Deferred income tax assets, net	12	1,412,172	1,412,757
Other non-current assets	7	33,910,366	33,642,454
Total non-current assets		152,207,916	151,891,288
<b>Total assets</b>		341,628,124	336,728,900
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade and other payables	8	8,969,797	7,138,717
Dividends payable	9	6,953,075	6,461,792
Income tax payable		861,541	460,119
Total current liabilities		16,784,413	14,060,628
<b>Non-current liabilities</b>			
Rental deposits		473,700	473,700
Decommissioning liability	7	23,288,060	23,278,617
Total non-current liabilities		23,761,760	23,752,317
<b>Total liabilities</b>		40,546,173	37,812,945
<b>Equity</b>			
Share capital	9	274,664,490	274,664,490
Share premium		1,069,304	1,069,304
Accumulated other comprehensive income		1,206,799	1,043,344
Retained earnings		24,141,358	22,138,817
Total equity		301,081,951	298,915,955
<b>Total liabilities and equity</b>		341,628,124	336,728,900

The notes on pages 1 to 32 are an integral part of these financial statements.

## Concrete Aggregates Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
<b>Revenue</b>	16	40,575,195	38,586,592	27,480,493
Operating expenses	10	(17,061,656)	(16,049,050)	(17,133,118)
<b>Operating income</b>		23,513,539	22,537,542	10,347,375
Other income, net	11	4,486,149	3,077,255	5,470,129
<b>Income before income tax</b>		27,999,688	25,614,797	15,817,504
Income tax expense	12	(4,847,981)	(4,565,845)	(3,424,975)
<b>Net income for the year</b>		23,151,707	21,048,952	12,392,529
<b>Other comprehensive income</b>				
<i>Item that may not be subsequently reclassified to profit or loss</i>				
Fair value gain on financial assets at				
fair value through other comprehensive income				
(FVOCI), net of tax				
		163,455	294,287	23,800
<b>Total comprehensive income for the year</b>		23,315,162	21,343,239	12,416,329
Basic and diluted earnings per share	14	0.84	0.77	0.45

The notes on pages 1 to 32 are an integral part of these financial statements.



## Concrete Aggregates Corporation and Subsidiaries

Consolidated Statements of Changes in Equity  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Share capital (Note 9)	Share premium	Accumulated other comprehensive income	Retained earnings	Total
<b>Balances at January 1, 2020</b>	274,664,490	1,069,304	725,257	36,763,622	313,222,673
<b>Comprehensive income</b>					
Net income for the year	-	-	-	12,392,529	12,392,529
Other comprehensive income	-	-	23,800	-	23,800
<b>Total comprehensive income for the year</b>	-	-	23,800	12,392,529	12,416,329
<b>Transaction with owners</b>					
Cash dividends	-	-	-	(35,706,384)	(35,706,384)
<b>Balances at December 31, 2020</b>	274,664,490	1,069,304	749,057	13,449,767	289,932,618
<b>Comprehensive income</b>					
Net income for the year	-	-	-	21,048,952	21,048,952
Other comprehensive income	-	-	294,287	-	294,287
<b>Total comprehensive income for the year</b>	-	-	294,287	21,048,952	21,343,239
<b>Transaction with owners</b>					
Cash dividends	-	-	-	(12,359,902)	(12,359,902)
<b>Balances at December 31, 2021</b>	274,664,490	1,069,304	1,043,344	22,138,817	298,915,955
<b>Comprehensive income</b>					
Net income for the year	-	-	-	23,151,707	23,151,707
Other comprehensive income	-	-	163,455	-	163,455
<b>Total comprehensive income for the year</b>	-	-	163,455	23,151,707	23,315,162
<b>Transaction with owners</b>					
Cash dividends	-	-	-	(21,149,166)	(21,149,166)
<b>Balances at December 31, 2022</b>	274,664,490	1,069,304	1,206,799	24,141,358	301,081,951

The notes on pages 1 to 32 are an integral part of these financial statements.

## Concrete Aggregates Corporation and Subsidiaries

Consolidated Statements of Cash Flows  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
<b>Cash flows from operating activities</b>				
Cash generated from operations	15	17,071,266	25,109,350	21,007,088
Interest received	2,7,11	1,940,208	625,783	3,131,592
Income taxes paid		(4,474,819)	(4,698,422)	(3,931,960)
Net cash from operating activities		14,536,655	21,036,711	20,206,720
<b>Cash flows used in investing activity</b>				
Acquisition of property and equipment	5	(324,821)	(117,420)	-
<b>Cash flows used in financing activity</b>				
Dividends paid		(20,657,883)	(12,336,628)	(35,964,759)
<b>Net (decrease) increase in cash and cash equivalents</b>		(6,446,049)	8,582,663	(15,758,039)
<b>Cash and cash equivalents</b>				
At January 1		172,835,370	164,252,707	180,010,746
At December 31	2	166,389,321	172,835,370	164,252,707

The notes on pages 1 to 32 are an integral part of these financial statements.

## Concrete Aggregates Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

As at December 31, 2022 and 2021 and

for each of the three years in the period ended December 31, 2022

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

### **Note 1 - General information**

Concrete Aggregates Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 23, 1968. The Parent Company is listed in the Philippine Stock Exchange (PSE) and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. As its secondary purpose, the Parent Company is permitted to engage in real estate business and purchase, own, subdivide, sell, lease, rent, mortgage, take option or otherwise deal in real property, improved or unimproved, be it residential, commercial, or agricultural, insofar as may be permitted by law. On March 15, 2018, the Board of Directors (BOD) of the Parent Company approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate life of the Parent Company, which expired on August 23, 2018, for another 50 years or up to August 23, 2068.

On April 2, 1973, the Parent Company attained its status of being a publicly listed company when it listed its shares in the PSE. As a publicly listed company, it is covered by the Securities Regulation Code (SRC) Rule 68. There is no other listing or follow on offering thereafter.

The Parent Company’s quarrying operations in its property in Barangay San Isidro, Angono, Rizal is allowed by virtue of Mineral Production Sharing Agreements (MPSA) and Environmental Clearance Certificates (ECC) issued by the Department of Environment and Natural Resources (DENR).

The Parent Company’s immediate parent is Ortigas & Company, Limited Partnership (OCLP), and its ultimate parent is Ortigas Land Corporation (OLC), which are both domiciled in the Philippines.

Details of the Parent Company’s wholly owned subsidiaries, which are currently dormant companies, are as follows:

Name of Subsidiary	Country of incorporation	Principal activities	% of ownership	
			2022	2021
CAC Insurance Agency Corp. (CIAC)	Philippines	General insurance	100	100
CAC Marketing and Services Corp. (CMSC)	Philippines	Marketing	100	100

The Parent Company and its subsidiaries are collectively referred to as the Group in these consolidated financial statements.

On June 1, 2008, the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the “Consortium”), through Batong Angono Aggregates Corporation (BAAC), took over the Parent Company’s quarrying operations by virtue of the Parent Company’s Memorandum of Agreement with the Consortium dated January 18, 2008 and its Operating Agreement with BAAC dated January 23, 2008. In return, the Parent Company shall receive lump sum and basic royalty fees in accordance with the terms of its Operating Agreement (Note 16). BAAC was eventually renamed to LafargeHolcim Aggregates, Inc. (LHAI) in 2015. A change of name was once again undertaken in 2022 wherein LHAI changed its name to Helix Aggregates Inc. (HAI).

Pursuant to the Operating Agreement, the Parent Company's quarrying operations, including its employees, were transferred to HAI in 2008. Consequently, the Parent Company settled its retirement obligation to almost all of its employees and the remaining retirement plan assets were returned to the Parent Company in 2009. As at December 31, 2022 and 2021, the Parent Company has two regular employees.

The registered office address and principal place of business of the Group is located at the 7th Floor, West Wing, Estancia Offices, Capitol Commons, Meralco Avenue, Pasig City.

These consolidated financial statements were approved and authorized for issuance by the Parent Company's BOD on March 23, 2023.

#### *Coronavirus (COVID-19) pandemic*

On March 11, 2020, the World Health Organization declared the spread of COVID-19 as a global pandemic due to the rapid increase in the number of infections. On March 16, 2020, a state of calamity was declared throughout the Philippines and enhanced community quarantine (ECQ) was imposed throughout the island of Luzon until May 15, 2020. This has caused disruption to the Group's operations and significantly affected its financial performance, as with most of the companies worldwide. The pandemic also caused disruptions in the operations of HAI resulting in a temporary shutdown of its operations during the lockdown period. Towards the second half of 2020, the restrictions were gradually eased to revive and sustain the economy. Since then, there have been increased market activities. The national vaccination program helped to bring back the businesses to normalcy and gained further momentum to improve profitability.

In 2021, the province of Rizal, where the quarry operation is located, was placed into various community quarantine status. The country battled various COVID-19 variants, including, the Alpha, the Beta and the most contagious and fatal Delta variant. As the inoculation drive intensified and the immunity permeated, the cases significantly dropped. Unfortunately, as at year end of 2021, the more highly infectious Omicron variant plagued the country. The government monitored the number of cases and adjusted the community quarantine restrictions accordingly.

The year 2022 witnessed dramatic improvements in terms of financial performance of businesses albeit some are not yet fully back to pre-pandemic levels but the trajectory is, nonetheless, promising of continued recovery. The symptoms from COVID-19 generally appears similar to that of the common flu, and has now become less severe and deadly. Hence, the people have resumed normal lives and this propelled economic activities. Even while the COVID-19 lingers, the people and businesses have further adapted to the new normal and new way of doing things, especially through the intensification of digital platforms.

The Group continues to monitor the development of the related events and its impact to the business as the global pandemic unfolds.

#### **Note 2 - Cash and cash equivalents**

The account at December 31 consists of:

	2022	2021
Cash on hand	60,000	60,000
Cash in banks	23,991,222	31,902,413
Short-term placements	142,338,099	140,872,957
	166,389,321	172,835,370

Cash in banks consist of current and savings deposits with universal and thrift banks which earn interest at the prevailing bank deposit rates. The short-term placements consist of time deposits which have maturities of up to one month (2021 - one month) depending on the immediate cash requirements of the Group and earn interest based on prevailing short-term rates.

Interest income arising from savings and time deposits for the year ended December 31, 2022 amounted to P1.58 million (2021 - P0.60 million; 2020 - P2.27 million) (Note 11).

### **Note 3 - Receivables, net**

The account at December 31 consists of:

	Note	2022	2021
Trade receivables	16	16,843,411	5,048,003
Other receivables		9,613,229	9,607,230
		26,456,640	14,655,233
Allowance for impairment of other receivables		(9,274,095)	(9,274,095)
		17,182,545	5,381,138

Trade receivables have credit term of 30 days and earn interest at 12% per annum (Note 11).

Other receivables pertain to receivables from customers of the Group's discontinued Engineering and Construction Division in 2008 and advances from officers and employees.

There are no movements in allowance for impairment of other receivables for each of the three years in the period ended December 31, 2022.

#### **Critical accounting estimate: Expected credit loss on receivables**

Expected credit loss (ECL) represents an unbiased probability-weighted estimate of credit loss which is determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, as relevant, including significant changes in external market indicators which involved estimates and judgments.

The Group has receivables from royalty and rental revenue. There has been no significant history of credit loss or default and the amounts have been fully collectible within the normal credit period; hence, the ECL arising from trade receivables is assessed to be immaterial.

The allowance for impairment pertains to other receivables, which is substantially impaired.

Management believes, based on its assessment, that the carrying amount of receivables as at December 31, 2022 and 2021 is recoverable.

### **Note 4 - Prepaid expenses**

As at December 31, 2022, prepaid expenses amount to P5,848,342 (2021 - P6,621,104) and consist mainly of real property tax and business tax paid in advance.

**Note 5 - Property and equipment, net**

Details of property and equipment, net, and their movements during the years ended December 31 are as follows:

	Land	Buildings and improvements	Machinery and equipment	Transportation, furniture and equipment	Total
Gross carrying amount					
At January 1, 2021	58,494,228	7,410,406	15,720	370,359	66,290,713
Additions	-	-	-	117,420	117,420
At December 31, 2021	58,494,228	7,410,406	15,720	487,779	66,408,133
Additions	-	84,821	-	240,000	324,821
At December 31, 2022	58,494,228	7,495,227	15,720	727,779	66,732,954
Accumulated depreciation and amortization					
At January 1, 2021	-	6,420,175	15,720	370,359	6,806,254
Depreciation and amortization (Note 10)	-	156,242	-	29,667	185,909
At December 31, 2021	-	6,576,417	15,720	400,026	6,992,163
Depreciation and amortization (Note 10)	-	116,568	-	121,537	238,105
At December 31, 2022	-	6,692,985	15,720	521,563	7,230,268
Net carrying amount					
At December 31, 2021	58,494,228	833,989	-	87,753	59,415,970
At December 31, 2022	58,494,228	802,242	-	206,216	59,502,686

There are no disposals of property and equipment for the years ended December 31, 2022 and 2021.

Critical accounting estimate: Useful lives of long-lived assets

The Group estimates the useful life of each of its property and equipment based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing or recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

If the actual useful lives of the property and equipment differ by 10% higher or lower from management's estimate, the carrying amount of property and equipment as at December 31, 2022 would be estimated P0.02 million higher or P0.03 million lower, respectively (2021 - P0.02 million higher or P0.02 million lower, respectively).

Critical accounting judgment: Impairment of long-lived assets

The Group likewise determines whether there are indicators of impairment on its property and equipment at least on an annual basis. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset which is the higher of the asset's fair value less cost to sell and value-in-use.

Given the historical profitable operations and sustained profit projections, the Group has assessed that there are no impairment indicators with respect to its non-financial assets as at December 31, 2022 and 2021.

**Note 6 - Investment properties, net**

Details of investment properties, net, and their movements during the years ended December 31 are as follows:

	Land	Land improvements	Condominium unit and parking slots	Total
Gross carrying amount				
At December 31, 2021 and 2022	57,077,135	16,070,133	17,991,884	91,139,152
Accumulated depreciation and amortization				
At January 1, 2021	-	15,695,982	17,991,884	33,687,866
Depreciation and amortization (Note 10)	-	31,179	-	31,179
At December 31, 2021	-	15,727,161	17,991,884	33,719,045
Depreciation and amortization (Note 10)	-	37,415	-	37,415
At December 31, 2022	-	15,764,576	17,991,884	33,756,460
Net carrying amount				
At December 31, 2021	57,077,135	342,972	-	57,420,107
At December 31, 2022	57,077,135	305,557	-	57,382,692

There are no additions or disposals of investment properties for the years ended December 31, 2022 and 2021.

As at December 31, 2022, the fair values of the Group's investment properties approximate P967.48 million (2021 - P618.79 million). The fair value of the Group's investment properties was determined by an independent external appraiser using the sales comparison approach (market approach), which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market.

In 2022, rent income from investment properties amounted to P2.55 million (2021 - P2.42 million; 2020 - P2.30 million) (Note 11), while expenses incurred for investment properties consisting mostly of real property taxes and security services amounted to P3.16 million (2021 - P2.84 million; 2020 - P2.62 million).

**Critical accounting estimate: Useful lives of long-lived assets**

The Group estimates the useful life of each of its investment properties based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing or recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of investment property would increase the recorded operating expenses and decrease non-current assets.

**Critical accounting judgment: Impairment of long-lived assets**

The Group likewise determines whether there are indicators of impairment on its investment properties at least on an annual basis. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset which is the higher of the asset's fair value less cost to sell and value-in-use.

Given the historical profitable operations and sustained profit projections, the Group has assessed that there are no impairment indicators with respect to its non-financial assets as at December 31, 2022 and 2021.

**Note 7 - Other non-current assets**

The account at December 31 consists of:

	2022	2021
Mine rehabilitation fund	29,436,104	29,401,324
Miscellaneous deposits	2,631,792	2,590,960
Financial assets at FVOCI	1,842,470	1,650,170
	33,910,366	33,642,454



Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as “The Philippine Mining Act of 1995”, the Group maintains a Mine Rehabilitation Fund (MRF) with the Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Group’s quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group’s Operating Agreement with HAI (Note 16), HAI shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations provided that the MRF will remain in the name of the Group as the contracting party to the MPSA. In 2018, the Final Mine Rehabilitation and Decommissioning Plan was approved by the DENR. As a result, the Group recognized a decommissioning liability amounting to P13.13 million representing funds received in 2018. In June 2019, HAI provided net additional funds to the MRF amounting to P10.03 million. The movement in MRF in 2022 and 2021 pertains to interest earned from the bank.

Miscellaneous deposits pertain to cash deposits in escrow fund set aside for settlement of labor cases filed by former employees.

Interest arising from time deposits for the MRF and miscellaneous deposits amounted to P0.07 million for the year ended December 31, 2022 (2021 - P0.03 million; 2020 - P0.04 million).

Financial assets at FVOCI is composed of equity investments in listed entities and club shares amounting to P1,422,470 and P420,000, respectively (2021 - P1,380,170 and P270,000, respectively). No dividends were earned for the year ended December 31, 2022 (2021 - P0.036 million; 2020 - P0.037 million) (Note 11).

#### **Note 8 - Trade and other payables**

The account at December 31 consists of:

	2022	2021
Trade payables	100,611	405,084
Accrued expenses	6,451,102	6,125,390
Payables to government agencies	2,290,943	435,311
Other payables	127,141	172,932
	8,969,797	7,138,717

Accrued expenses consist mainly of liabilities pertaining to professional fees, contracted services, and utilities.

#### **Note 9 - Equity**

Details of the Group’s share capital as at December 31, 2022 and 2021 are as follows:

	Class A	Class B	Total
Common shares, P10 par value			
Authorized shares			
Number of shares	40,000,000	10,000,000	50,000,000
Amount	400,000,000	100,000,000	500,000,000
Issued and outstanding shares			
Number of shares	22,077,771	5,388,678	27,466,449
Amount	220,777,710	53,886,780	274,664,490

The Parent Company’s Class A and Class B common shares are listed and traded in the PSE. There were no offerings made subsequent to the initial offerings for both classes of common shares.

As at December 31, 2022, issued and outstanding common shares are held by 545 shareholders (2021 - 548), of which 389 shareholders (2021 - 391) each own 100 or more shares.

Class A and Class B common shares have the same rights and privileges. Class A common shares shall be issued solely to Filipino citizens, while Class B common shares may be issued to Filipino and non-Filipino citizens.

As at December 31, 2022 and 2021, there are 27,466,449 issued and outstanding Class A and Class B common shares, of which 6,451,738 are publicly held. The latest closing price for Class A common shares as at December 31, 2022 was recorded at P32.00 per share (2021 - P41.25 per share). Class B common shares were first traded on November 21, 2016. The latest closing price for Class B common shares as at December 31, 2022 was recorded at P32.40 per share (2021 - P55.00 per share).

