

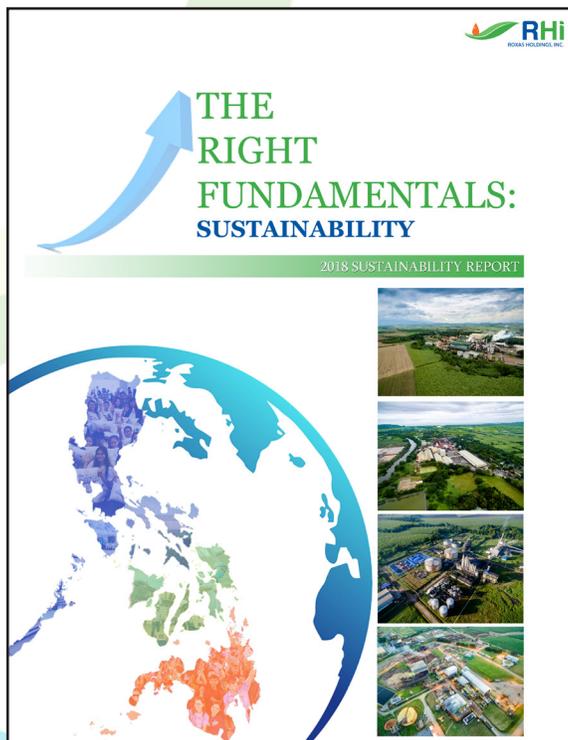


THE RIGHT FUNDAMENTALS: SUSTAINABILITY

2018 SUSTAINABILITY REPORT



ABOUT THE COVER



The cover shows RHI's four (4) sugar and alcohol manufacturing facilities and a collage of our stakeholders who inspire and fire up our passion in our continuing pursuit for excellence. A watermark rendition of the Philippines inside a representation of the world map symbolizes the role and contribution of RHI as a sugar and alcohol producer in the global market. The upward arrow, meanwhile, depicts the Group's dynamism as it moves onward on its journey to the opportunities and challenges of the future, conscious and cognizant of its role as a responsible contributor to the progress and prosperity of the communities where we do our business.

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ABOUT THE REPORT

Welcome to the Roxas Holdings, Inc. (RHI) 2017-2018 Sustainability Report (SR)!

“The Right Fundamentals: Sustainability”, is a companion document of our Annual Report (AR) and reflects the milestones that we accomplished and the challenges that we have overcome and continue to hurdle for crop year 2017 – 2018.

REPORT BOUNDARY AND SCOPE

The Report covers our environmental, social, and governance performance for the recently-concluded crop year.

It is a story of our continuing journey, the strengths that we have developed, and the lessons that we have learned as we take each deliberate step moving forward towards sustained growth and responsible stewardship of our resources. It is about consistency and resiliency as our organization evolves and transforms to achieve synergy and ensure long term viability and relevance.



MESSAGE FROM THE CHAIRMAN

Dear Fellow Shareholders:

The Philippine sugar industry experienced a challenging period last year, marked by low sugar production.

The Sugar Regulatory Administration (SRA) reported that national sugar production for Crop Year 2018 dropped 15% to 23.86 million tons cane milled (TCM) from the 28 million TCM in CY2017, which was an exception to a prolonged industry slowdown being the only bumper year for the sugar industry between 2012 and 2017.

Roxas Holdings, Inc. (RHI) tracked the national sugar industry's performance with lower tons of canes milled (TCM) at 1.87 million in CY2018, down 8% from 2.14 million TCM in CY2017 as a result of changing weather conditions and other concomitant challenges.

But RHI was able to buck the trend with its sugar inventory from the previous crop year, which boosted the Group's revenues to PhP4.90 billion, down 11% from PhP5.51 billion in the previous year.

The enhancements and other adjustments RHI rolled out at its ethanol plants in previous years also paid off as the ethanol business unit produced significantly higher volume of ethanol at 74.35 million liters from 69.54 million liters in 2017.

The combination of our prudent practices and conscious implementation of sustainable measures has helped the Group weather the challenges of the past year.

As an integrated sugar and ethanol producer, and a first mover in the area of agribusiness, RHI is determined to deepen its commitment to sustainability through meaningful engagements within and outside of our plants.

We see a better and more sustainable future ahead of us at RHI. Our story constantly evolves with the changing times but our commitment to protect the environment and help people is intertwined with our clear vision for the Group.

As such, we assure you that we tailor solutions and craft



"Our commitment to protect the environment and help people is intertwined with our clear vision for the Group."



actions for our day-to-day operations on the principles of sustainability and social responsibility.

Having established a set of right fundamentals, which embraces relevance and reliability, high standards and integrity, RHI will stick to the path of sustainability with a firm resolve to make a stark difference in the lives of Filipinos.

Putting together timely, responsive and strategically sustainable policies and actions to countless hurdles at its plants and within its communities is a tough order for RHI. However, given RHI's focused direction on driving sustainability across all facets of its strategic business units, the Group will emerge strong despite the avalanche of unexpected and uncontrolled conditions that may affect its operations.

As we put in place sustainability measures across the Group, we are also working to reduce our debts significantly to make us agile in assessing risks and evaluating solutions to promote farm research, development and mechanization, and technological advances in the areas of sugar and ethanol production.

The future looks promising for RHI as we see consistent improvements at our plants. Although we still foresee hurdles along the way, which is a reality in every journey, we believe that our vision of RHI as a world-class leader in sugar and sugarcane-based products in the Asia Pacific is not far-fetched.

As we have done throughout the years, let us continue to remain relevant and reliable, consciously striving to keep

our high standards, and living and working with integrity.

With this set of right fundamentals, healthily balanced with sustainability, let us steer significant and life-changing social impact for RHI, our communities, our partners, the government, and the country.

We are well positioned to deliver sustainable earnings growth in the coming year. Our optimism is hinged on how well we braved the challenges in the past crop year, and on the continuing support of our investors and other stakeholders.

As we look back and prepare for CY 2019, we thank you for your constant support to RHI. We are deeply grateful as well to our esteemed Board of Directors whose wise guidance and direction steer RHI to newer heights; to our Board of Advisors, whose staunch counsel ensure the Group is well grounded; our Management, whose untiring devotion keeps RHI on track; to our employees and staff, whose commitment and loyalty drive RHI to go beyond what is expected; and to our partners as well as other stakeholders, for trusting RHI to do what is right and sustainable in every situation.

Together, let us rise up to the challenge and work together to catapult RHI as a leader in sugar and sugarcane-based products farther into the Asia Pacific region.


PEDRO E. ROXAS
Chairman

MESSAGE FROM THE PRESIDENT AND CEO



"We can overcome the challenges together as we hold on to our values...and driven by our unwavering commitment to sustainability and corporate responsibility."

Dear Fellow Shareholders:

Crop Year 2017-2018 was significant for the global sugar industry. Brazil, the world's largest sugar producer, experienced drier-than-normal weather, which reduced its potential yield. Its ethanol-sugar mix has increased to 61% from 53.6% in 2017, thus tipping the sugar exports lower than prior years.

In Asia, India produced two massive crops in a row, topping it at 29.5 million metric tons (MTs), while Thailand posted a record production of around 14 million MTs. These are two major producing countries not hampered by detrimental weather, thus generally resulting to low world market prices.

In the Philippines, the last crop year was one filled with challenges.

The challenges earlier brought about by the entry of High Fructose Corn Syrup (HFCS) were successfully resolved by our sugar industry. But not long thereafter, came another bigger challenge – that of sugar import liberalization.

Our Sugar Business Unit suffered some reversals with both our Negros and Batangas mills turning in lower production volumes vs previous year. Tons Cane Milled or TCM was 2.99 million, 13.6% down from 3.46 million, and sugar produced was 5.27 million LKg, 18.9% lower from 6.50 million LKg.

The industry-wide decline in sugar production volume due to the unfavorable impact of weather conditions led to tight competition on cane supply with other sugar mills.

Cost of cane acquisition and manufacturing also substantially increased as a result of stiffer competition and lower sugar prices prevailing during the first half of the crop year attributed to the HFCS issues.