Cash dividends were declared to shareholders as authorized by the Parent Company's BOD as follows:

Date declared	Shareholders of record as at	Payable on	Amount per share	Amount
March 25, 2021	April 14, 2021	May 6, 2021	0.45	12,359,902
March 24, 2022	April 13, 2022	May 11, 2022	0.77	21,149,166

As at December 31, 2022, unclaimed dividends amount to P6.95 million (2021 - P6.46 million).

#### *Subsequent event*

In a meeting held on March 23, 2023, the Parent Company's BOD approved the declaration of cash dividends payable to shareholders of record as at April 12, 2023 amounting to P23.15 million (dividend per share of P0.843).

#### **Note 10 - Operating expenses**

The account for the years ended December 31 consists of:

	Notes	2022	2021	2020
Taxes and licenses		6,151,543	6,081,771	6,864,404
Contracted services		3,849,770	3,714,902	3,307,533
Professional fees		3,712,922	3,463,332	3,617,974
Personnel costs		1,182,824	936,885	963,007
Dues and registrations		1,102,553	1,112,578	1,075,820
Depreciation and amortization	5,6	275,520	217,088	399,887
Employee benefits		247,000	4,000	4,000
Insurance		211,130	231,525	216,478
Transportation		106,430	48,769	72,023
Meetings		101,950	96,837	93,409
Utilities		78,661	87,583	109,466
Others		41,353	53,780	409,117
		17,061,656	16,049,050	17,133,118

The above expenses are classified as:

	2022	2021	2020
Direct operating expenses	11,093,659	10,695,344	11,611,834
Other operating expenses	5,967,997	5,353,706	5,521,284
	17,061,656	16,049,050	17,133,118

Depreciation and amortization shown above are attributable to the following:

	Notes	2022	2021	2020
Property and equipment	5	238,105	185,909	396,870
Investment properties	6	37,415	31,179	3,017
		275,520	217,088	399,887

Details of personnel and employee benefits costs shown above are as follows:

	2022	2021	2020
Salaries and wages	1,023,430	767,852	894,494
Other benefits	406,394	173,033	72,513
	1,429,824	940,885	967,007

#### **Note 11 - Other income, net**

Details of other income, net for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Rent income	6	2,547,166	2,415,488	2,301,533
Interest income on bank deposits	2,7	1,647,809	625,783	2,311,148
Interest income on receivables	3	292,399	-	820,444
Others, net		(1,225)	35,984	37,004
		4,486,149	3,077,255	5,470,129

#### **Note 12 - Income taxes**

Income tax expense for the years ended December 31 consists of:

	2022	2021	2020
Current	4,876,241	4,265,655	3,436,243
Deferred	(28,260)	300,190	(11,268)
	4,847,981	4,565,845	3,424,975

Deferred income tax (DIT) assets, net as at December 31 are as follows:

	2022	2021
DIT assets		
Allowance for impairment of other receivables	1,434,562	1,434,562
Others	98,250	69,990
DIT liability		
Unrealized fair value gain on financial assets at FVOCI	(120,640)	(91,795)
	1,412,172	1,412,757

DIT assets and liability are expected to be realized/settled beyond 12 months from the reporting date.

The movements in DIT assets, net for the years ended December 31 are as follows:

	2022	2021
At January 1	1,412,757	1,755,160
Credited (charged) to profit or loss	28,260	(300,190)
Charged to other comprehensive income	(28,845)	(42,213)
At December 31	1,412,172	1,412,757

The reconciliation of income tax computed at the statutory income tax rate to the effective income tax expense recognized in profit or loss for the years ended December 31 follows:

	2022	2021
Statutory income tax rate	25%	25%
Income tax computed at statutory income tax rate	6,999,922	6,403,699
Adjustments to income tax resulting from:		
Availment of optional standard deduction (OSD)	(1,739,989)	(1,695,846)
Interest income subjected to final tax	(411,952)	(156,446)
Adjustment in income tax rate	-	14,438
Income tax expense	4,847,981	4,565,845

#### Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, was signed into law. Among the salient provisions of the CREATE Act include changes to the Corporate Income Tax (CIT) rates as follows:

- Reduction in CIT rate effective July 1, 2020 for domestic corporations depending on their assets and taxable income:
  - Those with assets amounting to P100,000,000 (excluding land on which the particular business entity's office, plant and equipment are situated) and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate;
  - Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate; and
- Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be one percent (1%).

As a result, the tax rate for the Group was changed from 30% to 25% (blended rate of 27.5% in 2020) with retroactive effect on July 1, 2020. The Group recognized an adjustment in 2021 pertaining to the December 31, 2020 balances which resulted in an increase of P0.30 million in deferred tax expense and a decrease of P0.29 million in current income tax expense.

#### Critical accounting judgment: Recognition of deferred income tax assets

The Group reviews the carrying amounts of DIT assets at each reporting date and reduces DIT assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the DIT assets to be utilized. As at December 31, 2022 and 2021, the DIT assets are deemed to be realizable.

#### **Note 13 - Related party transactions**

The table below summarizes the Group's transactions with its related parties for the years ended December 31:

	Description	2022	2021	2020
Management fees				
Ultimate parent company	Refer to (a) below	2,212,436	2,107,082	334,457
Immediate parent company	Refer to (a) below	-	-	1,672,287
Dividends				
Immediate parent company	Refer to Note 9	16,175,841	9,453,413	27,309,862

There are no outstanding balances as at December 31, 2022 and 2021 arising from the above related party transactions.

### *Eliminations*

There are no balances or transactions eliminated in preparing the consolidated financial statements since the investments in subsidiaries are fully impaired. Moreover, the subsidiaries have no balances and transactions.

### *(a) Management Agreement*

In 2005, the Group entered into a Management Agreement with OCLP, which was renewed in 2015. The agreement was effective until October 31, 2020 and it provided that the Group shall pay OCLP a monthly fee of P0.15 million effective November 1, 2015, subject to an annual escalation. Under the agreement, OCLP shall manage the Group's operations by way of assignment of employees to perform the various functions set forth in the agreement. The agreement with OCLP was not renewed after its expiry in 2020.

During the Annual Stockholders' Meeting of CAC held on June 25, 2020, the stockholders unanimously approved the execution of the Management Agreement with OLC effective as at November 1, 2020 with a term of five years and an increased management fee, subject to annual escalation.

Total management fee recognized is included as part of Professional fees under Operating expenses in the statement of total comprehensive income (Note 10). Invoices for management fee carry a 30-day term, interest-free and without any collateral.

### *Compensation of Key Management Personnel*

There are no compensation and benefits paid in 2022 and 2021 to key management personnel, as the management of the Group is covered by the Management Agreement.

### **Note 14 - Basic/diluted earnings per share**

Basic/diluted earnings per share amounts are calculated as follows:

	2022	2021	2020
Net income for the year	23,151,707	21,048,952	12,392,529
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449	27,466,449
Basic/diluted earnings per share	0.84	0.77	0.45

The basic and diluted earnings per share are the same for all years presented above as the Group does not have dilutive potential common shares as at December 31, 2022, 2021 and 2020.

**Note 15 - Cash generated from operations**

Details of cash generated from operations for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Income before income tax		27,999,688	25,614,797	15,817,504
Adjustments for:				
Interest income	2,7,11	(1,940,208)	(625,783)	(3,131,592)
Accrued retirement expense		247,000	4,000	4,000
Depreciation and amortization	5,6,10	275,520	217,088	399,887
Operating income before changes in operating assets and liabilities		26,582,000	25,210,102	13,089,799
Changes in operating assets and liabilities (Increase) decrease in:				
Receivables		(11,801,407)	(489,393)	9,054,650
Prepaid expenses		772,762	124,234	517,324
Other non-current assets		(75,612)	(33,382)	(143,679)
Increase (decrease) in:				
Trade and other payables		1,584,080	288,351	(1,619,010)
Decommissioning liability		9,443	9,438	108,004
Cash generated from operations		17,071,266	25,109,350	21,007,088

**Note 16 - Significant agreements**

Effective June 1, 2008, the Consortium, through HAI, took over the Group's quarrying operations by virtue of the Agreement dated January 18, 2008 executed between the Group and the Consortium. The Agreement provided for, among others, the execution of the following agreements:

- Operating Agreement with HAI (see below);
- Asset Purchase Agreement with HAI, pursuant to which HAI purchased all the rights, title and interest of the Group in certain operating assets, which include property and equipment, for P217.6 million;
- Share Purchase Agreement with the Consortium, pursuant to which the Consortium purchased all the Group's rights, title and interest in HAI for P587 million; and
- Trademark License Agreement with HAI (see below).

The Asset Purchase and Share Purchase Agreements were consummated in 2008.

*(a) Operating Agreement with HAI*

On January 23, 2008, the Group executed an Operating Agreement with HAI, pursuant to which HAI shall, among others:

- Extract aggregates at least at the minimum extraction rate, which means 1.6 million metric tons (MMT) (or 1.06 million cubic meters) per annum at the ECC maximum extraction limit of 2.7 MMT (or 1.8 million cubic meters) per annum at the time the Operating Agreement was executed and after the second anniversary date of the approval by the DENR of the Group's application for increase of the maximum extraction limit from 2.7 MMT to 5.25 MMT (or 3.6 million cubic meters), means 2.6 MMT per annum (or 1.74 million cubic meters).
- Conduct quarrying operations for a period of fifteen (15) years: (i) in accordance with the MPSA between the Group and the DENR, the ECC issued by the DENR, applicable laws and regulations and applicable industry standards; and (ii) in accordance with the existing development plan of the Group.

MPSA represents Mineral Production Sharing Agreement No.032-95-IV (1st MPSA) and No.055-96-IV (2nd MPSA) entered into with the Government of the Republic of the Philippines through DENR. In 2021, the 1st and 2nd MPSAs are renewed for another 25-year term ending in years 2045 and 2046, respectively.

- Pay royalty to the Group with the following terms:
  - (i) two-and-a-half percent (2.5%) of the value of the aggregates sold;
  - (ii) a lump-sum amount of P300 million after the approval by the DENR of the increase in the maximum extraction rate from 2.7 MMT to 5.25 MMT per annum; and
  - (iii) the royalty amount to be adjusted/indexed annually to the weighted average price of the aggregates sold on an arms' length pricing.
- Maintain the MPSA in good standing, as well as complete and accurate records relating to the quarrying operations.

In 2008 and 2009, the Group had recognized the lump sum amount as royalty fee due to the fulfillment of the conditions contained in an Amendment to the Agreement dated January 18, 2008 executed by the Group and the Consortium. In 2010, the Group had received the full settlement of P300 million lump sum amount in accordance with the agreed payment terms.

Basic royalty fee of 2.5% of the value of the aggregates sold amounted to P40.58 million in 2022 (2021 - P38.59 million; 2020 - P27.48 million). Outstanding receivable arising from royalty fee amounted to P16.84 million as at December 31, 2022 (2021 - P5.05 million) (Note 3).

The Parent Company and HAI are negotiating the possible extension of the Operating Agreement as at December 31, 2022.

*(b) Trademark License Agreement*

On June 2, 2008, in relation to the Operating Agreement, the Group and HAI entered into a Trademark License Agreement granting HAI a license to use the following trademarks and service marks for the period and under the terms and conditions set out in the said agreement:

- “Concrete Aggregates Corporation and Device”;
- “Blue Sand”;
- “Blue Sand and Device”;
- “Blue Rock”;
- “Blue Rock and Device”; and
- “Blue Sand Vibro and Device”.

No separate fees are charged to HAI in relation to this agreement; fees are embedded in the royalty fees charged to HAI on account of the Operating Agreement discussed above.

**Note 17 - Contingencies**

The Group is involved in various legal proceedings incidental to its normal business activities. The Group's management and legal counsel are of the opinion that the amount of the ultimate liability with respect to these matters would not have a material adverse effect on the financial position, financial performance, or liquidity of the Group. The detailed information of these legal proceedings was not disclosed as it might prejudice the ongoing litigations.

## **Note 18 - Subsequent events**

No subsequent events occurred from December 31, 2022 up to March 23, 2023 other than the dividend declaration disclosed in Note 9.

## **Note 19 - Critical accounting estimates, assumptions and judgments**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *a) Critical accounting estimates and assumptions*

- *Expected credit loss on receivables (Note 3)*
- *Useful lives of long-lived assets (Notes 5 and 6)*

### *b) Critical judgments in applying the Group's accounting policies*

- *Impairment of long-lived assets (Notes 5 and 6)*
- *Recognition of deferred income tax assets (Note 12)*

## **Note 20 - Financial risk and capital management**

The Group's activities expose it to a variety of financial risks: credit risk, market risk (mainly price risk), and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks and to monitor the risks by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Group's management, under the direction of the BOD, is responsible for the management of financial risks. The objective of risk management is to minimize adverse impact on the Group's financial performance due to the unpredictability of financial markets.

The most important types of risk the Group manages are credit risk and liquidity risk.

The Group has no significant assets and liabilities exposed to significant market risks such as foreign currency risks, cash flow and fair value interest rate risks and price risks.

### **20.1 Financial risk management**

#### **20.1.1 Credit risk**

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy, or in the prospects of a particular industry segment that may represent a concentration in the Group's business, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from cash and cash equivalents, receivables and miscellaneous deposits. Credit risk is closely monitored by the Group's management on an ongoing basis.



The maximum credit risk exposure relating to significant financial assets in the consolidated statement of financial position follows:

	Notes	2022	2021
Cash and cash equivalents	2	166,329,321	172,775,370
Receivables			
Trade receivables	3	16,843,411	5,048,003
Other receivables, net	3	339,134	333,135
Other non-current assets			
Mine rehabilitation fund	7	29,436,104	29,401,324
Miscellaneous deposits	7	2,631,792	2,590,960
		215,579,762	210,148,792

Cash and cash equivalents exclude cash on hand as at December 31, 2022 amounting to P60,000 (2021 - P60,000) (Note 2).

The Group does not hold any collateral as security for receivables noted above. There were no financial assets whose terms were renegotiated during the years ended December 31, 2022 and 2021.

#### *Credit quality of financial assets*

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below summarizes the credit quality of the Group's financial assets:

	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High grade	Standard grade			
2022					
Cash and cash equivalents	166,329,321	-	-	-	166,329,321
Receivables					
Trade receivables	16,843,411	-	-	-	16,843,411
Other receivables, gross	339,134	-	-	9,274,095	9,613,229
Other non-current assets					
Mine rehabilitation fund	29,436,104	-	-	-	29,436,104
Miscellaneous deposits	2,631,792	-	-	-	2,631,792
	215,579,762	-	-	9,274,095	224,853,857
2021					
Cash and cash equivalents	172,775,370	-	-	-	172,775,370
Receivables					
Trade receivables	5,048,003	-	-	-	5,048,003
Other receivables, gross	333,135	-	-	9,274,095	9,607,230
Other non-current assets					
Mine rehabilitation fund	29,401,324	-	-	-	29,401,324
Miscellaneous deposits	2,590,960	-	-	-	2,590,960
	210,148,792	-	-	9,274,095	219,422,887

High grade rating is given to those counterparties with no history of default. On the other hand, standard grade rating is given to counterparties or customers with low collection risk and with history of default but eventually, collection of amounts due were made.

The Group manages credit risk on its cash and cash equivalents by placing investments in banks that qualified in the criteria of the Group. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at December 31, 2022, the Group's cash and cash equivalents amounting to P166.33 million (2021 - P172.78 million) are maintained in universal and thrift banks (Note 2).

Trade receivables are accounts with HAI, which are assessed to be high grade. Hence, there is no ECL from the Group's receivables.

The balance of impaired other receivables in 2022 and 2021 pertains to receivables from customers of discontinued Engineering and Construction Division of the Group amounting to P9.27 million (Note 3), which has been outstanding for more than 10 years.

### **20.1.2 Market risk**

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, interest rates, foreign currency exchange rates and other market changes.

The Group has no exposure to foreign exchange risk as it has no assets, liabilities or transactions denominated in foreign currency.

#### *(a) Interest rate risk*

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates, while fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to cash flow interest rate risk as there are no variable-interest-bearing financial assets and liabilities.

#### *(b) Price risk*

The Group has minimal exposure to equity price risk which arises mainly from financial assets at FVOCI. Equity price risk arises because of fluctuations in market prices of equity securities. The Group is not exposed to commodity price risk.

### **20.1.3 Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

The Group's liquidity management process, as carried out within the Group and monitored by management includes:

- Day-to-day funding requirement, managed by monitoring future cash flows to ensure that requirements can be met;
- Prudent management of cash and cash equivalents;
- Efficient cash collection program; and
- Monitoring liquidity ratios in the statement of financial position against internal requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 months	More than one year	Total
<b>2022</b>				
Trade payables	100,611	-	-	100,611
Dividends payable	6,953,075	-	-	6,953,075
Accrued expenses	6,451,102	-	-	6,451,102
Rental deposits	-	-	473,700	473,700
Decommissioning liability	-	-	23,288,060	23,288,060
Other payables	-	127,141	-	127,141
	<b>13,504,788</b>	<b>127,141</b>	<b>23,761,760</b>	<b>37,393,689</b>
<b>2021</b>				
Trade payables	405,084	-	-	405,084
Dividends payable	6,461,792	-	-	6,461,792
Accrued expenses	6,125,390	-	-	6,125,390
Rental deposits	-	-	473,700	473,700
Decommissioning liability	-	-	23,278,617	23,278,617
Other payables	-	172,932	-	172,932
	<b>12,992,266</b>	<b>172,932</b>	<b>23,752,317</b>	<b>36,917,515</b>

As at December 31, 2022, payables to government agencies amounting to P2.29 million (2021 - P0.44 million) (Note 8) are considered non-financial liabilities.

Management does not foresee any significant liquidity risk due to its strong cash position as at the reporting date.

## 20.2 Fair value estimation

The Group uses sales comparison approach (market approach) in determining the fair values of its investment properties which uses observable inputs such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Appropriate adjustments are made to the valuations taking into consideration the specific circumstances of the properties. The fair values of the Group's investment properties, as disclosed in Note 6, fall under Level 3 of the fair value hierarchy. The main Level 3 inputs used by the Group pertain to marketability and size.

The following table presents the Group's financial assets that are measured at fair value at December 31 following the fair value hierarchy definition as described in Note 21.10 - Fair value measurement.

	Level 1	Level 2	Total
<b>2022</b>			
Recurring measurements			
Financial assets at FVOCI	1,422,470	420,000	1,842,470
<b>2021</b>			
Recurring measurements			
Financial assets at FVOCI	1,380,170	270,000	1,650,170

The fair values of listed equity securities, classified as financial assets at FVOCI as at December 31, 2022 and 2021, were valued based on their quoted market prices at the end of each reporting period; hence, categorized within Level 1. Level 2 category includes the Group's investments in club shares as their prices are not derived from a market considered as active due to lack of sufficient volume of trading activities among market participants at the end of each reporting period.

The fair values of the Group's decommissioning liability and rental deposits approximate their carrying values as the impact of discounting is not significant. The remaining financial assets and liabilities are generally short-term in nature, thus, fair value approximates carrying amount.

There are no financial instruments classified as Level 3 as at December 31, 2022 and 2021. There were also no transfers between the levels in the fair value hierarchy during the years ended December 31, 2022 and 2021.

### **20.3 Capital management**

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's capital consists of total equity (less any reserves) as shown in the consolidated statement of financial position, which is calculated at December 31 as follows:

	2022	2021
Share capital	274,664,490	274,664,490
Share premium	1,069,304	1,069,304
Retained earnings	24,141,358	22,138,817
	<u>299,875,152</u>	<u>297,872,611</u>

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum public ownership percentage requirement to at least fifteen percent (15%) on or before end of 2018 and then to at least twenty percent (20%) on or before end of 2020. The Parent Company has fully complied with this requirement as at December 31, 2022 and 2021.

There are no changes in the Group's capital management policies as at December 31, 2022 and 2021.

### **Note 21 - Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **21.1 Basis of preparation**

These consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVOCI financial assets included under other non-current assets (Note 7).

The preparation of these consolidated financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 19.

These consolidated financial statements have been prepared under the going concern assumption. The Group has reasons to believe that despite the impact of the pandemic to its business, the key operational indicators show that it is in the road to recovery.

### **Changes in accounting policies and disclosures**

#### *(a) Amendments to existing standards adopted by the Group*

The following amendments to existing standards have been adopted by the Group effective January 1, 2022:

##### *i. Annual improvements to PFRSs 2018-2020*

The following improvements were finalized in May 2020:

- *PFRS 9 Financial Instruments*, clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16 Leases*, amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

##### *ii. PAS 37, Provisions, Contingent Liabilities and Contingent Assets*

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

##### *iii. Amendment to PAS 16, Property, Plant and Equipment*

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling the items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

The adoption of the above amendments did not have a material impact on the financial statements of the Group.

There are no other new standards, amendments to existing standards and interpretations effective on January 1, 2022 that are considered relevant or have a material impact on the financial statements of the Group.

*(b) Amendments to existing standards not yet effective and not early adopted by the Group*

*i. Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Change in Accounting Estimates and Errors, Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the Group or events after the reporting date. These could affect the classification of liabilities, particularly for companies previously considering management's intention to determine classification and for some liabilities that can be converted into equity.

In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

*ii. Amendments to PAS 12, Income Taxes*

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Group.

There are no other new standards, amendments to existing standards or interpretations effective subsequent to December 31, 2022 that are considered relevant or would be expected to have a material impact on the Group's financial statements.

## **21.2 Consolidation**

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries, CIAC and CMSC (Note 1) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. Details of the subsidiaries are presented in Note 1.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The subsidiaries have no balances and operations as at reporting date. Moreover, investment balance has already been reduced to zero.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between companies within the Group are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Parent Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Parent Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

### **21.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with maturities of three months or less from the dates of acquisition and that are subject to insignificant risk of changes in value.

Cash and cash equivalents are recognized at face value or nominal amount.

### **21.4 Receivables**

Trade receivables arising from royalty agreement and rent with normal credit term of 30 days, are recorded initially at fair value and subsequently measured at amortized cost less any allowance for impairment. Fair value approximates invoice amount due to the short-term nature of these receivables.

Receivables from officers and employees are recognized when the contractual right to receive cash from the officer or employee is established. These are measured at nominal amount (due to their generally short-term maturity) less any allowance for impairment.

Receivables are classified as current assets if expected to be collected or recovered within one year or less. If not, they are presented as non-current assets.

Allowance for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. ECL on trade and other receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 21.5.

## **21.5 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is (a) cash; (b) an equity instrument of another entity; or (c) a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

### *(i) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and,
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

The financial liabilities are classified by the Group in the following categories: (a) at fair value through profit or loss (FVTPL), and (b) at amortized cost. The Group does not hold financial liabilities at FVTPL as at December 31, 2022 and 2021.

### *(ii) Recognition*

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the financial asset.

### *(iii) Measurement*

At initial recognition, the Group measures a financial asset or liability at its fair value plus or minus, in the case of a financial asset or liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset or liability. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. As at December 31, 2022 and 2021, the Group does not hold financial assets with embedded derivatives.



#### *(a) Financial assets - debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Other income, net" account together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statements of profit or loss.

This financial asset classification applies primarily to the Group's cash and cash equivalents (Note 2), receivables, net (Note 3) and other non-current assets (Note 7).

- **FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, if any, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Other income, net" account. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as a separate line item in the statement of profit or loss.

As at December 31, 2022 and 2021, the Group does not hold any debt instruments that are measured at FVOCI.

- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within "Other income, net" account in the period in which it arises.

As at December 31, 2022 and 2021, the Group does not hold any debt instruments that are measured at FVTPL.

#### *(b) Financial assets - equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in other gains/losses in profit or loss, as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group's investments in equity instruments as at December 31, 2022 and 2021 pertain to listed shares and club shares which are not held for trading; thus, classified as financial assets at FVOCI.

#### *(c) Financial liabilities*

The Group's financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

This accounting policy applies to the Group's trade and other payables (Note 21.12).

*(iv) Impairment*

The Group assesses on a forward-looking basis the ECL associated with its financial assets carried at amortized cost. The Group recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and,
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group applied the simplified approach permitted by PFRS 9 for its receivables, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the ECL, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical profiles of receivable balances and the corresponding historical credit losses experienced for these balances. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on receivables are presented as a separate line item within operating profit. Subsequent recoveries of amounts previously written off are credited on "Other income, net" account in profit or loss.

*(v) Determination of fair value*

The fair value for financial instruments traded in active markets at the financial reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

*(vi) Derecognition of financial assets and liabilities*

*(a) Financial asset*

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group has transferred its rights to receive cash flows from the asset and has assumed an obligation to pay them in full without material delay to a third party under a "passthrough" arrangement; or either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*(b) Financial liability*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

## **21.6 Prepaid expenses**

Prepaid expenses mainly consist of real property tax and business tax paid in advance. These are amortized and charged to expense over a 12-month period.

Prepaid expenses are recognized in the event that payments have been made in advance of obtaining right of access to good or receipt of services and measured at nominal amounts. These are derecognized from the statement of financial position upon delivery of goods or services, through amortization over a period of time, and use of consumption.

Prepaid expenses are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period, which are then classified as non-current assets.

## **21.7 Property and equipment**

Property and equipment, excluding land and quarry land, are stated at cost less accumulated depreciation and amortization and any impairment losses. Land and quarry land are stated at cost less any impairment losses. Land and quarry land are not subject to depreciation.

The initial cost of property and equipment is comprised of the purchase price and costs directly attributable to bringing the assets to their intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent expenditures incurred after the assets have been put into operation are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets as follows:

	In years
Buildings and improvements	20
Plant site improvements	3 to 20
Machinery and equipment	3 to 10
Transportation, furniture and equipment	3 to 5

The useful lives and depreciation and amortization methods are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 21.11).

Fully depreciated assets are retained in the accounts until they are no longer in use. No further charge for depreciation is made in respect of those assets.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization and accumulated impairment losses, if any, are eliminated from the accounts and any resulting gain or loss is included in profit or loss of such period.

## **21.8 Investment property**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment property. Investment properties comprise land and improvements, building and improvements, and parking improvements leased out under operating lease agreements.

Recognition of investment property takes place only when it is probable that the future economic benefits that are associated with the property will flow to the Group and the cost can be measured reliably. This is usually the day when all the risks and rewards are transferred to the Group.

Investment property is measured initially at cost, including transaction costs. Cost is the fair value of the consideration given to acquire the property which includes transaction costs such as legal fees and taxes on the purchase of the property. The cost of a self-constructed asset includes all directly attributable costs required to bring the property to its required working condition.

Subsequent to initial recognition, investment property, except land, is measured at cost less accumulated depreciation and any accumulated impairment losses. Land, which is not subject to depreciation, is carried at cost less any impairment losses. Subsequent expenditure should demonstrably enhance the original asset to qualify for asset recognition. Repairs and maintenance costs are charged to profit or loss during the year in which they are incurred.

Depreciation and amortization on investment property, except land, is recognized in profit or loss on a straight-line basis over 10 years.

Transfers to, or from, investment property are made when, and only when, there is a change in use.

A transfer is made to investment property when owner-occupation has ended and/or an operating lease to another party has commenced. A transfer is made from investment property to property and equipment when owner-occupation has commenced. A transfer is made from investment property to real estate inventory when development with a view to sale has begun. A transfer between investment property, property and equipment and real estate inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes. Transfers to investment property do not result in gain or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 21.11).

Investment property is derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Gain or loss on derecognition of investment property is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the year of derecognition.

### **21.9 Mine rehabilitation fund/Decommissioning liability**

Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as “The Philippine Mining Act of 1995”, the Group maintains a Mine rehabilitation fund (MRF). The MRF shall be used for the physical and social rehabilitation of areas affected by the Group’s quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group’s Operating Agreement with HAI (Note 16), HAI shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations provided that the MRF will remain in the name of the Group as the contracting party to the MPSA. In addition, HAI shall have the responsibility to rehabilitate the mine site and provide the funds for the final mine rehabilitation and decommissioning plan. The funds received by the Group are restricted for the sole purpose of rehabilitating the mine site. These are presented as mine rehabilitation fund in other non-current assets and a related decommissioning liability is recognized.

### **21.10 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

#### *(a) Financial assets and financial liabilities*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

*(b) Non-financial assets*

The fair value of a non-financial asset is measured based on its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

As at December 31, 2022 and 2021, there are no material assets and liabilities carried at fair value.

**21.11 Impairment of non-financial assets**

Property and equipment and investment properties that have finite useful lives are reviewed for impairment annually or whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

**21.12 Trade and other payables**

Trade and other payables (excluding payables to government agencies) are recognized, measured and derecognized using the accounting policies for financial liabilities at amortized cost as discussed in Note 21.5.

Payables to government agencies are recognized in the period when a legally enforceable claim against the Group is established.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**21.13 Share capital; Share premium and Retained earnings**

Common shares, which are stated at par value, are classified as share capital.

Share premium represents premiums or consideration received in excess of par value on the issuance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Retained earnings include current and prior years' results, net of dividends declared, if any.

#### **21.14 Dividend distribution**

The Group pays cash dividend as its cash position permits and retains that portion of earnings needed for future development projects and other business requirements.

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the BOD.

#### **21.15 Earnings per share (EPS)**

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Group by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS; however, the net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

#### **21.16 Revenue and expense recognition**

##### *(a) Royalty fees*

The Group's sole performance obligation to HAI is to provide the right to conduct quarrying operations in exchange for a variable consideration in the form of royalty fees. Thus, revenue is earned and calculated as a fixed percentage of the monthly sales and volume report as stated in the Memorandum of Agreement with HAI (Note 16) and is recognized at a point in time. The Group has no constraints in estimating royalty fees.

No element of significant financing is deemed present as the consideration is variable.

There are no warranties and other similar obligation and refunds agreed with HAI.

##### *(b) Interest income*

Interest income is recognized on a time-proportion basis using the effective interest rate method.

##### *(c) Costs and expenses*

Cost and expenses are recognized in profit or loss as they are incurred.

##### *(d) Other income and expenses*

Other operating income/expenses are recognized in profit or loss when earned/incurred.

#### **21.17 Provisions and contingencies**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements unless realization of income is virtually certain. It is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

## **21.18 Income taxes**

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity, in which case, the tax is also recognized in OCI or directly in equity, respectively.

### *(a) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### *(b) Deferred income tax*

Deferred income tax (DIT) is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized DIT asset.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT assets and liabilities are derecognized when the related temporary differences are realized or settled.

## **21.19 Employee benefits**

### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and these are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.



The Group recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

#### *Retirement benefits*

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Philippine Retirement Pay Law (Republic Act. No. 7641). The benefits are based on the years of service and latest monthly compensation of the employees. The regulatory benefit is paid on a lump sum upon retirement.

### **21.20 Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Philippine Peso, which is the Group's functional currency.

### **21.21 Leases (the Group as the lessor)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys the right to use an asset or is dependent on the use of specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement. In such cases, when the Group has assessed that the arrangement is, or contains, a lease, the Group accounts for it as an operating lease.

### **21.22 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### **21.23 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who allocates resources to and assesses the performance of the operating segments of the Group. The Group has determined its President as its chief operating decision maker.

For the years ended December 31, 2022, 2021 and 2020, the Group has only one operating segment, which is the quarrying business. In view of the current status of the Group's operation which is limited only to this and minimal rental income and interest on receivables, the performance of the Group is being assessed as a single unit. Consequently, detailed segment reporting as required under PFRS 8 is deemed not necessary.

#### **21.24 Subsequent events (or Events after the reporting date)**

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig City

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As at December 31, 2022

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**Other Supporting Schedules**

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Financial Soundness Indicators  
Ortigas Group Structure

**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig City

**Schedule A**  
**Financial Assets**  
**As at December 31, 2022**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents		166,329,321		1,582,740
Receivables				
Trade receivables		16,843,411		292,399
Other receivables, net		339,134		
Other non-current assets				
Mine rehabilitation fund		29,436,104		24,238
Miscellaneous deposits		2,631,792		40,831
Financial assets at FVOCI	42,692	1,842,470	1,842,470	
<b>TOTAL</b>	<b>42,692</b>	<b>217,422,232</b>	<b>1,842,470</b>	<b>1,940,208</b>

**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor, West Wing, Estancia Offices, Capitol Commons  
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**Schedule B**  
**Amounts Receivable from Directors, Officers, Employees,**  
**Related Parties and Principal Stockholders (Other than Related Parties)**  
**As at December 31, 2022**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected, liquidated or reclassified	Accretion Income	Current	Not current	Balance at end of period
NOT APPLICABLE							

**Concrete Aggregates Corporation and Subsidiaries**  
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**Schedule C**  
**Amounts Receivable from Related Parties which are Eliminated**  
**During the Consolidation of Financial Statements**  
**As at December 31, 2022**

Receivables of the Parent Company from its wholly-owned subsidiaries are as follows:

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts provided for/ written off	Current	Non-current	Balance at end of period
<b>NOT APPLICABLE</b>							

**Concrete Aggregates Corporation and Subsidiaries**  
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**Schedule D**  
**Long Term Debt**  
**As at December 31, 2022**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Rental deposits	473,700	-	473,700
Decommissioning liability	23,288,060	-	23,288,060
<b>Total</b>	<b>23,761,760</b>	<b>-</b>	<b>23,761,760</b>

The Group has no external borrowings as at December 31, 2022. The amounts presented above pertain to non-current liabilities.

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**Schedule E**  
**Indebtedness to Related Parties**  
**As at December 31, 2022**

Name of related party	Balance at beginning of period	Balance at end of period
Ortigas Land Corporation	-	-



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**Schedule F**  
**Guarantees of Securities of Other Issuers**  
**As at December 31, 2022**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
<b>NOT APPLICABLE</b>				

**Concrete Aggregates Corporation and Subsidiaries**  
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**Schedule G**  
**Capital Stock**  
**As at December 31, 2022**

The details of authorized and paid-up capital stock are as follows:

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Class "A" at P10 par value each	40,000,000	22,077,771	Not applicable	16,021,973	7,126	6,048,672
Common Class "B" at P10 par value each	10,000,000	5,388,678	Not applicable	4,985,612	-	403,066
	<b>50,000,000</b>	<b>27,466,449</b>		<b>21,007,585</b>	<b>7,126</b>	<b>6,451,738</b>

Class A and Class B common shares have the same rights and privileges. Class A common shares shall be issued solely to Filipino citizens, while Class B common shares may be issued to Filipino and non-Filipino citizens.

As at December 31, 2022, there are 27,466,449 issued and outstanding Class A and B common shares, of which 6,451,738 are publicly held. The latest closing price for Class A common shares as at December 31, 2022 was recorded at P32.00 per share. The latest closing price for Class B common shares as at December 31, 2022 was recorded at P32.40 per share.