As observed in the previous crop year, the declining availability of farm labor for cane harvesting and loading was more pronounced as it skewed harvesting schedules. As such, we pushed harder to convince planters to do mechanical harvesting with our own equipment, with the end in view of farmers becoming more familiar and



confident in pursuing farm mechanization.

Our Group’s Ethanol Business Unit on the other hand, performed better as a result of timely repairs and enhancements implemented during the previous years. We also engaged the services of a South American ethanol expert in December 2017, which led to considerable improvements in the processes and in the knowledge pool of local technical talents. Our ethanol production volumes increased to 74.35 million liters, up 6.9% from 69.54 million liters the previous year. The unit’s improved yields and efficiencies enabled it to surpass its 2018 gross profit targets.

We also saw some improvements in the Local Monthly Allocation (LMA) Compliance of oil companies/customers due to a positive margin of gasoline retail price over local ethanol price as an impact of the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

However, the Group also had to contend with the relatively high production cost due to lower volume of internally-generated bagasse, coupled with a spike in the cost of outside fuel.

Such improvements in profitability were not sufficient to absorb the impact of our Sugar SBU performance. RHI net income for the year was PhP55 million, down from PhP120 million last year.

RHI – as one of the Philippines’ few integrated sugar and ethanol producers, and being a first mover in the area of agribusiness

– moved swiftly and wisely with the times in keeping with its commitment to sustainability, and remains prudent and agile in continuously crafting the best available commercial mix for its businesses.

Despite the challenges, RHI continues to actively explore ways to protect the environment while ensuring cost-efficient operations in all its plants.

In addition to the Anaerobic Digesters (ADs) previously installed at Roxol Bioenergy Corporation (RBC), RHI inaugurated last November 2018 two units of multi-million-peso ADs at San Carlos Bioenergy, Inc. (SCBI) – a testament to the Group’s commitment to preserve and protect Mother Nature, in support of its campaign for sustainability. This is likewise expected to reduce the fuel cost of our ethanol – given the increased biogas that will be generated by the ADs from SCBI and RBC. The projected volume of biogas to be generated by these ADs is estimated to displace up to 30% of its fuel costs at full operation.

The spent wash from the ADs is also given for free to farmers as a liquid fertilizer that contains organic elements of needed nutrients for the crops. This crop year alone, RBC had distributed 323,506 tons of spent wash to a larger number of farmers in our districts. As an instrument for sustainability, the use of spent wash as liquid fertilizer ensures sugarcanes are healthier while helping farmers save significant cost on fertilizer and irrigation.

These and many other sustainability programs are constantly monitored across the Group as RHI keeps its

commitment to run its businesses in a socially responsible and environmentally supportive manner.

RHI is also constantly looking for opportunities for improvements in farm productivity to support the requirements of its sugar mills. It counts on its subsidiary RHI Agri-business Development Corporation to take advantage of increasing demand for mechanical farming given the difficulty of planters in finding enough laborers.

We know that with your continued support, we can make all these happen as we step up and work together in bringing “One RHI, One Team” to a higher level.

Since two years ago when we started transforming the organization, we not only saw some fruits of our labor, but also additional challenges and some distractions in our business units. We are, nevertheless, committed to push further on and to do the best we can in taking our organization to achieve its objectives.

We can overcome the challenges together as we hold on to our values – steeped in the strongest rocks of reliability and relevance, high standards and integrity, and driven by our unwavering commitment to sustainability and corporate responsibility.

With this, we sincerely thank our stockholders, our Board of Directors and Advisors, the Management Team, our employees and staff, and everyone for staying the course with us, and for trusting us to see RHI realize its vision.



HUBERT D. TUBIO
President and CEO



OUR APPROACH TO SUSTAINABILITY

Our Enterprise is firmly anchored on our corporate values, with strong commitment to sustainability and continuous improvement in our operations.

Armed with the “Right Fundamentals”, we recognize the importance of environmental investments not only to improve our operational efficiency but also its impact on climate change, water use footprint, soil productivity and energy efficiency.

Congruently, we value our people – as a vital resource, our organization is a major driver of transformation and growth. Further, nurturing good relations with the local communities is important to our long-term success. Our Sustainability Fundamentals include:

ADHERING TO GOOD CORPORATE GOVERNANCE

One of the primary fundamentals of our sustainability performance is ensuring that we practice our declared corporate governance principles contained in our Manual of Corporate Governance, which is consistent with the standards of the Philippine Securities Exchange (PSE) and the applicable laws, rules and regulations.

The Company shall be socially responsible, ensuring that its interactions and engagements serve the environment and its stakeholders in a positive and progressive manner that is fully supportive of a balanced development.

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information on matters of importance to the company.

RHI ensures that high standards of corporate governance are implemented and maintained.

The role of strictly implementing and monitoring the Group’s corporate governance functions is under the office of Legal and Compliance, headed by Assistant Vice President and Deputy Compliance Officer, Atty. Ma. Hazel L. Rabara-Retardo.

The Corporate Governance’s office closely works with the Committee on Corporate Governance, chaired by Director Oscar J. Hilado with Chairman Pedro E. Roxas and Independent Director David L. Balangue as members.

While the Audit and Risk Committee assesses the risks that the Company may encounter, the Committee on Corporate Governance encompasses all facets of the business.

With the unanimous approval of the Corporate Governance Committee, the Office of the Corporate Governance rolled out in 2017 the Revised Manual on Corporate Governance, which contains the following principles:

1. RHI shall be headed by a competent, working Board to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.
2. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company’s articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to stockholders and other stakeholders.
3. To show full commitment to the Company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company’s businesses.
4. The Board shall endeavor to exercise objective and independent judgment on all corporate affairs.
5. The best measure of the Board’s effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.
6. Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of the stakeholders.

7. The Board shall adopt standards for professional and ethical behavior.

8. The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

9. The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

10. The Company shall ensure that material and reportable non-financial and sustainability issues are disclosed.

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

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

13. The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

14. The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

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

16. The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The Company also implemented the Whistle-Blowing Policy, whereby all employees have the right and moral responsibility to report improper actions and omissions. The Business Conduct Policy likewise fosters a workplace

culture in which the highest standard of individual conduct is expected at all times from each employee of RHI and its subsidiaries, not only in matters of financial integrity but also in every aspect of business relationships.

Business should be conducted on the basis of fair dealing, consideration for the rights and feelings of others and the most stringent principles of good corporate citizenship. The Company expects all its employees to respect the rule of law and abide by appropriate regulations. They are likewise expected to avoid doing business with any individual, Company or institution if that business is connected with activities which are illegal or which could be regarded as unethical.

The Corporate Governance's office a conducts orientations on Corporate Governance and Business Conduct Policy. In coordination with the Legal Department, it also holds legal clinics at the plants.

Aside from the regular orientations and legal clinics, spot audits are conducted across the Group to assess if policies are adhered to and practices are in line with RHI's standards.

All these initiatives support the Company's objective of ensuring full compliance to corporate governance standards.

ENGAGING WITH STAKEHOLDERS

A core component of our strategy is sustained engagement with our stakeholders, which helps in defining the company's business directions. Our engagement is through various modes that range from formal to informal meetings, which serve as venues for dialogues, integration and collaboration. Sustained engagement promotes timely and better understanding of the policies, challenges and uncertainties besetting the business operations.

The table below shows the diversity of our stakeholders.

Mode of Engagement with Key Stakeholders

Stakeholder	Mode of Engagement
Sugar & Ethanol Business Units Partners	Sr Management Meetings, Joint Projects and Undertakings, Business Planning and Alignment of Functional Groups
Consumers	Plant Visit, Meetings, Local Websites
Communities	Community meetings, Plant Visits, Partnerships Projects, Sponsorships

Employees	Trainings, Day with the PCEO, Business Updates, Employee Communications, Programs, Trainings, Social Media
Government and Regulatory Agency	Multi-partite Monitoring Team (MMT), Regular Meetings, SB Sessions, Agency-driven Initiatives, Conferences
NGOs	Participation in the MMT, dialogues, membership in business association
Investors/ Stockholders	Annual Meetings, earning reports, dialogues, Websites
Suppliers	Conferences, meetings
Union/Trade or Policy Groups	Joint meetings, policy collaborations

Recognizing the value of building development network, RHI works in partnership with other like-minded groups. In 2018, RHI became a member of the League of Corporate Foundations (LCF). RHI also renewed the Group's partnership with Philippine Business for Social Progress (PBSP), a business-led non-government organization.