**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor, West Wing, Estancia Offices, Capitol Commons  
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**Reconciliation of Parent Company's Retained Earnings**  
**Available for Dividend Declaration**  
As at December 31, 2022  
(All amounts in Philippines Peso)

Items	Amount
<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year</b>	22,138,817
<b>Add: Net income actually earned/realized during the period</b>	
Net income during the period closed to Retained Earnings	23,151,707
<b>Less: Non-actual/unrealized income net of tax</b>	
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - (after tax) except those attributable to Cash and cash equivalents	-
Unrealized actuarial gain	-
Fair value adjustment (mark-to-market gains)	-
Fair value adjustment of Investment Property resulting in gain	-
Adjustment due to deviation from PFRS/GAAP- gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
<b>Add: Non-actual losses</b>	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
<b>Net income actually earned during the period</b>	23,151,707
Add (Less):	
Dividend declaration during the period	(21,149,166)
Appropriations of Retained Earnings during the period	-
Reversals of appropriations	-
Effects of prior period adjustments	-
Treasury shares	-
<b>Total Retained Earnings, end of the year available for dividend</b>	24,141,358

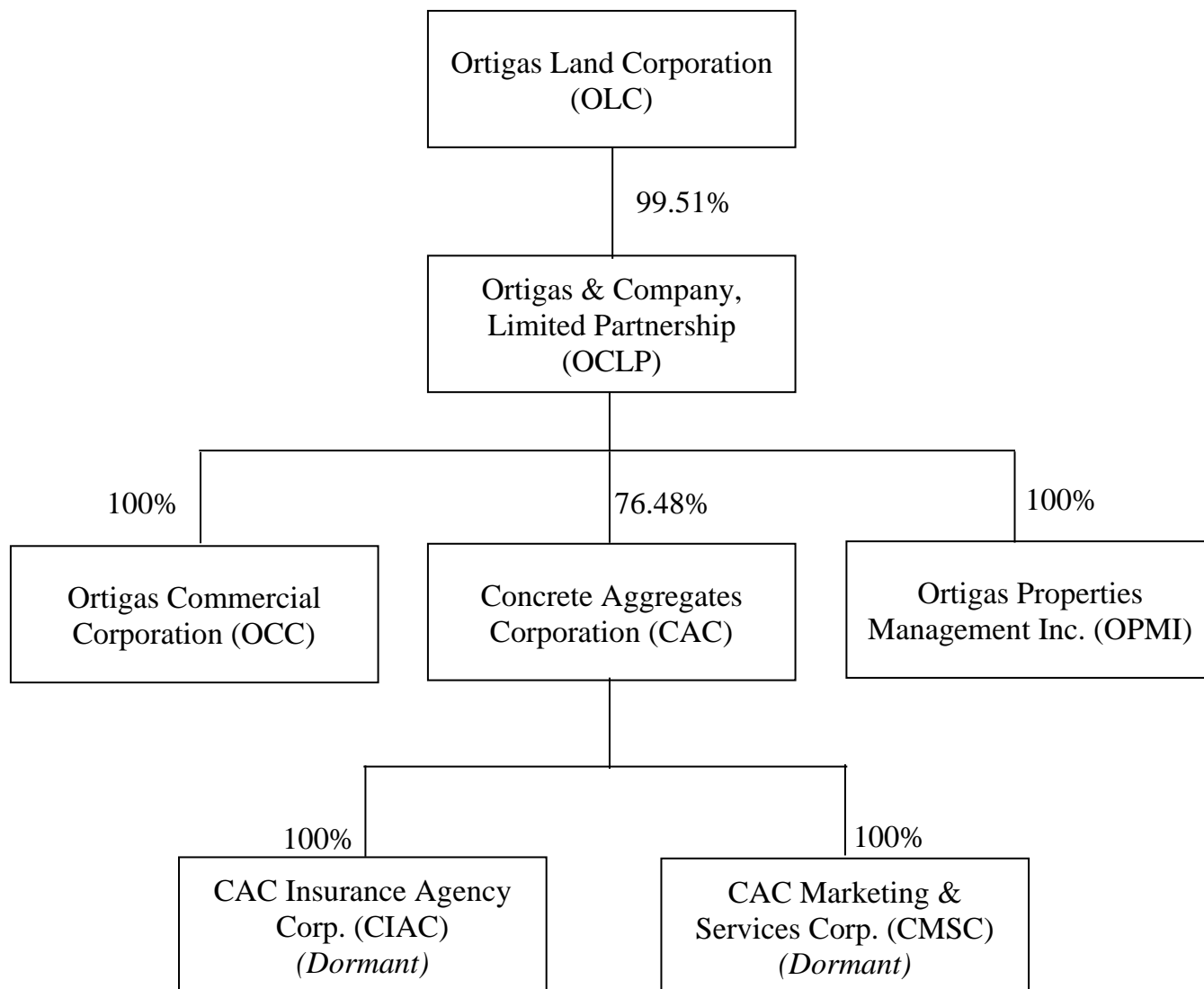
**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor, West Wing, Estancia Offices, Capitol Commons  
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**Schedule of Financial Soundness Indicators**  
**As at December 31, 2022**

Ratio	Formula	Current Year	Prior Year
Current ratio	Total Current Assets / Total Current Liabilities	11.29	13.15
Acid test ratio	Quick assets ( <i>Total Current Assets less Inventories and Other Current Assets</i> ) / Total Current Liabilities	10.94	12.67
Solvency ratio	Net Income before Depreciation and Amortization / Total Liabilities	0.58	0.56
Debt-to-equity ratio	Total Liabilities / Shareholders' Equity	0.13	0.13
Asset-to-equity ratio	Total Assets / Shareholders' Equity	1.13	1.13
Interest rate coverage ratio	Earnings Before Interest and Tax / Interest Expense	-	-
Return on equity	Net Income Available to Common Shareholders / Shareholders' Equity	7.69%	7.04%
Return on assets	Net Income Available to Common Shareholders / Total Assets	6.78%	6.25%
Net profit margin	Net Income Available to Common Shareholders / Revenues	57.06%	54.55%
Book value per share	Shareholders' Equity / Weighted Average Outstanding Number of Common Shares	10.96	10.88

**Concrete Aggregates Corporation and Subsidiaries**  
7th Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig City

**Ortigas Group Structure**  
As at December 31, 2022





## **Sustainability Report 2022**



<b>Company Details</b>	
Name of Organization	Concrete Aggregates Corporation
Location of Headquarters	7th Floor, West Wing, Estancia Offices, Capitol Commons, Meralco Avenue, Pasig City
Location of Operations	Barangays San Isidro and San Roque, Angono, Rizal
Report Boundary: Legal entities (e.g., subsidiaries) included in this report*	N/A
Business Model, including Primary Activities, Brands, Products, and Services	CAC is primarily engaged in quarrying, crushing, and selling basalt concrete aggregates. It is operating pursuant to two mineral production sharing agreements – MPSA No. 032-95-IV and MPSA No. 055-96-IV.
Reporting Period	Fiscal Year Ended 2022
Highest Ranking Person responsible for this report	Jose Emmanuel H. Jalandoni, Chairman of the Board and President

Concrete Aggregates Corporation (“CAC” or the “Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on August 23, 1968. It is a public company listed in the Philippine Stock Exchange (“PSE”) and is primarily engaged in quarrying, crushing, and selling basalt concrete aggregates. As its secondary purpose, it is permitted to engage in real estate business as far as it is permitted by law. Its Board of Directors amended its Articles of Incorporation on March 15, 2018, to extend its corporate life for another 50 years up to August 23, 2068.

The Company listed its shares in PSE (Philippine Stock Exchange) on April 2, 1973. There are no other listings or follow on offerings thereafter. As a public company, it complies with Rule 68 of the Securities Regulation Code (“SRC”).

The Company is 76.48% owned by Ortigas & Company, Limited Partnership (“OCLP”), which is in turn 99.51%-owned by Ortigas Land Corporation (“OLC”). OCLP and OLC are both established under Philippine laws.

The Company underwent changes in 2008 which had a significant impact on its operations and, consequently, its financial condition. The most significant of these changes was the selection and appointment of a third party as the operator of the Company’s quarry in Angono, Rizal. The Board of Directors of CAC, during a regular meeting held on June 18, 2007, authorized the conduct of a bidding to select an operator of its Angono quarry for a period of fifteen (15) years. Three companies qualified to participate in the bidding and on November 29, 2007, the Company’s Board of Directors declared that the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the “Consortium”) won the bid for the right to operate the Company’s Angono quarry.

The declaration that the Consortium was the winning bidder was affirmed by the Company’s stockholders during a special meeting held on January 18, 2008, including the execution of all agreements necessary to implement the foregoing. After securing stockholders’ approval, the Company and the Consortium entered into an Agreement on January 18, 2008, setting forth the actions to be taken by each party as well as the agreements to be executed by them to carry out their intentions.

Complying with its obligations under the Agreement, the Company incorporated Batong Angono Aggregates Corp. (“BAAC”). Thereafter, the Company and BAAC entered into an Operating Agreement on January 23, 2008, which became effective as of June 1, 2008. On June 2, 2008, the parties completed all the specified actions in the January 18, 2008, Agreement including the execution of the Asset Purchase Agreement, Trademark License Agreement and Transition Services Agreement by CAC and BAAC as well as the execution by CAC and the Consortium of a Share Purchase Agreement. With the execution of the Share Purchase Agreement, the Consortium became the owner of 100% of the outstanding capital stock of BAAC.

Pursuant to the foregoing transactions, the Company formally turned over the operation of its Angono quarry to BAAC on June 1, 2008. Under the Operating Agreement, BAAC was granted the right to operate the Angono quarry for 15 years subject to the conditions indicated in the agreement, CAC's Mineral Production Sharing Agreements ("MPSAs") and Environmental Compliance Certificate ("ECC"). In the latter part of 2013, BAAC changed its name to Lafarge Republic Aggregates, Inc. ("LRAI"). In 2015, LRAI once again changed its name to Lafarge Holcim Aggregates, Inc. ("LHAI" or the "Operator"). In 2022, LHAI once again changed its name to Helix Aggregates, Inc. (HAI). Given the foregoing, the information disclosed herein pertains to both CAC and the Operator, whichever is appropriate for each portion of this report.

CAC's vision is to be the preferred supplier of aggregates-based construction materials. In achieving this vision, the Company commits to:

- Deliver the best quality, value for money, innovative products to its customers to ensure their satisfaction;
- Provide best returns and shareholder value to its stockholders;
- Establish meaningful and gainful partnerships with its employees;
- Maintain mutually beneficial relationships with its suppliers and business partners;
- Promote sustainable development through responsible use of natural resources;
- Champion the cause of environmental protection; and
- Be a socially responsible corporate citizen of the community.

## Materiality Process

In identifying material issues for disclosure, CAC solicited the participation of its Board of Directors, operations manager, officers, stockholders, and employees from the various areas of its operations – mining, finance, and regulatory compliance – in conducting the materiality analysis with a view to identifying key issues that have economic, environmental, social impact and influence the decisions of its stakeholders.

From this process, CAC identified the following issues which are discussed in detail in this report:

- The COVID-19 Pandemic
- Renewal of CAC's MPSAs
- Resource Management: Energy and Water Consumption
- Environmental Impact Monitoring and Management
- Employee Management and Relations
- Community Relations
- Contribution to UN Sustainable Goals



## ECONOMIC

A strong national economy and excellent quality of life are built on a foundation of aggregates products. Aggregates touch our lives every day, from the driveway to the workplace. We drive, sit, stand, and walk on aggregates. But that is only part of this interesting and important story.

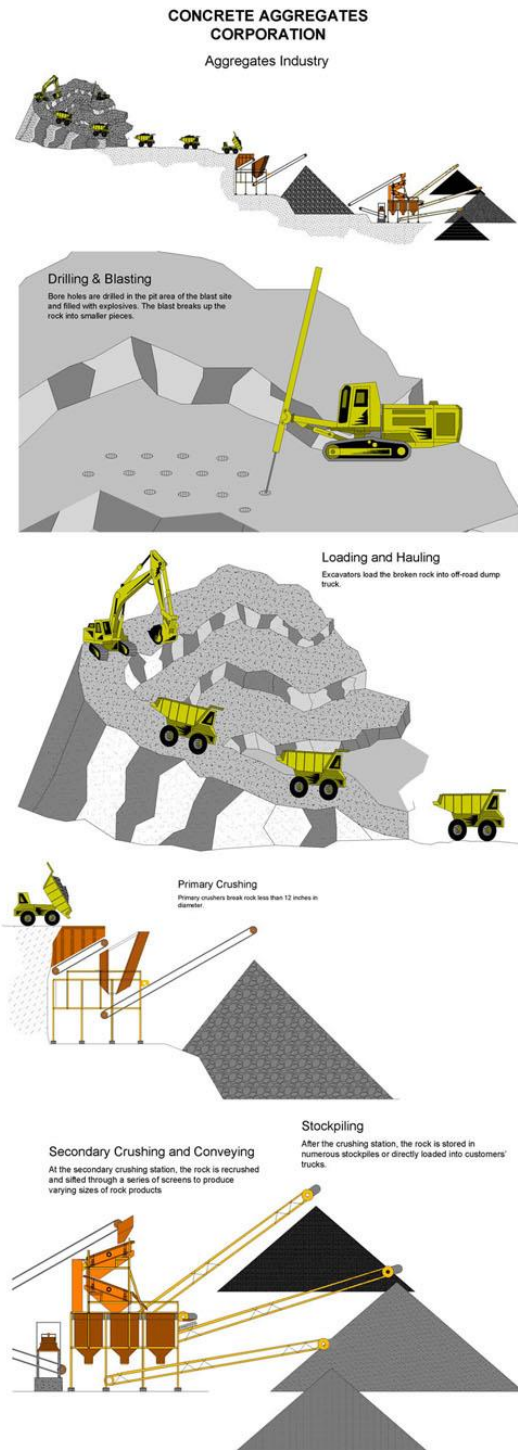
Getting goods to market is paramount to economic growth. The nation's infrastructure depends on aggregates – over ninety percent of asphalt pavement, and over eighty percent of concrete sidewalks, is comprised of aggregates. Without sound infrastructure, such as highways, mass transit, airports, water systems and rail, the economy could not grow.

Many products that enrich our daily lives contain aggregates. They are found in paint, paper, plastics, and glass. In powder form, aggregates are used as mineral supplements for agriculture, medicines, and household products. Aggregates are also used to protect the environment by controlling soil erosion, assisting in water purification, and reducing sulfur dioxide emissions generated by power plants.

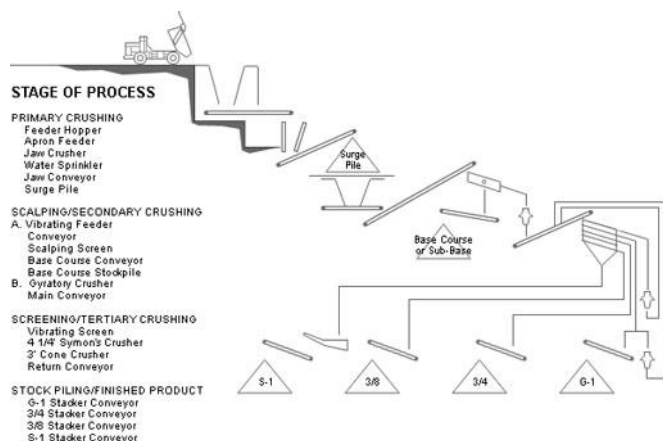
The aggregates industry is highly competitive and characterized by thousands of operations, serving small local markets. Transportation is the major factor in determining the delivered price of aggregates -- as freight costs from plant to market can exceed the sale price of the product. Because of high transportation costs, and the massive quantities of material necessary for each project, aggregates are usually marketed to local customers. The high transportation costs explain the substantial number of quarries throughout the country.

Aggregates resources are widespread and abundant in supply nationally, yet local shortages exist. Although it is better to be near urban growth areas, increasing land values and local environmental concerns are moving aggregates plants away from these markets.

The nation's economy and our quality of life are built on this foundation.



## Stages in Aggregates Processing



### I. Primary Crushing

Raw material is transported from the quarry using off road dump trucks and unloaded into the feeder hopper of the primary crushing plants. Typically, the crushing operation is adjacent to the quarry.

From the hopper, the material is brought to the primary jaw crushers via the apron feeder.

The boulders with a maximum size of 0.80 meter are initially crushed in the primary crushers to reduce the size down to 0.25 meter maximum and is conveyed to the surge pile by the jaw conveyor.

### II. Scalping

Directly underneath the surge pile is an underground vibrating feeder which feeds the surge pile materials through a conveyor up to the initial screening stage known as the scalping screen.

Materials larger than the maximum scalping screen opening of 1" to 2" are conveyed to the secondary crushing stage while materials that passed through the screen go to the base course or the subbase course product stockpile.

### III. Secondary Crushing

The secondary crushing is done using a gyratory crusher and after this stage, the materials are conveyed via the main conveyor going to the vibrating screens.

### IV. Screening/Sorting

The process involves separation of materials crushed into smaller particles, and these reduced particles passed through the multi-layered vibrating screens. From the screens, the materials are conveyed directly to the different finished product stockpiles.

### V. Tertiary Crushing

Oversized materials from the first screen deck and the second screen deck go to another crushing stage, the tertiary crushing for further size reduction.

### VI. Stockpiling of Finished Product

From the tertiary crushers, materials are conveyed back to the vibrating screens by the return conveyor and from the screens then to the individual finished product stockpiles via the stacker conveyor. The finished products, namely G-1, 3/4", 3/8", S-1 and S-2, are held in stockpiles ready for distribution.

## Economic Performance

### Direct Economic Value Generated and Distributed

The foregoing data pertains to HAI, the operator of CAC's mine site. CAC receives royalties from the Operator pursuant to the Operating Agreement. For completeness and transparency, CAC's disclosure on economic performance are as follows:

Disclosure	Amount (PhP)
Direct economic value generated (revenue)	947,335,745.00
Direct economic value distributed:	
a. Operating costs	759,228,225.00
b. Employee wages and benefits	65,296,092.95
c. Payments to suppliers, other operating costs	529,197,703.99
d. Dividends given to stockholders and interest payments to loan providers	59,797,725.00
e. Taxes given to government	85,169,525.62
f. Investments to community (e.g., donations, CSR)	11,663,915.41

### Economic Performance Impact: Payment of Taxes

The Operator regularly pays national and local taxes arising out of its operation of CAC's mine site. Republic Act No. 10963 or the TRAIN Act, which was declared effective as of January 1, 2018, doubled the excise tax on mining operations to 4% from 2% and effectively increased the government's share from the Operator's mining operations by 100%. As such, the taxes paid regarding the mining operation comply with the TRAIN Act. Likewise, CAC paid the appropriate income tax on royalty payments received from the Operator's mining activities in 2022. CAC's compliance with tax laws affects CAC, the national and local government, and the community.

Other than excise taxes, the Operator also pays income tax, value-added tax, customs duties and fees, local business tax, real property tax, and other local fees and charges incident to its mining operations. The Operator also timely withholds and remits withholding taxes on salaries and payments to suppliers required by law. In 2022, the Operator paid taxes of P55,360,191.65 to the national government, P8,516,952.56 to the local government, and remitted P21,292,381.41 in withholding taxes.

### Economic Performance Impact: The COVID-19 Pandemic

The global pandemic brought about by COVID-19 has also affected the quarry industry. The province of Rizal was placed by the Government under a series of community quarantine starting March 17, 2020, which compelled the Operator either to temporarily stop or reduce operations at the mine for the safety of all employees and workers in the mine and due to lack of demand as majority of construction projects have been put on hold. Since the start of the community quarantine, the Operator's sales and dispatch resumed only on May 5, 2020, selling available stockpiles of aggregates on site. Production resumed only on June 1, 2020, when the enhanced community quarantine was lifted in Rizal. As CAC's royalties from the Operator depend on sales, CAC did not receive royalties for the duration of April to early May 2020. Nonetheless, the Operator currently does not perceive any climate-related risk associated with the supply and demand of aggregates among competition related to the implementation of climate related policies.

### Economic Performance Risks and Opportunities: Renewal of MPSAs

CAC's authority to conduct quarry and mining operations are pursuant to its two mineral production sharing agreements with the national government – MPSA No. 032-95-IV and MPSA No. 055-96-IV. These MPSAs were set to expire on December 29, 2020, and October 23, 2021, respectively. CAC applied for the renewal of the MPSAs as early as October 2018 to ensure that their terms would not lapse.

On November 15, 2019, CAC was informed that the Mines and Geosciences Bureau ("MGB") has endorsed the applications for renewal to the Department of Environment and Natural Resources ("DENR"). On February 28, 2020, the DENR referred the renewal to MGB for a technical conference, held on March 11, 2020. During the technical conference, issues raised (shown in the attached approved minutes of Technical Conference) by then Mayor Gerardo V. Calderon of Angono, Rizal and Green Movement of Angono, Inc. were addressed by CAC and the Operator. It was agreed upon during the technical conference that a revised Three-Year Work Development and Utilization Program ("3YWDUP") shall be submitted by the Operator to MGB for their review. On April 3, 2020, and May 19, 2020, HAI submitted the 3YWDUP to the MGB. The same document was attached by MGB for their re-endorsement of CAC's applications to DENR.