Key Topics and Concerns Raised

Through the Priority Issue Analysis, the Group identified a list of relevant sustainability topics.

The analysis is intended to help identify issues relevant to our business and the industry trends. The identified priority issues reflect the diverse perspectives of many stakeholders. The inputs were taken from the discussion of key managers of the Group. They also came from external stakeholders including our partners and communities.

List of Material Topics:

- Local Employment
- Community Engagement - Impact of operations to local economy
- Responsible Sourcing - Prices of sugarcane
- Energy Use and Efficiency - Consumption
- Water Stewardship - Water consumption, management and pollution reduction
- Agricultural practices, use of machinery and crop production
- Soil Management
- Integrated Resource management
- Responsible Supply Chain Management - Economic, Social and Environmental standards in the supply chain
- Human Capital Development - Employee wellness,

- development and engagement
- Occupational Health and Safety
- Product quality and safety management systems. i.e. Product Labeling - product safety and ingredients
- Waste Management
- Climate Change Risks

SAFETY

RHI is committed in ensuring the safety and health of its employees, including contractors, suppliers, visitors, and other stakeholders. The Group consistently looks for new innovative ways in improving the workplaces by implementing the RHI 12 Life Saving Rules; conducting Hazard Identification Risk Assessment and Determination of Control (HIRADC), Safety Quarterly Meetings with all the Safety Officers and Safety Committees, and Safety Orientations/refresher to all workers.

The company has improved monitoring procedures to ensure compliance to all regulatory requirements by implementing the Occupational Safety and Health Standards.

- To ensure health and wellness of the employees, annual physical examinations and sports activities are conducted yearly.
- Employees are provided with necessary medical services through accredited medical centers.

Emergency Disaster Preparedness activities were also conducted to ensure that procedures are followed and revised if needed and to promote awareness among employees on what to do in case of emergency situations.

The Conduct of Investigation and Root Cause Analysis was also implemented to prevent the recurrence of incidents.

By implementing these programs, RHI reached a total of 5,787,221 safe man-hours for Crop Year 2017-2018, including the contractors/agency workers inside the workplace at RHI and its subsidiaries.

RHI believes that everyone is responsible in ensuring strong leadership, participation, commitment, and intervention to safety. Facilities, equipment and tools shall be designed, operated and maintained according to high standards. The company also believes that all injuries and incidents are preventable.

Safety is a challenge in the work environment and everyone should strive continuously in improving safety performance, and in ensuring a healthy and safe workplace.

INVESTING ON GREEN INITIATIVE

RHI invests on programs that promote environmental and social responsibility throughout the sugar cane supply chain. We continuously work to improve our operations and processes to minimize impact on the environment and install environmental management measures to make the organization resilient in this challenging time.

We source sustainable materials for our products & operations

All our materials are renewable and sustainable. We source materials from the local planters and work with their organizations. We source our primary raw materials from local planters, whether big or small. Sustained engagement with our planters ensures that we are able to help in improving farming systems and the condition of the lands. To help address farming needs, the RHI Agri-business Development Corporation (ADC) implements several programs including microfinance, affordable equipment rentals, provision of organic fertilizers and other extension services. Having access to resources significantly improves sourcing and farming of sugar cane thus resulting to better agricultural performance. This arrangement mutually benefits our planters as well as the company.

We implement water sustainability programs

Sugarcane, our main source of raw material for sugar and bioethanol production, contains about 70% water. Recovering this water has multiple benefits. Besides providing the volume requirement to sustain continuous production, it can help reduce utilization of fresh water and thus, potentially derive savings from the use of chemicals in processing raw water. Armed with this understanding, all subsidiaries adapted water sustainability programs whose objectives center on reducing each of the plant's water footprint through water recovery and/or recycling of wastewater.

We treat our wastewater as resource

The company continually adapts process innovations to create value from our wastes. These innovations resulted to significant savings coming from overall energy and water use, and, water treatment.

We recover carbon dioxide from our operations

Our Biogas generation and fermentation reactions both result in the production of relatively high purity carbon dioxide (CO₂) streams. Ethanol subsidiary San Carlos Bioenergy, Inc. (SCBI) gained additional revenues from the sale of recovered carbon dioxide from their operations. The carbon dioxide is used in carbonated beverage manufacturing.

EMPOWERING PEOPLE

RHI and its subsidiaries work as a team towards more efficient operations. Corollary, the company recognizes that sustaining good relations with local communities are fundamental to our long-term success.

We invest on our People

RHI offers equal opportunities for its employees. Internal and external trainings are offered to all employees across the subsidiaries. The One Team, One RHI campaign which was started two years ago promotes alignment and teamwork across all subsidiaries. Company events and activities highlight the importance of working together towards a common and long-term goal.

We create mutual value through local partnerships

The RHI Community Relations policy is founded upon mutual respect and active partnership aimed at sustaining relationship between the company's operations and the members of the local communities where it operates.

RHI collaborates with our communities and local partners for the sourcing of materials and building capacity for environmental and social opportunities.

We help in improving the lives of our communities

RHI continuously invests in social and environmental programs to ensure that our operations also improve the lives of the communities where we are. We invest on community partnerships that create mutual benefits both for RHI and its partner communities. RHI also implements community development programs to alleviate poverty in the surrounding communities, improve access to education and complement the existing health care services.

PERFORMANCE HIGHLIGHTS

PEOPLE



1,204 full-time employees



95 College and High School Scholars



5,787,221 man hours without lost time accident in SCBI



17 schools with a total of 4,121 students, were served by the employee volunteers



77 employees who sponsored Lingkod Edukasyon scholars



54 bags of blood were donated by employee volunteers



500 employees who volunteered for various CSR projects



4,209 hectares of farmlands reached by Fertilization Program



78 Lingkod Edukasyon beneficiaries



1,000 community residents were benefited by medical mission

PLANET



	CADP	CACI	RBC	SCBI
Energy Savings (%)	27%	-	23%	2%
Reduction of power requirement per ton cane (%)	-	10%	-	-
Renewable Energy Use (%)	92%	84%	73%	97%



Sense and Cents of Water: A Water Sustainability Program to 2022 to reduce process water	-	30-35%	23%	24%
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Total number of tons of mudpress given to farms	-	48,417	-	-
Total number of trees planted	70	-	300	2,800

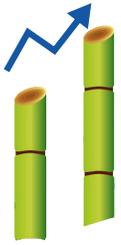


Reduction in wastewater generation (%)	30%	-	20%	-
Total number of farms/hectares irrigated	-	400	65	-

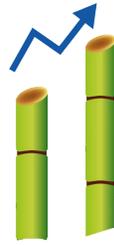


Proper disposal of used lead batteries (ULABs)	-	45	17	145
Reduction in waste generation (%)	7.5%	-	-	-

PROFIT



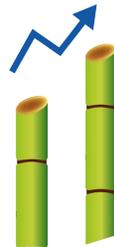
7.88% increase in Net Sales
2018 - 11,811 Million
2017 - 10,948 Million



2.08% increase in Total Equity
2018 - 10,763 Million
2017 - 10,544 Million



6.84% increase in Total Assets
2018 - 25,531 Million
2017 - 23,896 Million



2.08% increase in Debt-To-Equity Ratio
2018 - 1.37
2017 - 1.27



AWARDS & RECOGNITIONS

Central Azucarera Don Pedro Incorporated

- Certificate of Recognition from Immaculate Conception College for the accommodation of Work Immersion of Grade 12 Students – Senior High school.
- Certificate of recognition from Pamantasan ng Lungsod ng Maynila for the advancement of the knowledge of Bachelor of Science in Chemical Engineering Students under College of Engineering and Technology.
- Certificate of Recognition for invaluable support as Partner Organization of Batangas State University.
- Certificate of Recognition from Batangas State University for the accommodation of Work Immersion of Grade 12 Students-Senior High school.
- Certificate of Recognition from Pollution Control Association of the Philippines (PCAPI) Region IV-A Chapter, Inc. for the participation in the “Search for the Success Story Award”-(PCAPI)
- Certificate of Recognition from Sangguniang Barangay of Lumbangan, Nasugbu, Batangas for CADPI’s invaluable services rendered in conducting the “CADPI Medical Mission”.
- Certificate of Recognition for invaluable support as Partner Organization of Batangas State University.
- Certificate of recognition from Pamantasan ng Lungsod ng Maynila for the advancement of the knowledge of Bachelor of Science in Chemical Engineering Students under College of Engineering and Technology.
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- Certificate of Recognition from Sangguniang Barangay of Lumbangan, Nasugbu, Batangas for CADPI’s invaluable services rendered in conducting the “CADPI Medical Mission”.
- Certificate of Recognition for the support to the Southern Tagalog Region-Labor Management Cooperation Association, Inc. (STAR LMCAI).
- Plaque of Appreciation from Technology University of the Philippines – Cavite
- Plaque of Recognition from Nicolites Montessori School for the accommodation of Work immersion of Grade 12 Students-Senior High School
- Certificate of Recognition from Department of Labor and Employment Regional Office IV-A
- Certificate of Recognition from Cogonan Elementary School

Roxol Bioenergy Corporation

Awarded Certificate of Appreciation for the invaluable contribution extended during the conduct of Brigada Eskwela 2018 with the theme, "Pagkakaisa para sa Handa, Ligtas at Matatag na Paaralan Tungo sa Magandang Kinabukasan" on the following schools and DepEd divisions:

- San Miguel Elementary School II, Sitio Dulom, Brgy. San Miguel, La Carlota City held on May 28-June 2, 2018
- DepEd Region VI - Western Visayas, Division of La Carlota City held at DHSBNHS Activity Center on May 28, 2018

Central Azucarera de La Carlota Inc.

- Awarded Certificate of Appreciation for the generosity in providing educational assistance by donating Fuller Teaching Aids Through the READ Excellence Program to all elementary schools of the Division of La Carlota City on March 15, 2018 at La Carlota Elementary School, La Carlota City.

San Carlos Bioenergy Incorporated

- SCBI won the Alcohol Business Umnit (ABU) logo-making with the theme: “Innovating Together for Excellence” last October 30, 2017.
- Certificate of Appreciation was given by the City Health Office of San Carlos City to SCBI on December 1, 2017 at the City Auditorium during the BHW general assembly. The awarding was part of the CHO’s program to recognize their partners in its bloodletting activities.
- Certificate of Appreciation was given by the Provincial Health Office of Province of Negros Occidental to SCBI on February 22, 2018 at the Brgy. Puano, San Carlos City. The awarding was part of the CHO’s program to recognize their partners in its bloodletting activities.
- Certificate of Recognition was given by the Department of Education (DepEd) of Cabunao Elementary School (CES) to SCBI on March 28, 2018 at CES, Barangay Palampas, San Carlos City, Negros Occidental for being an active stakeholder and benefactor.
- Certificate of Recognition was given by the Florentina Ledesma Elementary School (FLES) to SCBI on April 5, 2018 in the occasion of the school’s 49th Completion Ceremony at the City Auditorium for being one of the highly distinguished and outstanding DepEd partners for SY 2017-2018, for their meritorious and exceptional support to the school in almost all undertakings, most particularly in the successful implementation of the various programs.
- Certificate of Recognition was given by the San Carlos Milling Company Inc. Elementary School (SCMCIES) of Department of Education to SCBI on April 6, 2018 at SCMCIES, Barangay One, San Carlos City, Negros Occidental, Philippines for being one of the highly distinguished and outstanding DepEd friend for SY 2017-2018, for their meritorious and exceptional support to the school in almost all undertakings most particularly in the successful implementation of the various programs.
- Certificate of Recognition was given by the Philippine National Police of Negros Occidental Police Provincial Office to SCBI on April 30, 2018 at San Carlos City, Negros Occidental, Philippines for the distinguished participation in the completion of Waste Disposal Segregation and Material Recovery Facility Project of the PSFTP CL. 2018-01 Masinag Lahi.
- Certificate of Recognition was given by Cabunao Elementary School (CES) of the Department of Education to SCBI on June 2, 2018 at CES, Barangay Palampas, San Carlos City, Negros Occidental, Philippines for the unselfish support to “SGC Cash Assistance Project” of CES as PARDO intervention.
- Certificate of Recognition was given by Cabunao Elementary School (CES) of the Department of Education to SCBI on June 2, 2018 at CES, Barangay Palampas, San Carlos City, Negros Occidental, Philippines for the profound gratitude for SCBI support during Brigada Eskwela 2018.
- Certificate of Recognition was given by Talave Elementary School (TES) of the Department of Education to SCBI on June 2, 2018 at TES, Barangay Palampas, San Carlos City, Negros Occidental, Philippines for the commitment and active participation during the course of Brigada Eskwela 2018.
- The City Government of San Carlos City awarded Northeastern Port and Storage Corporation (NPSC), under Roxas Pacific Bioenergy Corporation – the holding company for the bioethanol investments of RHI – as the seventh Top Real Property Taxpayer of the City for 2017. This was given on July 5, 2018 at the SP Session Hall at the City Hall during the culmination of the 1st Negosyo Week – one of the activities in celebration of the 58th Charter Day.
- Certificate of Appreciation was given by Cabunao Elementary School (CES) of the Department of Education to SCBI on July 18, 2018 at CES, Barangay Palampas, San Carlos City, Negros Occidental, Philippines for being an active partner of the school and having donated 10 functional desktop for Kindergarten to Grade VI pupils as part of their Adopt-a-School Program Reaching out for the Environmental Awareness and Discovery (READ).
- Certificate of Recognition was given by Division of San Carlos of the Department of Education to SCBI on August 17, 2018 during the Division Road Show 2018 – Public-Private Partnership in Education at City Auditorium, San Carlos City, Negros Occidental, Philippines for the invaluable contribution for the attainment of the Vision and Mission of the DepED Division of San Carlos City and the active involvement during the conduct of Brigada Eskwela 2018.
- Certificate of Appreciation was given by College of Engineering of the University of Negros Occidental – Recoletos, Chemical Engineering Department to SCBI on September 22, 2018 for the warm accommodation and acceptance of the local plant visit for CHFELD51P: Seminar and Fieldtrips.

COMPANY PROFILE

Roxas Holdings, Inc. (RHI) is an undisputed leader in integrated sugar manufacturing with nearly a century of experience in the sugar business. Today, it owns and operates the largest sugar milling facilities in the Philippines, the largest bio-ethanol plants and second largest refinery in the country.

Over the years, RHI has developed mutually profitable relationships with a list of clientele that are, themselves, leaders in their fields. It services the sugar requirements of major multinational food & beverage corporations and pharmaceutical companies, and sells its bioethanol products to top petroleum players in the country. As a testament to the company's excellence in service, integrity and product quality, many of its clients have been patronizing RHI for the past 15 years.

RHI, through its subsidiaries, continuously strives to be a world-class leader in sugarcane-based products and services in the Asia Pacific region.

RHI is institutionalizing its policies and programs that are aimed at

- ensuring the quality of sugarcane-based products and services provided to its customers;
- promoting fairness and transparency in its dealings with partners;
- enhancing shareholder value and valuing equity;
- providing professional growth, development, and recognition of its talents; and
- pursuing commendable social responsibility initiatives as a corporate citizen.

RHI believes in sustainable growth. It is pursuing initiatives that harness the full potential of industries where RHI operates. First Pacific, which acquired majority of RHI shares in 2015, throws its full support behind the organization's potential in achieving greater heights.