MGB further made two re-endorsements of CAC's applications to DENR on June 25, 2020, and January 1, 2021. As the expiration of the MPSAs were then fast approaching and no clear directive was received from the regulatory bodies, CAC, in October 2020, submitted a formal request to MGB for a provisional approval to allow continuance of operations until such time that the renewal applications are finally determined. A provisional approval was granted through an MGB Memorandum dated November 16, 2020, under the following grounds:

1. CAC submitted pertinent applications prior to the expiration of the MPSAs
2. There is the COVID-19 emergency as embodied under RA (Republic Act) 11469 (Bayanihan to Heal as One Act of 2020), which has prescribed a work from home arrangement for the regulatory bodies

After a series of evaluations of the pertinent documents submitted, it has been found that CAC has complied with all of the requirements for the renewal of its MPSAs, including the Certification from MGB IV-A that it has complied with the terms and conditions of the MPSAs, particularly the implementation of Work Programs, submission of reportorial requirements and payment of taxes and fees. Both MPSAs were eventually renewed for another 25 years on March 24, 2021.

Notably, the quarry still has approximately 17.6 million Mt of mineable reserves. This amount of basalt can serve the demand for key infrastructure projects under the government's BBB Program for the next 7 to 10 years. The renewal of the MPSAs ensures continuous supply of premium aggregates that only the quarry can provide for some of the key infrastructure projects of our country, such as the MRT 7, Skyway Project (Segment 10), CALAX (Laguna side), SLEX and CAVITEX rehabilitations, to name a few. However, the non-renewal of the MPSAs may negatively affect the foregoing infrastructure projects.

Once the quarry is fully mined, CAC will look into other uses of the land including residential and/or commercial projects. Certainly, any change in CAC's business and use of land will affect not only CAC, but also the Operator, CAC's shareholders and employees, especially those whose work are directly related to the mining business, the national and local government in respect of the taxes paid and manner of regulation, infrastructure projects requiring aggregates, and the community in and around the mine site.

In 2007, CAC's Board of Directors authorized a bidding to select an operator of the quarry for fifteen (15) years. Three companies qualified to participate in the bidding of which two submitted formal bids on 16 November 2007. On 29 November 2007, the Company's Board of Directors declared that the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. won the bid for the right to operate the quarry.

Pursuant to the results of the bidding, on June 2, 2008, CAC entered into an Operating Agreement with Batong Angono Aggregates Corporation (BAAC) whereby BAAC was granted the right to operate the CAC's quarry in Angono, Rizal for fifteen (15) years subject to the conditions indicated in the Operating Agreement as well as the MPSAs and ECC.

As the Operating Agreement is set to expire in June 2023, negotiations for a possible renewal are already underway. Should the parties agree on the renewal of the Operating Agreement, the same may potentially generate an estimated P350M in royalties for CAC.

### **Climate-related risks and opportunities**

#### **Policy Risk**

The Operator is committed to continuously improving its environmental performance and to make a positive contribution to nature and society by conducting its business consistent with sustainable development principles. This is to be achieved through a process of continuous improvement in environmental performance using effective environmental management systems. The Operator assesses and measures its environmental impacts, continuously improves its processes, tools, and capabilities, and promotes best practices in the industry. Identified impacts are translated into actions by setting corporate objectives and targets monitored for attainment.

#### **Risk Management, Metrics and Targets**

**Release of pollutants:** The Operator develops and implements effective controls to monitor, minimize or prevent the release of pollutants to the environment (air, water, and soil) in its operations. The Operator conducts quarterly ambient air, noise, water quality measurement at identified stations and ensures that parameters are within the acceptable regulatory standard limits. The Operator also conducts 100% monitoring of air blast and ground vibration during blasting activities and ensures that parameters are within the acceptable regulatory standard limits.

**Climate Change:** The Operator reduces its impact on climate change by promoting innovative and sustainable products and solutions and through optimizing the use of energy and promoting energy efficiency, energy recovery and the use of renewable energy sources. There was a slight increase in the annual electricity consumption from 2.427 kWh/MT output in 2021 to 2.5 kWh/MT output in 2022. On the other hand, the Operator was also able to lower annual fuel consumption of service vehicles by 3% through controlled allocation per department and oil consumption by 3%/MT output by year end through continued use of synthetic oil for equipment. The Operator aims to maintain lowering both electricity and fuel consumption by 3% to 5% yearly.

**Water:** The Operator minimizes its impact on water resources by limiting water withdrawal through recycling, promoting water efficient practices, and employing zero water discharge scheme. The Operator's goal is to lower annual domestic water consumption by 5% through proper use of faucets and maintain at least 0.5m freeboard height of sand traps and settling ponds to prevent discharge of water-to-water tributaries.

**Quarries rehabilitation/restoration/reclamation:** The Operator is implementing a rehabilitation / restoration / reclamation plan for all pit and quarry sites that considers the needs and expectations of our stakeholders and, where



feasible and relevant, fosters wildlife habitat creation and contributes to the conservation of species. In 2019, the Operator planted 28,000 trees as part of progressive rehabilitation and reforestation programs. However, due to safety and health protocols (e.g., physical distancing, limited workforce allowed to report to work) being implemented since the resumption of operations in mid-May of 2020, only 125 bamboo culms were planted at an area inside the quarry. Nonetheless, it is worth noting that the Operator has already exceeded the required area (20% of total mining area) for the bamboo plantation.

Easing of restrictions allowed the Operator to plant more trees. Around 857 trees were planted in 2021 and 1,150 trees were planted in 2022

**Biodiversity:** The Operator implements biodiversity management plans for all extraction sites and works to protect critical areas or habitats and facilitate the conservation of historic remains discovered during site development and quarry operations. The Operator completed the biodiversity rapid assessment for the dry season in 2022. The Operator aims to improve the site biodiversity index of the areas within its control using the Biodiversity Indicator Reporting System tool yearly.

**Local impacts:** The Operator assesses, and appropriately mitigates, its impact on surrounding communities as to fugitive dust, noise, vibrations, and traffic. The Operator ensures 100% use of dust suppression systems while operating crushers and 100% availability of water truck during dry season and maintains 50m buffer zone to mitigate dust and noise to adjacent communities.

**Resources utilization:** The Operator reuses, recovers and/or recycles waste materials in own production processes where feasible, minimizes the generation of any hazardous and other waste, and disposes of waste using safe and responsible methods. It aims to lower annual paper consumption by 3% through centralized disbursement of supplies and use of scrap paper for in-house reports. The Operator intends to initiate at least 5 recycling/upcycling projects to lower waste disposal on-site.

## Legal Risk

CAC maintains a policy of being open, honest, and accountable to its stakeholders. To this end, the Operator reports publicly on compliance, performance, and progress. The Operator likewise routinely solicits feedback from stakeholders and works pro-actively with legislators and regulators to evaluate the feasibility, impact, and compliance to existing laws, regulations, and standards.

## Risk Management, Metrics and Targets

The Operator ensures that laws, regulations, and standards are regularly reviewed and objectives relevant to environmental management systems are continuously attained. For this purpose, the Operator conducts monthly review of new laws, regulations and standards and ensures zero notice of violation and cease and desist order. The Operator also ensures 100% on-time renewal of permits and licenses and on-time submission of mandatory reports and requirements.

## Technology Risk

The Operator is committed to becoming one of the leaders in sustainability in serving its business strategy and as a key lever for growth. The Operator adopts programs in line with its 2030 Plan which seeks to help transform the way the industry works, and to play its full part in addressing our planet's biggest issues such as climate change.

### **Risk Management, Metrics and Targets**

The Operator maintains records of its carbon footprint and finds means to make a positive difference in its operations and community engagements. There was a slight increase in the annual electricity consumption from 2.427 kWh/MT output in 2021 to 2.5 kWh/MT output in 2022. On the other hand, the Operator was also able to lower annual fuel consumption of service vehicles by 3% through controlled allocation per department and oil consumption by 3%/MT output by year end through continued use of synthetic oil for equipment. The Operator aims to maintain lowering both electricity and fuel consumption by 3% to 5% yearly.

#### **Market Risk**

The Operator is committed to continuously complying with its 2030 Plan focused on climate, circular economy, water and nature, and people and community and translates such commitment to its operation of CAC's mine. The Operator shall continue with the implementation of its identified programs, plans and activities geared towards sustainability. In Q3 2021, the Operator conducted a benchmarking with other quarries on health and safety, environment, and quality practices and objectives.

The global pandemic brought about by COVID-19 has also affected the quarry industry. The province of Rizal has been under enhanced community quarantine ("ECQ") starting March 17, 2020, and the Operator temporarily stopped operations at the mine for the safety of all employees and workers in the mine and due to lack of demand as majority of construction projects have been put on hold. The Operator's sales and dispatch were only able to resume on May 5, 2020, selling available stockpiles of aggregates on site as production is scheduled to resume once ECQ is lifted in Rizal. As CAC's royalties from the Operator depend on sales, CAC did not receive royalties for the duration of April to early May 2020.

In November 2020, the Rizal provincial government through the Sangguniang Panlalawigan Ordinance No. 25 S. 2020 enforced a total truck ban. Sales were slightly affected. The Operator's haulers acted promptly and obtained necessary requirements to be included in the exemption from the ban.

In Q1 2021, quarries in some parts of Rizal were put under a stoppage Order by the provincial government. Sales during the quarter were back to pre-pandemic values but diminished again when the stoppage Order was lifted. The restrictions due to COVID-19 also affected the sales of the Operator.

Sales are rising gradually, slightly up 2% from 2021 to 2022. The rate, though, is still below pre-pandemic levels.

Nonetheless, the Operator currently does not perceive any climate-related risk associated with the supply and demand of aggregates among competition related to the implementation of climate related policies.

#### **Reputational Risk**

The Operator maintains open lines of communication to its stakeholders and publicly reports its compliance and performance. The Operator continuously shares its values on health and safety, customers, results, integrity, sustainability, and people to its stakeholders.

The Operator currently does not perceive any financial risk or reputation risk among competition related to the implementation of climate-related policies. Nevertheless, in 2022, the Operator conducted benchmarking with other quarries on health and safety, environment, and quality practices and objectives.

#### **Physical Risk: Acute**

The Operator ensures that CAC is equipped to address risks and impacts related to health, safety, and environment. The Operator, together with its relevant contractors and security providers, has established plans and processes to prepare for and to respond to potential emergency situations, and to manage the potential effects of actual emergencies.

#### **Risk Management, Metrics and Targets**

The emergency preparedness and response plans and procedures of the Operator are related to flooding, earthquake, fire, restricted space rescue, medical emergency, bomb treat, chemical spill, and exposure, fall from work-at-height, and vehicular accident. The Operator's quarry contractor, Delta Earthmoving, Inc., also maintains emergency response plans for fire, explosion, serious incident, natural calamities, security threats, and spills and leaks. For this purpose, the Operator conducts quarterly Emergency Response Drills and Weekly scheduling of Emergency Response Teams.

Apart from these, assessments immediately follow actual emergency incidents to determine how the plans and procedures in place can be further improved and perfected. Environment-related incidents such as flooding, earthquake, and even heavy rains are immediately assessed through the Design Safety and Construction Quality Program to ensure that operations are not compromised even by extreme weather events.

#### **Physical Risk: Chronic**



The Operator is committed to continuously improving its emergency preparedness and response plans to ensure, not only the health and safety of employees, but also the continuity of its quarry and crushing operations. Emerging issues and concerns that may require emergency preparedness and response plans are immediately assessed to put controls in place and to ready the organization in the face of crisis.

The Operator currently does not perceive any risk related to the increased level of temperature and how this may affect the operations. However, weather conditions are sought weekly to prepare employees for the eventuality of rain or elevated temperatures that may affect their health, safety, and well-being. The Operator conducts quarterly Emergency Response Drills for Medical Injuries and weekly scheduling of Emergency Response Team and provides weekly weather forecast.

## **Procurement Practices**

### **Proportion of spending on local suppliers**

Disclosure	Percentage
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98
Percentage of procurement budget used for significant locations of operations that is spent on women or members of vulnerable sectors	2

### **Economic Impact of Procurement**

Purchasing and storage processes ensure that crushing plants are supported with parts and materials for their smooth operation and to maintain desired capability to meet schedules and commitments. The Procurement Department is responsible for the requisition, canvassing, and purchasing needed items quickly.

Nonetheless, fair opportunities are rendered to both local and international suppliers and are selected based on long-term relationship opportunities, compliance to local and legal requirements, and commitment to safety and sustainable development while delivering value-for-cost procurement for CAC.

## **Anti-corruption**

### **Training on Anti-corruption Policies and Procedures**

Disclosure	Percentage
Percentage of employees to whom the Operator's anti-corruption policies and procedures have been communicated	100%
Percentage of business partners to whom the Operator's anti-corruption policies and procedures have been communicated	100%
Percentage of the Operator's directors and management that have received anti-corruption training	100%
Percentage of the Operator's employees that have received anti-corruption training	100%

## Incidents of Corruption

Disclosure	Quantity
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

## **Anti-corruption Policies: Impact and Risks**

It is CAC's policy to conduct its business in an honest and ethical manner. Aligned with this, the Operator takes a zero-tolerance approach to bribery and corruption as it is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Operator is also committed to implementing and enforcing effective systems to counter bribery.

The Operator implements the Anti-Bribery and Corruption Directive ("ABCD"),<sup>1</sup> which sets out responsibilities of employees, partners, contractors, and suppliers in observing and upholding its position on bribery and corruption, and provides information and guidance, whether directly or indirectly, on how to recognize and deal with bribery and corruption issues.

The ABCD includes guidelines on bribery, gifts and hospitality, facilitation payments, donations, and conflict of interests as well as potential risk scenarios and "red flags" to help identify situations leading to corruption and bribery. The Operator also believes in fair competition to provide its customers with the best products at most favorable conditions. The Operator believes that success in the business, therefore, goes together with adherence to competition law rules.

In this regard, the Operator employs the Fair Competition Directive ("FCD"),<sup>2</sup> which sets out basic principles, facts, and circumstances on fair competition and competition law including consequences of violations, down raids, and leniency/amnesty programs. The FCD also provides rules and requirements on anti-competitive conduct, dominant position, intra-group agreements, document creation, and detection and investigation.

The Operator's strict implementation of both ABCD and FCD have so far ensured that the Operator is free from risk of criminal liability related to bribery and corruption. This has also ensured that the Operator maintains business relations only with such suppliers who practice the same ethical approach.

This management approach against corruption on all fronts is perceived as positively affecting CAC's relationships with all its stakeholders, its customers, employees of both CAC and HAI, including top management, and the national and local government.

<sup>1</sup> See [https://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/03292018-group-lafargeholcim\\_code\\_business\\_conduct-en.pdf](https://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/03292018-group-lafargeholcim_code_business_conduct-en.pdf).

<sup>2</sup> See [https://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/03292018-group-lafargeholcim\\_code\\_business\\_conduct-en.pdf](https://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/03292018-group-lafargeholcim_code_business_conduct-en.pdf).

## ENVIRONMENT

To highlight its concern for the environment, it has been the policy of the Operator to ensure strict compliance with all government regulations and internally formulated policies. Being the leader in the domestic quarrying industry, the Operator takes on the heavy burden of setting the trend in environmental protection and consciousness in all its operations. This attitude is true not only for its own employees, but also for all its contractors.

[Picture on the right: B+130 North East Wall Quarry area rehabilitated and reforested since 2015]



Among the more significant environmental programs the Operator has been implementing through years include:

- (a) reforestation within the perimeter of the vast Angono property not being presently affected by the mining activity;
- (b) dust suppression in all its processing plants as well as in the main roads leading to the property;
- (c) water recycling, ensuring that the operations require minimal make-up water from the river and creeks passing through the property;
- (d) solid wastes management, ensuring that attendant waste materials from the quarry are placed in an engineered containment area; and
- (e) protection and improvement of waterways within the property by border-lining and toe-armoring.







Top view of North East Wall Quarry area rehabilitated and reforested since 2015

Actual expenditures AEPEP for 2022 is Php 17,223,811.69, 16% higher than the budgeted Php 14,784,518.09. The Operator had already planted about 169,952 seedlings of mixed fruit-bearing and hardwood trees, its survival rate at 912%. These seedlings were planted both under an adopted forest area (National Greening Program and Mining Forest Program) at Calawis, Antipolo (also known as Upper Marikina Watershed) and within the Operator's Rehabilitated and Idle Areas comprising a total plantation area of 300 hectares. In 2020, 125 bamboo culms were planted inside the quarry area, An additional 857 trees were planted inside the quarry site in 2021 and 1,150 trees in 2022.





Water quality testing at Sitio Labahan creek



2021 vs 2022 Progressive rehabilitation at East Wall.  
200 saplings were planted on June 29, 2021.



Tree planting activity B+160 at B+170 NNW on November 2022.



MT members along with the HAI representatives during the 2022 4<sup>th</sup> Quarter MMT validation

For the entire year, CAC passed all the environmental audits of the Multi-partite Monitoring Team (“MMT”). The MMT is a body formed pursuant to DENR Administrative Order No. 015-17 specifically to oversee CAC's compliance to the provisions and commitments as stipulated in the approved Environmental Compliance Certificate (“ECC”). The MMT is an independent entity whose membership represents primarily the stakeholders or the public that is intended to assist the DENR in monitoring environmental impacts and compliance with the Philippine Environmental Impact Statement System requirements and other environmental laws as a third-party entity. The MMT scheme is intended to enhance participation and transparency at the post-ECC issuance stage of the Environmental Impact Assessment Process. The MMT for CAC is composed of representatives from the national and local governments, non-government organizations, and both CAC and the Operator.

The MMT visits the site quarterly to oversee compliance of the mandatory reports and updates on the permit renewal up until field/site validation. After which, discussion of accomplishments and findings (if any) are discussed, and the MMT will suggest improvement of the site. As of writing, there has been no violation of CAC's commitments under the ECC.

Sustainable development has always been the goal of CAC and the Operator and both companies remain committed to moving forward and to fostering and protecting the environment.

## **Resource Management**

### **Energy consumption within the organization:**

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	4.95	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	1,008.22	GJ
Energy consumption (electricity)	8,123,497.92	kWh

### **Reduction of energy consumption:**

Disclosure	Quantity	Units
Energy reduction (gasoline)	0.00	GJ
Energy reduction (LPG)	0.00	GJ
Energy reduction (diesel)	0.00	GJ
Energy reduction (electricity)	4,574,906.91	kWh

#### Impact, Risks and Opportunities relating to Energy Consumption Reduction

One of the Operator's environmental goals is to reduce greenhouse gas ("GHG") emissions and energy utilization per metric ton of aggregates produced directed towards helping reduce the overall negative impact of GHG emissions and energy consumption to the environment. Accordingly, the Operator continuously studies and implements the optimization of production lines to avoid unnecessary energy consumption, on-time preventive maintenance activities to keep GHG emissions at the lowest possible level, and overall proper environmental policy formulation, planning and implementation.