OUR VISION

To be a WORLD-CLASS LEADER in sugarcane based products and services in the Asia Pacific Region.

OUR MISSION



To our Customers:
Provide quality sugarcane based products and services.

To our Partners:
Be fair and transparent in our dealings.



To our Stockholders:
Enhance shareholder value with reasonable return on equity.

To our People:
Provide professional growth, development, and recognition.



To our Communities:
Be a responsible corporate citizen.



OUR VALUES

Reliability and Relevance

We fulfill expectations and deliver our commitment with all stakeholders. We are mindful of the constant challenges and changes affecting the environment, and address them with creative, fresh and competent solutions.



High Standards

We constantly set high standards and ethics in our operations and with our products, and strive to exceed them.

Integrity

We consider doing business following the time-tested principles of fairness, transparency, and honesty.



Strategic Business Units and their Performance Highlights

Sugar Business Unit

The Sugar Group commenced its sugar operations for crop year 2017-2018 with its Negros Occidental facility, Central Azucarera de La Carlota, Incorporated (CACI), milling its first canes last October 3, 2017. Central Azucarera de Don Pedro, Incorporated (CADPI) in Nasugbu, Batangas, followed on January 6, 2018. Cane maturity comes late in Batangas, hence its later start up date. Milling operations in CACI ran for 31 weeks until May 1, 2018, two weeks less than its 33-week operation the previous crop year. Meanwhile, CADPI ran for 23 weeks ending its operation last June 8, 2018. It was one week shy of its 24-week operation in the last milling season.

The general climate of the sugar industry in the Philippines during the period was challenging. An updated report dated September 2018 by the Sugar Regulatory Administration (SRA) entitled "Overview of the Sugarcane Industry" noted that the total sugarcane plantation for crop year 2017-2018 "decreased by over 3,000 hectares compared to CY 2016-2017." The document attributes the decrease to "the conversion of sugarcane plantations to plantations for other crops." This resulted to a significant drop in the overall raw sugar production from 2,500,509 MT to 2,133,146 MT this crop year.

The industry-wide decline affected production targets for both sugar facilities in La Carlota City, Negros Occidental and Nasugbu, Batangas.

Central Azucarera de La Carlota, Inc. (CACI)



Despite prevailing conditions during the period, CACI is still able to mill 1.868 MT of canes, or 93.4% of the 2 MT target. This had an equivalent volume of 3.408M Lkg bags of raw sugar which translates to 85.2% of the forecasted target of 4M. A total of 26,100 bags of premium raw sugar was produced.

In comparison to crop year 2016-2017, which was a bumper year for the industry, CACI was not able to replicate its record-setting feat but still managed to achieve 87% performance in tons canes milled and 82% in terms of sugar production

The previous season was a record year for CACI with cane tonnage having surpassed the 2.0M MT bar. Provincial

harvest volume was 13% higher than the current season. The Sugar Regulatory Administration (SRA) had an optimistic projection of cane supply for crop year 2017-2018. The less than projected actual numbers impacted the performance of sugar mills industry-wide with not a single facility in Negros meeting its target.

CACI posted an overall average of 1.824 Lkg/TC for the crop year, 0.107 shy of the 1.931 Lkg/TC record in the previous period. Lkg/TC is a determinant of cane quality. Weather plays a major role in the plantation and growth of sugar cane. Crop year 2017-2018 saw a prevalence of rain in the province which affected farm productivity.

Operational challenges contributed to the limited production of premium raw sugar. Unexpected breakdowns of centrifugal baskets prevented CACI from meeting its targeted volume.

Meanwhile, factory operations noted a marked drop in stoppages, chipping away 150 hours from last season's 429-hour figure.

On the other hand, the installation of the 8.0MW Turbo Generator addressed previous problems on power insufficiency, reducing steam usage by as much as 41%(from 20.879 TS/MW hr last year to 12.314 TS/MW hr this season). As a result, CACI was able to pass on to Roxol Bioenergy Corporation (RBC) a total of 28,610 MT of its excess bagasse.

Central Azucarera de Don Pedro, Inc. (CADPI)



For crop year 2017-2018, CADP milled a total of 1.123MT of cane and produced 1.834M Lkg bags of sugar. The figures are 15% and 22% down from last season's cane tonnage volume and sugar production record, respectively.

Similar to the Negros experience, CADPI also had its share of challenges in terms of cane quality. This year's yield of 1.633 Lkg/TC is 9% lower than last year's 1.789 Lkg/TC. Its sole competitor in the area, Universal Rubina Corp. (URC) posted an even lower yield of 1.526 Lkg/TC from last season's 1.617 Lkg/TC.

In terms of market share, CADPI cornered 69.31% of the canes in South Luzon area, just a little lower than its 70.97% share last year. Total available canes in the area also dropped by about 13% from 1.854M MT this crop year to last season's 1.620M MT.

Bio-Ethanol Business Unit

The Bioethanol Strategic Business Unit is comprised of Roxol Bioenergy Corporation (RBC) in La Carlota City and San Carlos Bioenergy, Inc. (SCBI) in San Carlos City, both in Negros Occidental.

RBC is one of the pioneering bioethanol plants in the Philippines. It produces about 150,000 liters of ethanol per day.

SCBI is the first fuel bioethanol and co-generation facility in the Philippines and Southeast Asia. RHI took over majority of SCBI in May 2015.

RHI holds 45% stake in affiliate Hawaiian-Philippine Company (HPCo) in Silay, Negros Occidental. HPCo started operations in 1917.

Roxol Bioenergy Corporation (RBC)

Taking off from the milestones of the previous crop year, RBC continues to make significant strides in CY 2017-2018 as production volume from molasses soared 13% over that of CY 2016-2017. The plant achieved its highest ever bioethanol output from molasses of 36M liters. The yield was right on target of 280 liters bioethanol/ton molasses and posted as the highest in the nine (9) years of operation of the plant.

Because of lower cane tonnage, internal bagasse generation of 371,000 MT is lesser than the budget volume by 75,000 MT. This led to higher external fuel consumption equivalent to 165,000 MT of bagasse.

The impact of bad quality cane inputs associated with cane burning practices among sugarcane farms in the area caused multiple breakdowns in the operations of raw factory and refinery. Factory-related stoppages increased from 308 hours last year to 579 hours this crop year. This also lowered the quality of the sugar output from average Pol of 97.5% last year to a low of 95.97% this season. Average color quality likewise ran high to about 10,000 ICUMSA as against the desired low level of 5,000 standard color.



The achievement was a product of the collective resolve of the corporation and its men and women who strived to overcome the challenges that it encountered during the season.

RBC hurdled a number of operational challenges related to utilities and environmental management in the early part of the crop year. Incidents of low steam pressure and issues on waste water affected distillery efficiency resulting to lower yield.



Efforts centered on proper Boiler repair, supply of quality biomass fuel and full operation of the Anaerobic Digesters (AD). From thence, the plant registered an upward trend in production, sustaining an average of four (4) million liters a month for five (5) straight months from March to July, setting new crop year records in both volume and yield. This was despite the shift of power source from in-house to grid towards the end of the crop year with the breakdown of the steam turbine of the plant.

Among the major strategic approaches of the plant are:

- Continuous refinement in both process systems and equipment maintenance for a more improved and consistent overall distillery efficiency and plant reliability,
- Control of material consumption rates through optimum use of resources. Fuel displacement by the biogas increased by 5% over the previous crop year with the adjustment in recirculation and full operation of the Anaerobic digesters (AD)
- Going green by the 3Rs (reduce reuse, recycle) for cleaner and safe operation. Savings were realized with the 10% recycling of spent wash to fermentation, the recovery of leftover fermented mash and elimination of sulfuric acid as a process material.
- Programs to build an engaged workforce for people development and industrial peace. The company concluded its first CBA negotiation with the plant union in a manner that is amicable and peaceful.