Despite these efforts, there are aspects of operations that currently still result in high GHG emission, or for which energy consumption can barely be reduced. These operations include re-lining and fabrication works being done at the maintenance shop and engine and fabrication works on the motor pool. To at least set-off these so far inevitable emission and energy consumption, the Operator takes various initiatives such as annual tree planting drives within mined out land areas and idle lands. In fact, the Operator held tree planting activities at the mine site in

All the foregoing efforts are expected to affect not only CAC, but also the community within and around the mine through gradual improvement of environmental conditions.

#### Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	62,528.11	Cubic meters
Water consumption	62,528.11	Cubic meters
Water recycled and reused	522,239.97	Cubic meters

#### Impact, Risks and Opportunities relating to Water Consumption

Every mining operation poses a risk of contaminating and/or depleting bodies of water surrounding the mine site. Specifically for the mine site, it is traversed in some areas by the Angono River, which streams and connects to Laguna Lake.

Nonetheless, CAC prides itself on its own that despite over 20 years of operations in Angono Rizal, CAC has neither caused nor contributed to the contamination of the Angono River or its depletion. The Operator strives for efficient use of water through 100% water recycling, especially that used for aggregate washing. The Operator also employs a Zero Discharge Scheme, which employs a standard gravity settling process. The Operator also ensures proper management of settling ponds, which includes desilting and hauling of silt, stabilization of the settling pond walls, maintenance of freeboards, and establishment of catch basins for run-offs to avoid water contamination due to run-off and instability of settling ponds for recycling.



In addition, the Operator also employs the Biodiversity Indicator and Reporting System (“BIRS”) on an annual basis. The BIRS was developed by the International Union for Conservation of Nature (“IUCN”) to help companies in the cement and aggregates sector monitor and evaluate changes to biodiversity on their landholdings, through repeated, consistent assessment and aggregation of the suitability of these landholdings for biodiversity.<sup>3</sup> The Operator started employing BIRS in 2018 and by 2021, the Operator found that rehabilitated and reforested sites/areas had improved wherein some of the flora, especially the fauna, are gradually returning. The Operator has also identified several floras that are invasive, which are being taken care of by means of grass cutting and re-introduction of endemic species to the areas sited.

Through these efforts, CAC and the Operator can positively affect the community's living conditions in and around the mine site.

#### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	MT
• non-renewable (basalt aggregates)	3,190,497.49	MT
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

#### **Impact, Risks and Opportunities relating to Materials Used by the Company**

Basalt extraction necessarily results in exploitation and depletion of natural resources. It is for this reason that the Philippine Constitution and mining laws impose restrictions and require heavy government regulation on the conduct of mining business. In compliance, CAC, through the Operator, ensures that its basalt extraction activity is restricted within its approved permits and plans and its operations comply with the provisions of the MPSAs.

One risk identified with any kind of mining is the resulting ground instability from all excavations and extractions. To address this risk, the Operator conducts regular geohazard and safety assessment of site through Ground Control Management and Design Safety and Construction Quality Program. The Operator performs regular assessments after storms, earthquakes and sometimes when heavy rains occur. All assessments are collated, evaluated and reports are cascaded internally and externally by submitting a report to the Provincial Environment and Natural Resources Office. Some of the examples of the identified geohazards are those from the back of the New North Wall site which has been identified as a landslide area due to the creeping condition of the vegetation above it. After identifying the geohazard, proper controls, such as installation of road signages, and continuous monitoring are implemented.

CAC also makes an effort to establish and maintain a good relationship with the community residing within the vicinity of the quarry by establishing regular meetings and monitoring activities with the objective of creating a platform for proactive planning, identifying, and preparing for any issues that the community may encounter. Other than the quarterly MMT meetings and the annual SDMP planning sessions, the Operator held a total of 8 meetings with the community in 2022.

<sup>3</sup> See <https://www.iucn.org/content/biodiversity-management-cement-and-aggregates-sector-biodiversity-indicator-and-reporting-system-birs>.



Indeed, while production of aggregates causes depletion of natural resources, the Operator is still able to contribute to other areas of development in the country, such as by supplying premium aggregates for major construction projects under the government's Build Build Build Program. Projects like the Tarlac-Urdaneta-La Union expressway Project, Urdaneta City Bypass Road (TPLEX) Project, LRT Line 2 East (Masinag) Extension Project, Mega Manila Subway and others are currently being supplied to the customers. The Operator continuously re-evaluates its production targets to accommodate government projects.

### Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored (area inside the quarry and adopted forests in Antipolo)	390.81	ha
IUCN <sup>4</sup> Red List species and DENR Administrative Order No. 2017-11 updated national list of threatened Philippine plants, trees and with habitats in areas affected by operations	<p>National List - FLORA</p> <p>Category B. Endangered: Molave (<i>Vitex parviflora</i>)</p> <p>Category C. Vulnerable: Narra (<i>Pterocarpus indicus</i>) Kalantas (<i>Toona calantas</i>) Alupag (<i>Litchi chinensis ssp philippinensis</i>)</p> <p>Category D. Other Threatened: Bayanti (<i>Aglaia rimosa</i>) Kalomala (<i>Clausena brevistyla</i>) Limuran (<i>Calamus ornatus</i>) Balakat (<i>Zyzyphus talanai</i>) Osprey, Philippine Scops-owl</p> <p>IUCN Red List- FAUNA Endangered: Osprey (<i>Pandion haliaetus</i>) Philippine Scops-owl (<i>Otus megalotis</i>)</p>	

### Impact to Ecosystem and Biodiversity

As noted above, the quarry is away from protected areas and areas of high biodiversity value, reducing the direct impact and risks to the ecosystem and biodiversity of CAC's mining operations. Nonetheless, CAC, through the Operator, employs ways to ensure that any negative effect to the environment is reduced to a minimum such as the annual assessment of the Biodiversity Indicator Reporting System of the site based on IUCN Guidelines, and conduct of Biodiversity Rapid Assessment of flora and fauna in comparison with the baseline biodiversity data from the Environmental Impact Assessment conducted pre-quarrying.

<sup>4</sup> International Union for Conservation of Nature.

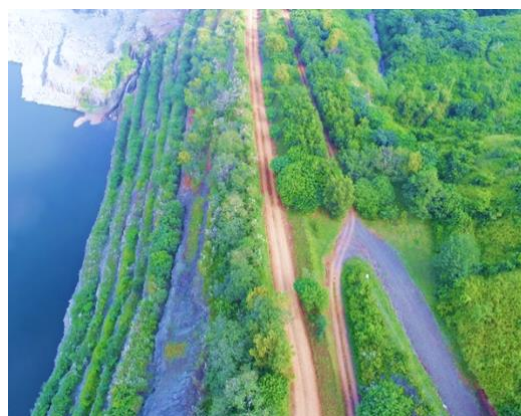
Republic Act No. 7942, or the Philippine Mining Act of 1995, expressly requires government contractors, such as CAC, to rehabilitate technically and biologically the excavated, mined-out, tailings covered and disturbed areas to the condition of environmental safety. For this purpose, the law requires the establishment of a mine rehabilitation fund (“MRF”), which shall be based on the government contractor's approved work program and deposited as a trust fund in a government depository bank. The fund shall be used for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical, and preventive aspects of rehabilitation.

In July 2018, CAC’s final mine rehabilitation and decommissioning plan (“FMR/DP”) was approved by DENR. As of end of 2021, CAC’s MRF, maintained with the Land Bank of the Philippines, amounts to Php29,436,103.91 which is 27% over and above the MRF required by law.

As of end of 2019, CAC’s quarry site located within the South Wall, North East Wall and Old North Wall has already been rehabilitated and been replanted with mixed fruit-bearing and hardwood trees, while rehabilitation is currently on-going within CAC’s quarry pit bottom and some of its older lagoons.



[Before the rehabilitation: year 2015]



[After the rehabilitation: year 2019]

Mine rehabilitation efforts and actions intended to ensure that the ecosystem and biodiversity are preserved affect not only CAC, but the government and the community in and around the site, as well.

### Environmental Impact Management

#### Air Emissions

The air emissions discussed below affect CAC and the community within and around the quarry site. The Operator’s efforts to control these emissions, to the extent necessary, are aimed at helping the gradual improvement of environmental conditions around the quarry.

#### GHG

Disclosure	Quantity (2021)	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO <sub>2</sub> e

Disclosure	Quantity (2021)	Units
Emissions of ozone-depleting substances (ODS)	0	Tonnes

One of CAC's and the Operator's environmental goals is to reduce greenhouse gas ("GHG") emissions directed towards helping reduce the overall negative impact of such emissions to the environment. To further this objective, in 2019, the Operator has put in its annual objective to plant 28,000 trees, lower water consumption by 5%, reduce kWh/MT output by 4.76% and lower annual paper, fuel (diesel) and oil consumption by 3%. An additional 857 trees were planted inside the quarry site in 2021 and 1,150 trees in 2022.

Despite these efforts, there are aspects of operations that currently still result in high GHG emission, such as plant production operations, maintenance and repair works, and administrative operations. To at least offset these emissions, the Operator takes various initiatives, such as annual tree planting drives within mined out land areas and idle lands.

#### Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	0	kg
SO <sub>x</sub>	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

Environmental quality (e.g., air, water, land) inside the quarry and its neighboring areas are being monitored regularly by EDLAV Environmental Testing Services, Inc. ("EDLAV"), and the data for 2022 is as summarized in the table above. According to EDLAV's reports, while the operations produce organic wastes, such as urine and manure, which are normal in an office setting, these are not considered persistent pollutants. The Operator also ensures that its generator sets are maintained and subjected to quarterly emission testing, so that emission of NO<sub>x</sub> and SO<sub>x</sub> are very minimal if generators are used during power outages. For 2022 there are no recorded NO<sub>x</sub> and SO<sub>x</sub> emissions from the Operator's generator sets.

#### Solid and Hazardous Wastes

##### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	231,660	kg
Reusable	400	kg
Recyclable	230,000	kg
Composted	160	kg
Incinerated	0.00	kg
Residuals/Landfilled	1,100	kg

As shown in the figures above, the Operator maximizes its capacity to recycle solid waste generated from operations by running a Materials Recovery Facility, which handles the segregation, recycling, and disposal of wastes. As the Operator collects the solid waste generated, recyclable materials are separated and either put inside the Materials Recovery Facility or inside the scrap area. For recyclables put inside the scrap area, mostly metal scraps, these are

then sold to accredited scrap buyers. Recyclables put inside the Materials Recovery Facility, mostly used papers, plastic bottles and used tires, are either repurposed to be used in environmental projects or to be donated to the host community/barangays for them to reuse or sell to scrap buyers.

In addition, the Operator's thrust is to promote vermicomposting and upcycling of waste within the site. Compostable materials, usually food scraps like fruits and vegetables, are used as mulch for earthworms, which turn them, along with the other materials, into vermicast or fertilizer. For environmental projects, upcycling of tires to be used as road barriers, signages, planting pots and decorative furniture are implemented in the site.

### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	11,000	kg
Total weight of hazardous waste transported	8,600	kg

The Operator uses oil and grease in the production plants and in transportation, which in turn needs to be replaced regularly, thereby generating hazardous waste. It is also true for used electrical equipment. Indeed, hazardous waste, if produced excessively or mishandled, can result in adverse effects, and possible irreversible harm, to the environment and the community.

The Operator therefore ensures that hazardous waste is properly handled and contained in a concrete Hazardous Waste Storage Facility on-site. The Operator's Pollution Control Officer regularly checks the facility to avoid spillage and contamination. The facility is also being inspected by MMT quarterly.

Twice a month, hazardous wastes are transferred into DENR-prescribed drums and collected by Ecology Specialist, Inc. ("ESI"), a DENR-accredited third-party transporter of hazardous wastes, which hauls the wastes for proper collection and treatment. ESI secures a Special Permit to Travel from the EMB (Environmental Management Bureau) prior to collection of hazardous wastes. The Operator's engagement of a third party that is DENR-accredited was made to ensure that the hazardous wastes will be transported and eventually treated and disposed in accordance with DENR imposed guidelines.

### Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	100	%

Every mining operation poses a risk of contaminating and/or depleting bodies of water surrounding the mine site. Specifically for CAC's mine, it is traversed in some areas by the Angono River, which streams and connects to Laguna Lake.

Nonetheless, CAC has neither caused nor contributed to the contamination of the Angono River or its depletion despite over 20 years of operations in Angono, Rizal. The Operator strives for efficient use of water through 100% water recycling, especially that used for aggregate washing. The Operator also employs a Zero Discharge Scheme, which uses a standard gravity settling process. The Operator also ensures proper management of settling ponds, which includes desilting and hauling of silt, stabilization of the settling pond walls, maintenance of freeboards, and

establishment of catch basins for run-offs, to avoid water contamination due to run-off and instability of settling ponds for recycling.

In addition to the foregoing, the Operator employs the BIRS annually. The BIRS was developed by the IUCN to help companies in the cement and aggregates sector monitor and evaluate changes to biodiversity on their landholdings, through repeated, consistent assessment and aggregation of the suitability of these landholdings for biodiversity.<sup>5</sup> The Operator started employing BIRS in 2018, and by 2021, the Operator found that rehabilitated and reforested sites and areas inside the quarry and other adopted forests in Antipolo had improved with some of the flora gradually revegetating. The Operator also identified several floras that are invasive, and thus, implemented grass cutting and re-introduction of endemic species to the areas sited.

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

On February 21, 2008, CAC was issued ECC No. 0707-018-2230 by the DENR. Among the conditions under the ECC pertain to compliance with RA 6969 (Toxic substances and Hazardous and Nuclear Wastes Control Act of 1990), RA 9003 (Act Providing for an Ecological Solid Waste Management Program), RA 9275 (Philippine Clean Water Act of 2004), RA 8749 (Philippine Clean Air Act of 1999), and RA 7942 (Philippine Mining Act of 1995). The ECC also provides for the formation of the MMT, establishment of Contingent Liability and Rehabilitation Fund and Environmental Trust Fund, and organization of Mine Environmental Protection and Enhancement Office, which will oversee and implement environment-related aspect of the project.

Since its issuance, CAC and the Operator have complied with the parameters set by the government in the ECC and its MPSAs. Among other things, the Operator ensures that all of CAC's reporting obligations are properly scheduled and monitored to maintain timely submission to government agencies. More importantly, CAC's mining activities are being monitored internally and by the MMT.

The Operator is also the first Filipino aggregates company to obtain an ISO 9001-2000 certification. This is a Quality Management System Standard given to corporations that meet international standards of excellence. The Operator provides world-class aggregate products to the construction industry and efficient customer service.



<sup>5</sup> See <https://www.iucn.org/content/biodiversity-management-cement-and-aggregates-sector-biodiversity-indicator-and-reporting-system-birs>.

Indeed, the Operator pursues excellence in all aspects of its business. This standard of doing business affects not only CAC, but every stakeholder such as its employees, shareholders, suppliers and contractors, the Operator itself, the government, and the surrounding community.



## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	CAC	HAI	Units
Total number of employees	2	86	
a. Number of female employees	1	15	#
b. Number of male employees	1	71	#
Attrition rate	0	13%	rate
Salary of lowest paid employee		603	PhP/day

##### Employee benefits

List of Benefits	Provided Y/N	% of female employees who availed for the year		% of male employees who availed for the year	
		CAC	HAI	CAC	HAI
SSS	Y	100	0	0	0
PhilHealth	Y	100	0	100	100
Pag-ibig	Y	0	0	0	0
Parental leaves	Y	0	0	0	0
Vacation leaves	Y	100	100	100	100
Sick leaves	Y	100	100	100	100
Medical benefits (aside from PhilHealth)	Y	100	100	100	100
Housing assistance (aside from Pag-ibig)	N				
Retirement fund (aside from SSS)	Y	0	0	0	0
Further education support	N				
Company stock options	N				
Telecommuting	Y	0	0	0	0
Flexible-working Hours	N				

The Operator has employees for key positions including those covering concerns critical to health and safety, environment, and social development deployed in the mine site. Other contractor employees (other than CAC's and the Operator's employees) are also present in the site for quarry operations, labor workforce and security services.

CAC's and the Operator's employees are afforded salaries higher than minimum wage and benefits more than what is required by law. CAC's and the Operator's benefits packages include good health insurance coverage and other incentives that encourage employees to excel in the workplace. Merit increases at a maximum rate of 6% are given annually to maintain personnel salaries at a competitive level. Catch-up increase is also given for deserving top performers of the year to boost morale and satisfaction. CAC's and the Operator's benefits plans are continuously reviewed to attract and to retain excellent employees and keep the turnover rate at a minimum.

### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	1,572	
a. Female employees	240	Hours
b. Male employees	1,332	Hours
Average training hours provided to employees		
a. Female employees	16	hours/employee
b. Male employees	2	hours/employee

The Operator focuses on retaining competent employees and helping them gain relevant experience. To this end, the Operator offers trainings to employees, in the Philippines and abroad, for development and support to desired career path, while making sure they align with the company's organizational structure and over-all goals.

Apart from this, the Operator has a robust training program to ready potential employees to support business expansion in the future through the Apprenticeship Program, Cadet Engineering Program, Aggregates Academy, and Quarry Manager's Course.

### Labor-Management Relations

Disclosure	Quantity	Units
% of the Operator's employees covered with Collective Bargaining Agreements	22	%
Number of consultations conducted with the Operator's employees concerning employee-related policies	16	#

The Operator's efforts to afford its employees above minimum salaries and benefits inevitably resulted in over 13 years of harmonious relationship with its employees' union. The Bisig ng Manggagawa sa Batong Angono Aggregates, Corp., which was established in 2008, has tirelessly championed for the rights of its members and therefore played a huge role in maintaining the amicable relations between the Operator and its employees. To sustain this relationship, the Operator is keen on timely implementing the provisions of the CBA and remains attentive to the needs of its workers that may necessitate recalibration of the benefits set out in the CBA.

The 86-member strong Company Union has a CBA for the period of January 1, 2017, to December 31, 2021, with economic reviews set out every two years, the last one conducted and approved in December 2019.



## Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	17	%
% of male workers in the workforce	83	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

The Operator believes that the heart of an organization is its people. Diversity is actively sought while embracing different ideas and perspectives. The Operator seeks collaboration, believes in openness, and empowers people to speak up. Everyone in the organization is given equal opportunities in terms of training and promotions to develop talents for them to reach their full potential and become successful.