The company's business operation is integrated with social development through the implementation of Corporate Social Responsibility Programs that covers Environmental Protection, Education, Health, and Nutrition. The company conducted quarterly cleanup of nearby rivers and coastal area jointly with the local government unit and entities like DENR and fisherfolks organizations. In support to education, the company was active in the Brigada Eskwela, has donated desktop computers to nearby schools and has

employees that volunteer to sponsor the school expenses of at least 20 students. Health programs included the conduct of quarterly medical missions, bloodletting, and community awareness against dengue that benefitted about 500 patients, at least 20 recipients of donated blood and 50 residents, respectively.

In achieving its annual goals, the company placed emphasis in building the confidence of all personnel knowing that the role of each one is relevant in the success of the business. Team work remained to be the key driver. It is a never ending learning process and Roxol will continue to be strong and steadfast as new challenges crop up every now and then.

San Carlos Bioenergy Incorporated (SCBI)



San Carlos Bioethanol, Inc. (SCBI) produced 38.5 Million Liters anhydrous alcohol (AHA) for CY 2017-18, 30.1 million liters of which came from molasses, the highest molasses feed stock process by the plant. Financials show that SCBI increased its net income by 101.2M this year compared with Php43 million last (9 months short period) last CY 2016-17.

Crop Year 2017-18 challenged SCBI to develop four pillars of strategies namely: (1) Attain operational stability, (2) Increase plant reliability, (3) Enhance Plant utilization, and (4) Product diversification. Building a culture of innovation and people transformation is the foundation of the above strategies.

Major Innovations:

- Enhance fermentation process from continuous to batch system.
- Conversion of buffer tank into a continuous settling tank.
- Installation of Online Clean In Place system (CIP) for PHE's and Re-boilers

Major Projects Implemented for Productivity Improvement:

- Additional biogas plant for fuel sustainability. This will supply 30% of boiler fuel requirement.
- Additional syrup tank for process flexibility.
- Retrofitting the system to accommodate processing of pure molasses as feedstock.

Waste Management

SCBI is deeply committed in the protection and preservation of the environment and Mother Earth.

Reflecting this pledge to its valued stakeholders and industry partners, SCBI inaugurated two (2) new additional Anaerobic Digesters. This facility will enhance treatment of distillery slops, making the by-product more acceptable for fertilization to nearby sugarcane fields. In the process

of treatment, biogas will be generated and captured as supplemental boiler fuel. The completion of this facility will not be the last as SCBI continuously engages in initiatives and projects towards sustainable environmental management programs.



Business Development Support

Agribusiness Development Corporation (ADC)

The Agribusiness Development Corporation (ADC) was established in February 2015 with the primary mandate to provide and facilitate farm support services to sugarcane planters and stakeholders of all the subsidiaries of Roxas Holdings Inc. (RHI), namely, Central Azucarera de La Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc. (SCBI), all in Negros Occidental, and Central Azucarera de Don Pedro, Inc. (CADPI) in Nasugbu, Batangas.

ADC establishes linkages with sugar and alcohol industry partners and nurtures long term partnerships and mutually productive relationships with sugar and alcohol industry partners.

Programs and Initiatives



Industry Updates and Technology Transfer

Farmers are given updates on the latest industry trends. ADC-initiated or sponsored activities provide opportunities for stakeholders to share best practices, technology exchange and transfer, while learning new innovations to help improve productivity and income.



Better cane varieties

ADC, in collaboration with the Philippine Sugar Institute (PHILSURIN), conducts field trials for new high yielding sugarcane varieties. The results help determine which cane varieties are suitable for a particular area especially on the basis of higher yield, sugar recovery, pest and disease tolerance.

Mechanized farming assistance and support

Over the years, the number of farm hands (“sacadas”) has been dwindling to a critical level, affecting farm productivity and efficiency. In response to this need, ADC rents out mechanized equipment to farmers who lack manpower for cane harvesting. The corporation has six (6) harvesters and thirty (30) grab loaders that are made available for partner – planters and other key stakeholders. Actual field demonstrations are being facilitated to highlight the value of mechanization in farm operations.



Organic and environment-friendly farm inputs

ADC promotes the use of sugar and alcohol by-products as cheaper and sustainable organic farm inputs. Filter cake or mudpress, a by-product of CACI and CADPI, are provided for free to partner-planters as an organic soil conditioner. Meanwhile, RBC and SCBI’s spent wash, a by-product of its distillery process, is also offered as free irrigation material with fertilizer (fertigation) for sugarcane farms. To date, ADC has facilitated the irrigation of 4,209 hectares of sugarcane land and distributed 48,417 tons of mudpress as organic fertilizer. Beneficiaries are taught responsible application and proper handling of the by-products.

Vermi-composting

ADC sealed a partnership with the Central Philippine University (CPU) to conduct trials on vermicomposting using mudpress as the main substrate. The project will convert mudpress into a vermicast – a potent organic fertilizer made of worm castings known as African Nightcrawler (ANC). Vermicast is currently in demand and commands a high price in the market. When proven feasible, the technology will be shared with planters associations and will be developed into an agribusiness enterprise.

Farm Yield Improvement and Savings

Based on records from ADC’s Fertilization Unit, recipients of spent wash were able to increase their yields and reduce their cost on the use of expensive commercial fertilizers. The spent wash program has both irrigation and fertilization components that provide the nutrient and water requirement of farm while improving soil structure for better cane growth.

Environmental Protocols

Environment friendly protocols on handling distillery (spent wash) and mill by-product (mud press) are instituted before, during, and after delivery to farms. These procedures are in place so the farm can get the best possible effectiveness from the inputs while ensuring compliance to environmental standards. The total number of hectares serviced with free fertigation for the period 2017-2018 increased from 49.3% to 51.25%. Farmers from the different plantation (Ferlou, Insigman Baylon and Merced Valderama) testified an increase in yield from 45% up to 100% due to spentwash application. Cost reduction in labor and inputs in farm operations has also been recorded.

ADC Partner-Planters

Batangas

1. KAMAHARI (what is the meaning of KAMAHARI)
2. Lucban Multi Purpose Cooperative
3. Prenza Multi Purpose Cooperative

4. Eastern Batangas Sugar Planters Cooperative Marketing Association, Inc. (EBSPCMA)
5. Batangas Sugar Planters Cooperative Marketing Association, Inc. (BSPCMA)
6. Batangas Integrated Sugar Planters Multipurpose Cooperative (BISPMPC)

Negros

1. Balabag Agrarian Reform Cooperative (BARC)
2. Estela Agrarian Reform Cooperative (EARC)
3. Nagasi Agrarian Reform Cooperative NARC)
4. Entorilan Agrarian Reform Beneficiaries Association, Inc. (EARBAI)
5. Viscaya Agrarian Reform Cooperative (VARC)

Loan Assistance Facilities

ADC has an existing loan service facility in partnership with the Philippine Sugar Corporation (PHILSUCOR). The program assists planter-partners by providing working capital for inputs and other farm requirements. To date, around Php 44 million has been extended to sugar farmers in the mill districts of Batangas and Negros. The recipients have a combined total land area of about 1,000 hectares. More than 39,000 tons cane has been committed and delivered during the crop year 2017-2018, while, more than 70,000 tons cane were committed to be delivered this crop year 2018-2019 harvest season.



RHI-ADC facilitated the endorsement of Several Batangas Planters and awarding of crop loan

FINANCIAL HIGHLIGHTS

Roxas Holdings, Inc. (RHI) closed Crop Year 2017-2018 with PhP1.254 billion in Income from Operations, 14% lower than the PhP1.457 billion in the previous year.

Based on the Group's audited financial and operating results for the year ended September 30, 2018, Consolidated Net Income dropped 54% to PhP55 million from PhP120 million in the previous year due to lower production volume, high production cost and substantial finance costs.

Consolidated EBITDA stood at PhP1.186 billion from PhP1.624 billion in the previous year.