The Operator believes that gender, age, religious or cultural background, disabilities, and sexual orientation, do not pose any barrier to entry into the company. Female applicants are never shunned even in positions mostly dominated by men with the confidence that they will provide inspiration, motivation, and balance to the organization.

One-paygrade matrix is implemented regardless of gender and beliefs while providing government mandated benefits and implementing programs in support to women.

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	6,012,606.93	Man-hours
No. of work-related injuries	4	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	15	#

The health and safety of its employees is a prime concern of CAC and the Operator. The Operator recognizes its responsibility to provide its employees with a safe, secure, and healthy working environment. To this end, the Operator put in place occupational safety and health programs and measures that meet the standards required by law of a mining company.

In 2021, the Operator has logged a total of 973,466.67 man-hours without lost time accident, adding to its more than 8M man-hours without lost time accident record it has since 2013. It is also noteworthy to mention that no work-related injuries and fatalities were recorded in 2022.

## Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

The Operator implements its Integrated Management System (“IMS”)<sup>6</sup> Policy, which deals with issues relating to forced labor, child labor and human rights. The Operator strongly prohibits, and does not tolerate, any violation of labor laws and human rights in the mine site as mandated by Department of Labor and Employment (“DOLE”) guidelines. The Operator values the dignity of its employees and respects the rights of its workers. The Operator is committed to keep its work environment free from sexual intimidation and exploitation through its Sexual Harassment Policy. The Operator also does not tolerate bullying in the workplace, nor does it discriminate against anybody due to gender, age, religious or cultural background, as well as disabilities and sexual orientation.

Even with the implementation of the foregoing policies, the Operator is prepared to address instances when these are violated. To address this, the Operator has established a grievance mechanism where a discriminated employee may file a complaint. In addition, the Operator constantly reminds the union to be open to receiving such complaints in case an employee chooses to air out grievances to it.

The employee's handbook, the Crusher man's Guide, is followed when handling grievances, investigations and implementation of consequences and penalties to allow just and objective treatment of cases. The Operator believes and values discipline to correct deficient or unsatisfactory behavior and performance based on policies and established rules.

## Supply Chain Management

Local and international suppliers and are selected based on long-term relationship opportunities, compliance with local and legal requirements, and commitment to safety and sustainable development while delivering value-for-cost procurement for CAC.

Being an ISO Certified company, the Operator requires its suppliers upon accreditation to adhere to specific rules and guidelines to conform to OHS and CSR Requirements.

The Operator considers the following sustainability topics in accrediting its suppliers:

Topic	Specific Supplier Policy
Environmental performance	Contractor Safety Management
Forced labor	IMS Policy
Child labor	IMS Policy
Human rights	IMS Policy
Bribery and corruption	Anti-Bribery and Corruption Directive (ABCD)

The Operator is committed to creating value for all its stakeholders with the principle of sustainable development even into its procurement strategy, day-to-day operations, and relationships with suppliers. Suppliers, partners, and contractors are expected to comply with local and legal requirements and to align with the Operator's policies on health

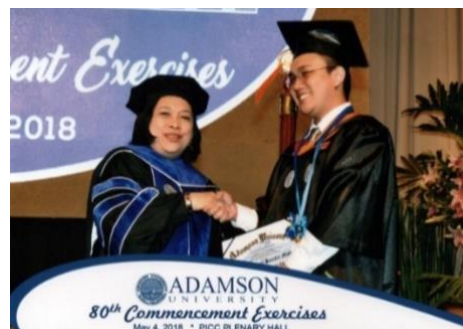
<sup>6</sup> See attached Annex A.

& safety, environment, and human rights as well as the Anti-Bribery and Corruption Directive (ABCD) and Fair Competition Directive (FCD) as previously discussed.

The Operator periodically reviews its supply chain strategy to produce a properly designed system that can support the overall trajectory of the business that will lead to achieving commercial goals and consequently, business success.

### Relationship with Community

The Operator, through its Development of Mining Technology and Geosciences (“DMTG”) Program, has awarded full college scholarship to deserving students in Angono. The scholarship program produced one Mining Engineer working for the Operator. Three more Geology students are currently enrolled at Adamson University under the DMTG Program.



### Significant Impacts on Local Communities

The table below summarizes various operational activities of the Operator and how each of these activities affected the communities around the mine site. None of the following affects indigenous peoples.

Operations	Location	Vulnerable groups	Effect to the community	Mitigating or enhancement measures
Infrastructure	Brgys. San Roque, Bagumbayan, Kalayaan, Mahabang Parang, San Vicente and Sto. Nino	Poor or bottom of pyramid (“BOP”)	Construction of sound roads	<i>Mitigating</i> - construction of roads, canals, drainage system, sidewalks, easements, pathways
Infrastructure	Brgys. San Isidro, San Roque, Bagumbayan, Mahabang Parang, Poblacion Ibaba, San Pedro and Sto. Nino	Children, youth and elderly, persons with disabilities, vulnerable women, solo parents, poor and BOP	Community facilities and amenities	<i>Enhancement</i> - rehabilitation and provision of Barangay Halls, Day Care Centers, Chapel, rehabilitation of water supply system, painting of roads, humps, posts and murals, provision of solar streetlights
Human resources and institutional building	Brgys. San Isidro, San Roque, Mahabang Parang, Poblacion Itaas and San Pedro	Children, youth and elderly, persons with disabilities, vulnerable women, solo parents, poor and BOP	Capacity building	<i>Enhancement</i> - provision of trainings for Barangay officials and staff
Human resources and institutional building	Brgys. San Isidro, San Roque, Mahabang Parang,	Children, youth and elderly, persons with disabilities, vulnerable women,	Maintenance of peace and order	<i>Enhancement</i> - provision of CCTVs, motorcycles, peace and order uniform and tools

Operations	Location	Vulnerable groups	Effect to the community	Mitigating or enhancement measures
	Poblacion Ibaba and Poblacion Itaas	solo parents, poor and BOP		
Enterprise development and support services	Brgys. San Isidro and Bagumbayan	Children, youth and elderly, persons with disabilities, vulnerable women, solo parents, poor and BOP	Livelihood and employment	<i>Mitigating</i> - provision of Skills Training
Promotion of socio-cultural values	Brgys. San Isidro, San Roque, Bagumbayan, Kalayaan, Mahabang Parang, Poblacion Ibaba, Poblacion Itaas, San Pedro, San Vicente and Sto. Nino	Children, youth and elderly, persons with disabilities, vulnerable women, solo parents, poor and BOP	Promotion of cultural heritage	<i>Enhancement</i> - provision of support to repainting of murals, celebrations of festivals at barangay and municipal level (Higantes Festival) and provision of marching band instruments

In addition to the foregoing, the Operator also engages in various Corporate Social Responsibility (“CSR”) and Social Development and Management Programs (“SDMP”). An SDMP refers to the comprehensive five-year plan of a mining contractor towards the sustained improvement in the living standards of the host and neighboring communities by creating responsible, self-reliant, and resource-based communities capable of developing, implementing, and managing community development programs, projects, and activities in a manner consistent with the principle of people empowerment.

The Operator is committed to contributing a positive impact to the communities through the implementation of its Social Development and Management Program “SDMP” initiatives. The approved budget for the 2022 Annual SDMP (“ASDMP”) was Php 14,229,210.18 for the 10 communities in Angono, although the actual expenditure for the year 2021 was at Php 12,796,028.69. The excess amount will be added to the 2023 budget.

The SDMP is broken down as follows in reference to the SDMP budget allocation:

SDMP Section	%	Allocation	Expenditure
Development of Host and Neighboring Communities (DHNC)	75	Php 10,671,908	Php 9,597,002
Information, Education, Communication Campaign (IEC)	15	Php 2,134,382	Php 1,919,404
Development of Mining Technology and Geosciences (DMTG_	10	Php 1,422,921	Php 1,279,603

DHNC projects include tools for distant learning, construction of Botong Francisco Ave., support to dredging activities, provision of medicines and medical equipment, annual maintenance of rivers and berms, conduct of annual operation tuli, supply and installation of CCTVs, purchase of materials for the Isolation Facility, provision of scholar’s allowances, provision of tablets for distant learning, provision of honoraria to strengthen the Barangay Health Emergency Response Team, Doctor’s Honoraria, annual maintenance and declogging of canals and support to the celebration of Feast of San Clemente and Higante’s Festival.

IEC programs include:

- Publication promoting safety and health, environment, responsible mining, social development, and other supplies
- Tokens to further IEC during conferences, meetings, consultations, and tours
- Audio Visual presentations and videos highlighting mining and processing aggregates
- Support to community events to make the company accessible to the public
- Community clinics, relief operations, and feeding programs to indigent residents of the community to further IEC through health assistance
- Conferences and meetings to equip the stakeholders on mining related activities
- Multi-sectoral consultation and planning sessions to identify priority projects and activities for 2022 ASDMP

Lastly, continuing support to scholars comprise the DMTG fund.

The five-year SDMP, covering the years 2020 to 2024, was approved by MGB IV-A on June 20, 2020, under COA No. 034-2020-05 IV. The total budget amounts to PhP 82,358,717.67 million for the host and neighboring barangays.

None of the foregoing operations and projects affect indigenous communities or people because there are no identified indigenous communities or people in and around the quarry, as supported by the Certificate of Non-Overlap CNO-RIV-RIZ-2018-1063 issued by the National Commission on Indigenous Peoples Regional Office IV.

The succeeding tables show the summary of actual expenditures in 2022, and number of beneficiaries per Project/Program/Activity (PPA).

BARANGAY SAN ISIDRO			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
SIP1	cont	Painted concrete plant box	100,000.00
SIP2	cont	Aggregates	6,032.98
SIP3	cont	MRF Operation, training, beautification	3,681.59
SIC1	cont	Scholarship, daycare	293,347.16
SIC2	cont	Immunization	50,000.00
SIC3	cont	Medicines	43.09
SIC4	cont	Streetlights	1,200.00
NOT INCLUDED IN TOTALS			454,304.82
<b>a. Human Resources Development</b>			
SI01	1.	CCTV	381,207.77
SI01.1	1.	Capacity Building and trainings	135,000.00
Sub-Total			516,207.77
<b>b. Enterprise Development and Networking</b>			
SI02	1.	Sewing machine	100,000.00
SI03	2.	MRF Training	64,707.77
SI04	3.	Rope maker	436,709.53
Sub-Total			601,417.30
<b>c. Assistance to Infrastructure Development and Support Services</b>			
SI05	1.	Ready-mix	899,503.88
SI06	2.	Solar street lights	200,000.00
Sub-Total			1,099,503.88
<b>d. Access to Education and Educational Support Programs</b>			
SI07	1.	Scholarship	301,000.00
Sub-Total			301,000.00
<b>e. Access to Health and Services, Health Facilities and Professionals</b>			
SI08	1.	Adult medicines	350,000.00
SI09	2.	Welfare package	150,000.00
SI10	3.	River dredging	200,000.00
SI11	4.	BHERT incentives	293,841.65
Sub-Total			993,841.65
<b>f. Protection and Respect of Socio-Cultural Values</b>			
SI12	1.	San Isidro Festival	25,000.00
SI13	2.	Higantes Festival - band	115,000.00
SI14	3.	Higantes Festival - decorations	185,948.23
Sub-Total			325,948.23
Sub-total for DHNC - Brgy. SAN ISIDRO			3,837,918.83

BARANGAY SAN ROQUE			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
SRP1	cont	Bread and pastries, food processing, kasambahay	66,484.18
SRP2	cont	Bigasang Bayan	165,250.00
SRC1	cont	Scholarship	89,925.00
SRC2	cont	School supplies	75.00
SRC3	cont	Doctor's Honoraria	18,610.90
SRC4	cont	Brgy. Hall	657,574.98
SRC5	cont	CCTV	219,000.00
SRC6	cont	Declogging	635.62
NOT INCLUDED IN TOTALS			1,217,555.68
<b>a. Human Resources Development</b>			
SR1	1.	Project management training	93,715.62
SR2	2.	Financial training	100,000.00
SR3	3.	Computer literacy	100,000.00
Sub-Total			293,715.62
<b>b. Enterprise Development and Networking</b>			
SR4	1.	Start-up materials	90,868.92
Sub-Total			90,868.92
<b>c. Assistance to Infrastructure Development and Support Services</b>			
SR5	1.	Brgy. Hall	1,000,000.00
SR6	2.	Multipurpose Hall	100,000.00
SR7	3.	Dona Aurora canal	100,000.00
SR8	4.	Sitio Manggahan	50,000.00
SR9	5.	Chapel	100,000.00
SR10	6.	Solar street lights	30,000.00
SR11	7.	Declogging	200,000.00
Sub-Total			1,580,000.00
<b>d. Access to Education and Educational Support Programs</b>			
SR12	1.	Scholarship	180,000.00
SR13	2.	School supplies	327,690.50
Sub-Total			507,690.50
<b>e. Access to Health and Services, Health Facilities and Professionals</b>			
SR14	1.	Infant and children medicines	56,450.00
SR15	2.	Adult medicines	93,550.00
SR16	3.	Doktor sa Barrio	180,000.00
SR17	4.	Operation Tuli	150,000.00
Sub-Total			480,000.00
<b>f. Protection and Respect of Socio-Cultural Values</b>			
SR18	1.	San Roque Festival - band	15,000.00
SR19	2.	San Roque Festival - meals	120,000.00
SR20	3.	Higantes Festival - band	215,913.71
SR21	4.	Higantes Festival - decorations	241,861.94
Sub-Total			592,775.65
Sub-total for DHNC - Brgy. SAN ROQUE			3,545,050.69

BARANGAY BAGUMBAYAN			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
	<b>a.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
B01	1.	Construction materials	50,008.00
		<b>Sub-Total</b>	<b>50,008.00</b>
	<b>b.</b>	<b>Access to Education and Educational Support Programs</b>	
B02	1.	School supplies	50,000.00
		<b>Sub-Total</b>	<b>50,000.00</b>
	<b>c.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
B03	1.	Infant and children medicines	3,225.00
B04	2.	Adult medicines	53,588.94
B05	2.	Declogging of canals	30,809.71
		<b>Sub-Total</b>	<b>87,623.65</b>
	<b>d.</b>	<b>Protection and Respect of Socio-Cultural Values</b>	
B06	1.	Higantes Festival - band	64,208.74
B07	2.	Higantes Festival - decorations	40,000.00
B08	3.	Basketball	10,000.00
B09	4.	Referee honoraria	10,000.00
		<b>Sub-Total</b>	<b>124,208.74</b>
		<b>Sub-total for DHNC - Brgy. BAGUMBAYAN</b>	<b>311,840.39</b>

BARANGAY KALAYAAN			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
KC01	cont	School supplies	1,049.67
KC02	cont	Provision of furniture and fixtures	60,411.61
		<b>NOT INCLUDED IN TOTALS</b>	<b>61,461.28</b>
	<b>a.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
K01	1.	a.1 Provision of welfare package as labor compensation in participation to maintenance of drainage and canal systems, repainting of signages, road markings, etc.	184,221.67
KA1	1.	Annual Maintenance and declogging of canals	24,208.74
		<b>Sub-Total</b>	<b>184,221.67</b>
	<b>b.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
K02	1.	Infant and children medicines	25,156.00
K03	2.	Adult medicines	77,425.27
		<b>Sub-Total</b>	<b>102,581.27</b>
		<b>Sub-total for DHNC - Brgy. KALAYAAN</b>	<b>286,802.94</b>



BARANGAY MAHABANG PARANG			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
MPP1	cont	Labor cost	100.00
MPP2	cont	Banlik enterprise	11,000.00
MPC1	cont	School supplies	4,244.36
MPC2	cont	Construction materials	10,240.19
MPC3	cont	Calamity equipment	35,000.00
		<b>NOT INCLUDED IN TOTALS</b>	<b>60,584.55</b>
	<b>a.</b>	<b>Enterprise Development and Networking</b>	
MP01	1.	Food cart business	25,802.94
		<b>Sub-Total</b>	<b>25,802.94</b>
	<b>b.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
MP02	1.	Construction materials	80,000.00
		<b>Sub-Total</b>	<b>80,000.00</b>
	<b>c.</b>	<b>Access to Education and Educational Support Programs</b>	
MP03	1.	School supplies	30,000.00
MP04	2.	Tablets	30,000.00
		<b>Sub-Total</b>	<b>60,000.00</b>
	<b>d.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
MP05	1.	Infant and children medicines	16,627.40
MP06	2.	Adult medicines	43,380.20
		<b>Sub-Total</b>	<b>60,007.60</b>
	<b>e.</b>	<b>Protection and Respect of Socio-Cultural Values</b>	
MP07	1.	Mahabang Parang Festival - meals	21,000.00
MP08	2.	Higantes Festival - band	34,208.74
MP09	3.	Higantes Festival - decorations	30,000.00
		<b>Sub-Total</b>	<b>85,208.74</b>
		<b>Sub-total for DHNC - Brgy. MAHABANG PARANG</b>	<b>311,019.28</b>

BARANGAY POBLACION IBABA			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
PIBP1	cont	Labor cost	0.02
PIBC1	cont	CCTV	50,610.00
		<b>NOT INCLUDED IN TOTALS</b>	<b>50,610.02</b>
	<b>a.</b>	<b>Human Resources Development</b>	
PIB01	1.	Resource speaker	5,000.00
PIB02	2.	Tanod tools and equipment	31,618.10
		<b>Sub-Total</b>	<b>36,618.10</b>
	<b>b.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
PIB03	1.	Construction materials	60,000.00
PIB04	2.	Jetmatic pumps	24,000.00
		<b>Sub-Total</b>	<b>84,000.00</b>
	<b>c.</b>	<b>Access to Education and Educational Support Programs</b>	
PIB05	1.	School supplies	10,000.00
		<b>Sub-Total</b>	<b>10,000.00</b>
	<b>d.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
PIB06	1.	Infant and children medicines	36,671.00
PIB07	2.	Adult medicines	71,131.94
		<b>Sub-Total</b>	<b>107,802.94</b>
	<b>e.</b>	<b>Protection and Respect of Socio-Cultural Values</b>	
PIB08	1.	Higantes Festival - band	64,208.74
PIB09	2.	Higantes Festival - decorations	40,000.00
		<b>Sub-Total</b>	<b>104,208.74</b>
		<b>Sub-total for DHNC - Brgy. POBLACION IBABA</b>	<b>342,629.78</b>

## BARANGAY POBLACION ITAAS

		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
PITP1	cont	CCTV	1,500.00
PITP2	cont	Sports	4,315.00
PITC1	cont	Stability of rivers and berms	60,000.00
PITC2	cont	Murals, labor and gold power	18,801.20
		<b>NOT INCLUDED IN TOTALS</b>	<b>84,616.20</b>