Amounts in PhP M (Except for the last three items)	2018	2017	2016	2015	2014
Net Sales	11,811	10,948	12,050	8,208	8,317
Income from Operations	1,254	1,457	1,073	1,044	1,434
Net Income	55	120	102	19	615
EBITDA	1,186	1,624	1,337	996	1,672
Total Assets	25,531	23,896	23,896	21,658	14,700
Total Equity	10,763	10,544	10,544	9,774	6,928
Debt-to-Equity Ratio	1.37	1.27	1.22	1.41	1.12
Earnings Per Share	0.03	0.08	0.07	0.01	0.67
Dividends Per Share	-	-	-	0.24	0.18

ENVIRONMENTAL RESPONSIBILITY

Roxas Holdings Inc. (RHI) is fully committed to protect the natural environment. Thus, operations of its subsidiaries are carried out mindful of mitigating adverse environmental impacts, conforming to compliance obligations and enhancing environmental performance. By taking a life cycle perspective, the conduct of factory operations takes responsibility of its surrounding environment. Such culture extending to providers of materials and services is the guiding principle of Environmental Management System (EMS) being implemented by all four subsidiaries: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI) San Carlos Bioenergy, Inc. (SCBI) and Roxol Bioenergy Corporation (RBC).

EMS is the core of ISO 14001 certification system. CADPI was first ISO 14001 certified in 2011 and has since then maintained the status having passed every audit. With its ISO 14001:2015, CADPI once again passed the certification audit on March 14-16, 2017 and the surveillance audit last April 10-11, 2018 —both conducted by SGS Philippines.

Implementation of ISO 14001:2015 helps organizations improve environmental performance through more efficient use of resources and reduction of waste, gaining competitive advantage and the trust of stakeholders. It also increases awareness of employees on environmental protection, by making employees understand the environmental aspects and compliance obligations in every activity in the plant and the impact to the environment. Unarguably, it promotes sustainability of operations.

Thus, environmental management units of all subsidiaries have proactively taken their commitments into action through their respective EMS sans ISO certification. Nonetheless, all three subsidiaries are gearing up towards certification.

Water and Wastewater Management

The major agricultural crop in Negros Island is sugarcane — the main raw material in producing sugar. Sugarcane contains approximately 75% water and to produce one kilogram sugar uses 1.50 cubic meters of water. Recovering this water has multiple benefits but best of all, it can help reduce operations' utilization of fresh water which is already of limited supply.

The Sense and Cents of Water

In September 2016, CACI officially cascaded the Sense and Cents of Water: A Water Sustainability Program to 2022. Among the objectives of this program is to substantially reduce CACI's water footprint by recovering or recycling wastewater through the implementation of integrated water use-efficiency projects across all departments.

Under the program, four process innovations, namely: recovery of pump sealing and cooling water, recovery of excess water from ash settling tank, closing the water loop of mills' cooling towers, and reuse of entrained condensate in maceration, were implemented. All together, these initiatives targeted to reduce the water consumption and wastewater generation by 30 to 35 percent. Completed towards the end of CY 2017-2018 and put to test at the start of CY 2018-2019, a four-month record had shown

significant reduction in wastewater generation—hitting more than the target.

The program has been cascaded to the two bioethanol processing plants: RBC and SCBI. This crop year, recorded water use to alcohol ratios are 22.80 and 23.98 for RBC and SCBI, respectively. Although these are better than the standard ratio of 30, the increase from last year's ratio by 13.7% in RBC brought by frequent cooling tower blowdowns is significant. Under the program, several facility improvements were implemented to mitigate this condition. Initial monitoring reports for the current crop year have already shown improvements.



Somehow, spentwash recycling to fermentation of RBC realized reduction in wastewater generation and water consumption. It brought down strain on containment and substantial savings in hauling cost. This recycling initiative is at the center of the subsidiaries' waste minimization efforts. From 10% last year, RBC is going to 20% this year for more savings. SCBI showed improvement with 20% reduction in wate use to alcohol ratio due to water re-use initiatives.

Meanwhile, CADPI's continuing wastewater management program, implemented since 2015, initially resulted in 30% less wastewater generated through recycling. Since then, wastewater generated has been at manageable levels. No discharges on land or to water bodies have been made possible thru minimal wastewater generation and maintenance of wetlands where treated wastewater are stored for re-cycling.

Taking Advantage of Wastewater as Resource

The production of bioethanol produces strong wastewater (called spent wash) due to high organic matter load and color that the government has already disallowed discharge to water bodies. As waste, spent wash is a strong pollutant to water bodies. As a resource, it is fuel for energy generation and fertilizer to crops. Anaerobic Digesters (ADs) are waste-to-energy infrastructure. This crop year marked the completion of the two units of ADs in SCBI with a combined capacity of 1,360 cubic meters of generated distillery spent wash.

While undergoing treatment using natural biological processes, spent wash generates a very important by-product called biogas. Methane, the valuable component of biogas, is among the many greenhouse gases (GHG) responsible for global warming and climate change and is 25 times more potent than carbon dioxide. However, the erstwhile ruinous gas is a clean and renewable energy resource. It serves as fuel for energy (heat and power) generation. Presently, under commissioning and start-up phase, the facility shall generate about 50,000 to 52,000 cubic meters of biogas per day at full capacity. This will be utilized in the boilers, and is estimated to replace an equivalent biomass volume of 90 to 100 tons per day.

In CY 2017-2018, total biogas produced by ADs in RBC displaced about 23% of biomass solid fuel. The on-going commissioning of SCBI's ADs which started late in the crop year, contributed about two percent of the fuel requirement. Biogas generation is expected to increase once commissioning of the ADs in both subsidiaries are completed.



The spent wash that comes out of the AD is suitable as fertilizer as it contains organic nitrogen, phosphorous and other important secondary and trace elements which are readily utilizable. With such nutritive values, spent wash is a liquid fertilizer widely sought by farmers due its added benefits. Since it is given for free, farmers reduce farm expenses on inorganic fertilizer. More importantly, as spent wash is returned to the soil, sustainability of production is achieved.

RBC distributed 323,506 tons of liquid fertilizer during the crop year. An increase in the number of beneficiary farms from 49 to 65 farms raised the volume of spent wash delivered to the farms by 16% from the previous crop year.



Supervised distribution of liquid fertilizer

Just like any fertilizer, spent wash should not be applied during rainy days as it will be washed away from the soil and will find its way to the water bodies. For this reason, the weather is a factor to reckon with in the management of spent wash to optimize benefit while avoiding pollution. This crop year's weather adversely affected the fertilization rate of SCBI, decreasing by 52% from the previous crop year.

CACI, on the other hand, re-uses its wastewater for irrigation. About 400 hectares of sugarcane fields benefitted from the wastewater contained in the Najalin Dams. Due to the availability of water for sugarcane crop, the farms sustained high productivity every crop year.



Energy Generation and Air Emission

RHI takes pride in the use of self-generated clean and renewable energy. All four subsidiaries operate cogeneration plants that produce renewable energy to support their requirements for heat and power. These cogeneration plants are fueled by various biomass such as bagasse from sugarcane and wood chips. The alcohol units are expected to increase the use of biogas generated from the installed ADs. For this crop year, the subsidiaries continued to endeavor for efficiency with the mounting challenges in additional fuel acquisition. With initiatives in this aspect, CADPI started the crop year to realize from its operations excess power of about 2.0 MW, which is exported to the grid under the feed-in tariff (FIT) policy of the government. With biomass as fuel, the RHI subsidiaries are monitored by the Department of Environment and Natural Resources (DENR) for particulate matter and carbon monoxide. This crop year's quarterly monitoring yielded excellent results, passing the standard emission requirements as per Republic Act No. 8749- The Philippine Clean Air Act of 1999.

Solid Waste and Hazardous Waste Management

Extraction of juice from sugarcane for both sugar and alcohol production produces a by-product called mud

press. This material, consisting of soil, bagasse particles and other solids, is an excellent soil conditioner and soil ameliorant. The RHI ADC, another subsidiary of RHI, is currently undertaking research for enhancing mudpress as organic fertilizer and intensifying its campaign for farmers to withdraw their share of mud press to spread in their farms.