	<b>a.</b>	<b>Human Resources Development</b>	
PIT01	1.	CCTV	35,000.00
		<b>Sub-Total</b>	<b>35,000.00</b>

	<b>b.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
PIT02	1.	Declogging	46,411.61
PITA1	1.	Rehabilitation of water way system	24,208.74
		<b>Sub-Total</b>	<b>46,411.61</b>

	<b>c.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
PIT03	1.	Infant and children medicines	14,538.23
PIT04	2.	Adult medicines	65,530.00
PIT05	3.	Welfare package	50,802.94
		<b>Sub-Total</b>	<b>130,871.17</b>

	<b>d.</b>	<b>Protection and Respect of Socio-Cultural Values</b>	
PIT06	1.	Higantes Festival - band	10,000.00
PIT07	2.	Higantes Festival - decorations	25,000.00
PIT08	3.	Mural painting	40,000.00
		<b>Sub-Total</b>	<b>75,000.00</b>

		<b>Sub-total for DHNC - Brgy. POBLACION ITAAS</b>	<b>287,282.78</b>
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## BARANGAY SAN PEDRO

		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
SPP1	cont	CCTV and radios	3,758.51
SPC1	cont	CCTV	51,400.00
		<b>NOT INCLUDED IN TOTALS</b>	<b>55,158.51</b>

	<b>a.</b>	<b>Human Resources Development</b>	
SP01	1.	CCTV	83,561.46
		<b>Sub-Total</b>	<b>83,561.46</b>

	<b>b.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
SP02	1.	Light posts and humps	50,000.00
		<b>Sub-Total</b>	<b>50,000.00</b>

	<b>c.</b>	<b>Access to Education and Educational Support Programs</b>	
SP03	1.	Day Care Center	25,000.00
		<b>Sub-Total</b>	<b>25,000.00</b>

	<b>d.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
SP04	1.	Adult medicines	46,081.98
		<b>Sub-Total</b>	<b>46,081.98</b>

	<b>e.</b>	<b>Protection and Respect of Socio-Cultural Values</b>	
SP05	1.	Higantes Festival - band	65,300.32
SP06	2.	Higantes Festival - decorations	41,091.59
		<b>Sub-Total</b>	<b>106,391.91</b>

		<b>Sub-total for DHNC - Brgy. SAN PEDRO</b>	<b>311,035.35</b>
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BARANGAY SAN VICENTE			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
SVP1	cont	Printer	9,995.00
SVC1	cont	CCTV	98,500.00
SVC2	cont	San Vicente Festival	1,340.00
SVC3	cont	Higantes Festival	138.10
NOT INCLUDED IN TOTALS			109,973.10
	<b>a.</b>	<b>Human Resources Development</b>	
SV01	1.	ACU for Barangay Health Clinic	60,000.00
SV02	2.	CCTV	81,500.00
SV03	3.	Administrative tools	35,000.00
Sub-Total			176,500.00
	<b>b.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
SV04	1.	Construction materials	50,004.06
Sub-Total			50,004.06
	<b>c.</b>	<b>Access to Education and Educational Support Programs</b>	
SV05	1.	School supplies	40,171.11
SV06	2.	Distant Learning	15,901.47
Sub-Total			56,072.58
	<b>d.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
SV07	1.	Infant and children medicines	14,426.75
SV08	2.	Adult medicines	15,599.25
Sub-Total			30,026.00
Sub-total for DHNC - Brgy. SAN VICENTE			312,602.64
BARANGAY STO. NINO			
		PROJECT/PROGRAM/ACTIVITY (PPA)	BUDGET
	<b>a.</b>	<b>Human Resources Development</b>	
SN01	1.	Brgy. Tanod	36,000.00
Sub-Total			36,000.00
	<b>b.</b>	<b>Assistance to Infrastructure Development and Support Services</b>	
SN02	1.	Solar street lights	70,802.94
Sub-Total			70,802.94
	<b>c.</b>	<b>Access to Health and Services, Health Facilities and Professionals</b>	
SN03	1.	Adult medicines	44,643.10
SN04	2.	PWD medicines	5,375.00
Sub-Total			50,018.10
	<b>d.</b>	<b>Protection and Respect of Socio-Cultural Values</b>	
SN05	1.	Sto. Nino Festival	30,000.00
SN06	2.	Higantes Festival - band	74,208.74
SN07	3.	Higantes Festival - decorations	50,000.00
Sub-Total			154,208.74
Sub-total for DHNC - Brgy. STO. NINO			311,029.78
TOTAL for DHNC			9,857,212.46

INFORMATION, EDUCATION AND COMMUNICATION (IEC) CAMPAIGN			
IECC1	cont	Newsletter	53,210.95
IECC2	cont	Coffee table book	100,000.00
IECC3	cont	Alcohol sprayer	40,000.00
IECC4	cont	NUIECP	36,943.43
IECC5	cont	IEC Tools	44,271.24
IECC6	cont	Experiential	7,988.70
IECC7	cont	Equipping	11,316.60
NOT INCLUDED IN TOTALS			293,730.92
PROJECT/PROGRAM/ACTIVITY (PPA)			BUDGET
<b>A. Information centers</b>			
IEC01	1.	Bulletin boards, siganges	10,000.00
IEC02	2.	AVP (100,000.00 NUICP)	130,000.00
Sub-Total			140,000.00
<b>B. IEC materials</b>			
IEC03	1.	Newsletter, leaflets	60,000.00
IEC04	2.	Tarpaulins	10,000.00
Sub-Total			70,000.00
<b>C. Public awareness</b>			
IEC05	1.	Community and municipal events (100,000.00)	300,000.00
IEC06	2.	Sponsorship (100,000.00)	229,113.27
IEC07	3.	Community clinics, relief operations	80,000.00
IEC08	4.	Barangay assembly	20,000.00
IEC09	5.	SDMP monitoring, turn-over	100,000.00
IEC10	6.	Planning	35,000.00
IEC11	7.	Government trainings and seminars (100,000.00)	130,000.00
IEC12	8.	ANMSEC	80,000.00
IEC13	9.	Cross visits	20,000.00
IEC14	10.	Open house	20,000.00
IEC15	11.	Road shows and caravans for highschool students to encourage them to take up courses related to mining and geosciences & for college students taking up these courses to further their knowledge on their chosen field	39,842.50
IEC16	12.	SDMP branding and tokens (104,773.71)	344,773.17
Sub-Total			1,398,728.94
<b>D. Capital outlay</b>			
IEC18	1.	Laptop softwares, omnidirectional microphone, adiminsitrative tools	50,000.00
Sub-Total			50,000.00
TOTAL FOR IEC			1,658,728.94

DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCES			
DMTGP1	cont	Blasting	300,000.00
DMTGP2	cont	SIA 2.0	108,735.00
DMTGC1	cont	Scholarship	247,471.00
DMTGC2	cont	Research	47,200.00
DMTGC3	cont	Roadshow	60,300.00
DMTGC4	cont	Banlik	55,000.00
NOT INCLUDED IN TOTALS			818,706.00
DMTG1	1.	Structural Integrity	8,676.32
DMTG2	1.	Mining Engineering	253,165.06
DMTG3	1.	Geology	371,015.10
DMTG4	1.	Civil Engineering	174,331.55
DMTG5	1.	Projector, widescreen, omnidirectional microphone	50,000.00
DMTG6	1.	Tribble Stratus Roving Data Set for P4R/PPK drone for Survey Research	360,000.00
DMTG7	1.	Brix meter for soil analysis for Bokashi Research	14,481.78
TOTAL FOR DMTG			1,231,669.81
TOTAL 2022 ASDMP			12,747,611.21

## **Customer Management**

### *Customer Satisfaction*

<b>Disclosure</b>	<b>Score</b>	<b>Did a third party conduct the customer satisfaction study?</b>
Customer satisfaction	Very Satisfactory (90%)	No.

Although the Operator supplies only to one customer, Holcim Philippines, Inc. ("HPI"), Customer Satisfaction Surveys are sent out to HPI's major clients on a semi-annual basis to improve engagements and quality of service being accorded to them by the Operator.

The Customer Satisfaction Survey measures overall satisfaction with the product, especially in terms of quality (cleanliness, grading, consistency, compliance to specifications), stock availability, and price. The survey is also used to gauge overall satisfaction with the service, queueing time at the plant, loading time, queueing time at the weigh bridge, availability of loading equipment, technical support, plant health and safety practices, and customer service.

### *Health and Safety*

<b>Disclosure</b>	<b>Quantity</b>
No. of substantiated complaints on product or service health and safety	5
No. of complaints addressed	5

The Operator had five product complaints in 2022 due to alleged contamination of finer materials and/or presence of weathered basalt in the delivered aggregates. All complaints were acted on and immediately followed by a root cause analysis to implement necessary corrective actions for process improvement. The Operator diligently documents the area stockpile source of the materials, takes photos of trucks before covering and leaving the premises and weighs trucks upon entry and exit from the quarry.

### *Marketing and labelling*

<b>Disclosure</b>	<b>Quantity</b>
No. of substantiated complaints on marketing and labelling	n/a
No. of complaints addressed	n/a

Crushed aggregates are directly hauled out by HPI's customers from the stockpiles to their trucks with no packaging and labelling requirements. Nevertheless, conveyor lines are properly marked to match the loading cards provided to trucks upon entry to ensure that the correct size of aggregates are loaded. Loaded trucks are also required to pass through final inspection at the Quality Control Office as an added assurance of the correctness and quality of aggregates provided.

### *Customer privacy*

<b>Disclosure</b>	<b>Quantity</b>
No. of substantiated complaints on customer privacy	0

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**ANNEX A**

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No. of complaints addressed	0
No. of customers, users, and account holders whose information is used for secondary purposes	0

Respect for customer privacy is being sustained in the organization from Sales to Dispatch to Quality Control. Confidential information is not disclosed to any entity or is used for secondary purposes without written consent from HPI's customers.

### Data Security

<b>Disclosure</b>	<b>Quantity</b>
No. of data breaches, including leaks, thefts, and losses of data	0

Integrity is one of the values embraced by CAC and the Operator. As such, sensitive data are kept confidential with access to information limited to relevant parties only.

## UN SUSTAINABLE DEVELOPMENT GOALS

### Contributions to UN SDGs

Key products and services and their contribution to sustainable development

HAI, in its operation of CAC's mine, is committed to contributing to the sustainable development goals set by UNESCO through various aspects of its business operations.



The mining and quarrying industry in general is dominated by men. However, among the Operator's employees, gender diversity is high at 17% women from a total of 98 employees, embracing diversity and inclusion in the workforce. The Operator passionately believes that gender, age, religious or cultural background, disabilities and sexual orientation do not pose any barrier to entry into the company. Female applicants are never shunned even in positions mostly dominated by men with the confidence that they will provide inspiration, motivation, and balance to the organization.



The Operator ensures that the most competitive benefits package and good working conditions for its direct hires are provided. Equal training opportunities and equal access to professional development that are relevant to the needs and career path of the employees are also given to ensure that they are equipped to perform their job to allow them to see themselves as contributing to corporate goals.



Outside the organization, the Operator's SDMP provides commitments to lower poverty rate in the community:



- The 2022 Education Programs provide scholarships to 79 scholars in the premise that they would alleviate the living conditions of their respective families once they graduate.
  - Training programs such as Shielded Metal Arc Welding NC II, barbers' training, and dressmaking are provided to 42 unemployed members of the community to allow them to have decent work for their families.
  - The Banlik Enterprise, which is a start-up livelihood program started in 2015 by the local government of Angono and the Operator, allows unemployed women, and persons with disabilities have a source of income through the livelihood program.
  - PhP 2 million worth of infrastructure projects (including construction of roads, pathways and day care centers and installation of solar streetlights and CCTVs) ensure sustainable communities in the Municipality of Angono.
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The Operator provides educational assistance to 75 secondary and tertiary students of Brgys. San Isidro and San Roque through the grant of scholarships. For residents of other barangays, the Operator also provides school supplies and other educational equipment and materials such as LED television sets, learning materials as part of Alternative Learning System, and fans for proper ventilation.



Aside from these, the Operator, through the DMTG Program, has four geology scholars provided with tuition fees, miscellaneous fees, allowances, dormitories, and other expenses necessary for them to complete their program.

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With health and safety as the core value of the Operator, world-class initiatives are adopted to ensure the overall well-being of its employees, partner contractors, and visitors. Health assessment and training are provided by the Operator's resident doctor and nurses apart from their primary role of manning the clinic and initiating first aid treatments.

HMO benefits for regular employees can be extended to three dependents, including children and parents.

Further to these, the SDMP Program includes support to health services in all 10 barangays of Angono with an aggregate Php 2 million in projects, programs, and activities from medical and dental missions, to Operation Tuli, to provision of Cervical Awareness and Vaccination Programs, to provision of medicines and equipment such as oxygen tanks, autoclave and stretchers for the improvement of health facilities, to provision of sports equipment to promote fitness and well-being of the youth and senior citizens. The health programs of the SDMP also include supporting clean and green programs such as declogging of canals and river rehabilitation programs.

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The Operator is keen on helping lessen the negative effects of climate change and protecting the environment. In the years to come, the Operator commits to continuously re-evaluate its processes and keep up with technological progress to support the reduction of adverse effects of mining to the environment, all the while supporting the UN Sustainable Goals.

- *Clean water and sanitation.* Considered as best practice among the industry, the Operator employs a zero-discharged, closed-loop water recycling system through a series of sand traps and settling ponds to collect water from aggregates washing. The ponds allow silt to settle by gravitation and for the water to be recycled and used again for aggregate washing. The company takes utmost care to ensure that silt is managed to avoid run-off to existing surface water bodies. Further, the quarry pit bottom acts as a natural catchment basin that helps prevent flooding in neighboring low-lying areas as supported by Flood Modelling Research Studies in 2015 and 2017.



In the communities, the Operator funds river rehabilitation programs to ensure the free flow of clean water along the tributaries in Angono, especially during the rainy season. Water PVC pipes were also provided to Brgy. Poblacion Ibaba to rehabilitate the water system in the barangay to make clean water accessible to the families therein.

- *Affordable and clean energy.* As solar panels become priced, projects under the SDMP have seen PhP 0.6 million worth of solar streetlights provided to illuminate the streets of Brgy. San Isidro in 2019 with other barangays planning to follow suit in 2020 and beyond.
- *Responsible consumption and production.* Produced aggregates with quality concerns are re-fed to crushers for reprocessing so as not to put them to waste. Recycling and upcycling initiatives are also encouraged across the plant's operations.
- *Climate action.* The Operator's target is to reduce carbon intensity through LED lights, shift from synthetic oil to mineral oil, and promote solar panel use to contribute to this goal.

Further to this, the Operator commits to demonstrating a positive change for biodiversity. The BIRS, established through LafargeHolcim's partnership with Flora and Fauna International ("FFI")

In 2021, the Operator commissioned a third-party service provider to conduct biodiversity rapid assessment to determine the species diversity, tree endemism, and wildlife migration pattern within the site as part of its sustainability commitment.

The Biodiversity Indicator and Reporting System ("BIRS") is still used by the Operator today to help the business track and assess changes to biodiversity in the quarry and its surrounding areas. The Operator is consistently applying its best environmental practices to ensure that the assessment in 2022 will show favorable results for flora and wildlife that are gradually returning.

- *Life below water.* The Operator sustains projects which aim to reduce single-use plastic to beat plastic pollution in oceans and allow life below water to thrive.
- *Life on land.* The Operator's rehabilitation program and reforestation programs in mined-out and idle areas improve biodiversity in support to sustainability goals. In 2022, the Operator planted an additional 1,150 trees with an over-all survival rate of 91%.



The Operator has existing partnerships with FFI, IUCN, and the University of the Philippines (UP) – Biology Department in relation to the implementation of community-based conservation programs and monitoring its biodiversity targets.

The Operator also commissioned the UP National Institute of Geological Sciences (UP NIGS) for its flood modeling targets. UP NIGS conducted flood modeling studies for the Operator, which indicate that the quarry pit can contain 1.2 million cu.m of rainwater, which showed that the quarry helps in flood mitigation in Angono.

The Operator likewise maintains close coordination with its stakeholders, including its host and neighboring barangays, for the implementation of SDMP projects. Planning sessions are being conducted on a regular basis to monitor the status of funds and completion of the projects.

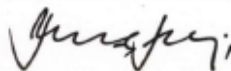
**LAFARGEHOLCIM AGGREGATES, INC.****Integrated Management System (IMS) Policy**

LafargeHolcim Aggregates, Inc. contributes to building better cities for the present and future generations.

We pursue excellence and sustainability by ensuring a responsible aggregates quarry operations in strict compliance with quality, environmental, health and safety standards and regulatory requirements.

We recognize the impact of our products and processes to our internal and external stakeholders and to our environment, thus, we commit to the following actions:

1. Provide products and services which consistently meet and/or exceed our customers' expectations;
2. Sustain market leadership by maintaining a reliable, efficient, safe, and environmental-friendly operations;
3. Set and review objectives and targets for Quality, Environment, Health and Safety in a timely manner;
4. Establish, implement and maintain programs for achieving business objectives at relevant functions and levels of the organization;
5. Prevent work-related injury and ill-health through provision of safe and healthy working conditions, eliminate hazards, and reduce occupational health and safety risks;
6. Minimize waste, conserve resources, prevent pollution and promote good environmental stewardship among all employees;
7. Comply with all applicable legal requirements and other requirements;
8. Strengthen strategic partnerships with relevant internal and external stakeholders through regular consultation, participation and communication;
9. Implement effective QEHS training and development programs for employees and contractors;
10. Uphold a culture of steadfast learning, leadership development, and well-informed decision-making;
11. Innovate and develop our products, services and processes to be consistent with world-class standards;
12. Undertake regular review and continual improvement of the Integrated (QEHS) Management System to ensure its relevance and appropriateness to the organization.



RENATO A. BAJA  
President



## Health and Safety Policy

LafargeHolcim is the industry leader in the building materials industry.

We conduct our business in a manner that creates a healthy and safe environment for all stakeholders – our employees, contractors, communities and customers – built on a sound healthy and safety culture.

Health and Safety is our core value. We believe in visible leadership and personal accountability for Health and Safety at all levels and throughout our organization.

Nothing we do is worth getting hurt for.

### Our Commitment

We will:

- Conduct our business with a goal of zero harm.
- Provide safe, healthy and secure work conditions for employees and contractors.
- Maintain a global Health and Safety Management System designed to continuously improve our performance and actively minimize risk in our business.
- Comply with applicable legal, regulatory, industry and corporate requirements.
- Communicate openly with all stakeholders on relevant health and safety issues.
- Empower all employees and contractors to stop any unsafe work.

Renato A. Baja  
President and General Manager