Part of the implementation of the EMS is the compliance with RA 9003-the Solid Waste Management Act and RA 6969-Hazardous Waste Management Act. The RHI-EMS Group implemented the proper waste segregation program in all the subsidiaries. In cooperation with the environmental management unit of each subsidiary, the RHI-EMS Group conducted an orientation on the proper waste segregation — the “No segregation, No collection policy”. On hazardous waste management, the orientation included implementation of proper storage and disposal of hazardous waste. Under this program, CADPI reduced 7.5% of waste generation compared to last crop year.

ENVIRONMENTAL MANAGEMENT AND SAFETY DEPARTMENT
WASTE SEGREGATION
Managing Wastes To Secure a Greener Future

BIODEGRADABLE (NABUBULOK)	NON-BIODEGRADABLE (DI-NABUBULOK)	TOXIC & HAZARDOUS (DELIKADO)
NON-HAZARDOUS (NINYO DELIKADO) PAPER CUPS (BAGONG PAPER) TISSUE LEAVES (SAMPON) PAPER/CORDBOARD (PAPUL/KARTON) WOOD (KAWOT)	RESIDUAL PLASTIC CANDY WRAPPERS (SALAT NG KENDI) BISCUIT WRAPPERS (SALAT NG PAKGANG) PLASTIC CUPS (BAGONG PLASTIK) RUBBER (SOMAY)	BUSTED FLUORESCENT LAMPS (SABING NINYO/KA) CHEMICAL CONTAINER (SABONG/LALAKAY) NG KEMIKAL, LAMPA GAS, FUEL, SPRAYER, ETC. (SAYA NG PAKGANG AT SA PA) E-WASTE (COMPUTER PARTS, TELEPHONE AT SA PA)
HAZARDOUS (DI-NINYO) CHEMICALLY CONTAMINATED RAGS (SAGAYAN SA SAP, KEMIKAL, LAMPA, SANGA) CHEMICALLY CONTAMINATED GLOVES (SAGAYAN SA SAP, KEMIKAL, LAMPA, SANGA)	RECYCLABLE (NABUBULOK) CANS (LATA) SOAP METAL TUBES PLASTIC BOTTLES (PLASTIK NA BOTE)	INK CARTRIDGES AND TONERS
NO SEGREGATION NO COLLECTION ENVIRONMENTAL MANAGEMENT & SAFETY DEPARTMENT		

Note: Use trash & differentiate.

WASTE	TYPE OF WASTE	HOW TO SEGREGATE
PLASTIC	NON-SEGREGATED	NO COLLECTION
PLASTIC	SEGREGATED	NO COLLECTION

WORKFORCE

RESPONSIBILITY

SUSTAIN AND INNOVATE TO THRIVE

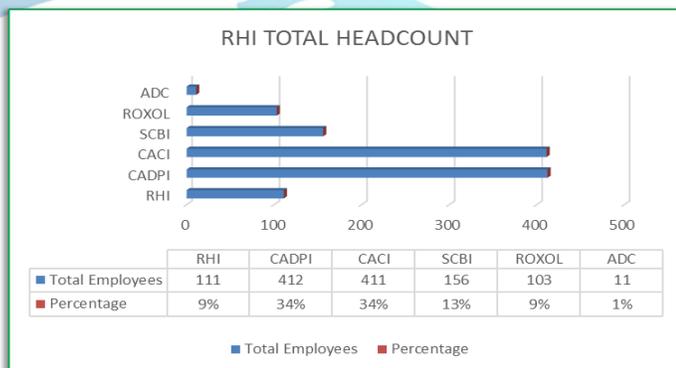
Employees have a pivotal role in the future of RHI. Thus, it is imperative for the company to create a climate where employees can thrive and are enabled to deliver results.

Investing in our employees is of paramount importance in order for us to attract, motivate, develop, and retain employees with the skills and experience that will help us in the needed transformation. The HRD works in partnership with senior management and the two strategic business units and ADC in addressing manpower requirements necessary for implementing the significant changes in the company.

Demographic Profile

RHI is dedicated to conducting its business justly, provide quality manpower, effective human resource systems and provide a work environment conducive to organizational development with due regards for an equally dignity and human rights of its employees by promoting an environment of healthy and safe workplace.

The total workforce of RHI with its subsidiaries for crop year (CY) 2017- 2018 is 1,204 (111 RHI; 412 CADPI; 411 CACI; 156 SCBI; 103 RBC; 11 ADC) regular and probationary employees with an increase of 3% from the previous CY.



Compensation and Benefits

Committed to uplift the living condition of its employees and to become a rewarding work, RHI has a competitive pay and benefit packages.

RHI's compensation package includes a base salary and comprehensive benefits. The daily wage rate offered by the plant is well above the minimum wage for regular / full-time employees in the concerned region. Job levels are determined based on the assessment of the employee's qualifications and position.

Full-time and regular employees are given a host of fringe benefits on top of those mandated by law. The Company also provides service incentive leave and sick leave benefits. Other fringe benefits are given based on the assessment of the plant.

Thrive means to prosper or to flourish. With the onset of technological advancements and changes in the environment, the business landscape is rapidly changing. Here at RHI, our people see the waves of change coming and look at them as opportunities to transform the organization into the RHI of the future. The One Team, One RHI campaign of the past two years sought alignment and teamwork across all subsidiaries. Events, interventions and activities done company-wide were meant to highlight the importance of working together towards one common goal. The Annual Strategic Planning Workshop in March 2018 was a venue to lay out the groundwork to take RHI to new heights. Successes as well as challenges and next steps were discussed amongst Top Management and Line Leaders in detail to ensure that as we move through the coming Crop Years, we are ready to innovate when needed. Key to this is the critical organizational review and changes to ensure that the company is equipped, responsive and remains relevant in the evolving business landscape. Roles are defined and standardized across the Head Office and



The Ullirang Manggagawa Awardees, Pinaka-Uliran at Katangi-tanging Awardee, BLU-MRF and CADPPTMWU Union Officers and CADPI Management during the recognition program.

business units, which serve as the anchor of rewards programs and talent management practices.

To further support the thrust to cement Right Fundamentals and to Innovate the Future, the Organization is also strengthening its form with the creation of a new role that shall focus on increasing plant productivity and efficiency. Chief Manufacturing Officer for Alcohol SBU, Mr. Jose Villanueva, joined the team — bringing in extensive experience in leadership in the manufacturing setting. Productive relationship with labor unions is also essential, thus, RHI is pleased to have successfully concluded Collective Bargaining Agreement (CBA) negotiations with Central Azucarera Don Pedro, Inc. (CADPI) Professional - Technical & Monthly Paid Workers' Union and Roxol Bioenergy Corporation (RBC) Workers' Union.



The training and development of employees continue to be at the heart of RHI's aim to grow its people into inspired, nurturing and performing individuals. Among the highlights for Learning this year is the second leg of the "One RHI Management Series" (a Management Development Program kicked off last crop year), to equip RHI leaders with the competencies they need to move the company forward. The "Performance Management: A Leadership Tool" Program was participated in by 121 supervisors and managers from the different subsidiaries. Same employees also attended the 2017 PLOC Program (Planning, Leading, Organizing, & Controlling). The Alcohol Group Cadetship Program was launched in RBC and San Carlos Bioenergy, Inc. with a total of seven promising young engineers joining the team. The matter of Job Fundamentals is a priority technical program for the plants and is being reviewed yearly to ensure alignment to needs. RHI also actively joined hands with other companies of the MVP Group in building competencies for Digital Transformation as a defense against total business disruption in the First Pacific Leadership Academy-led program "DX Masterclass".

Employee Engagement programs highlighted not only camaraderie but creativity and resourcefulness

— important traits that were clearly displayed in the year-end celebrations across all subsidiaries. A sense of belongingness was on a high as employees were grouped for presentations to showcase employee talents. The year 2018 also marked the first year tha RHI joined in the MVP Olympics' sporting competitions endin the maiden run with a silver medal from the Chess Competition by Mr. Rex M. Durban, Senior Manager – Commercial Operations Group. There were also needs-based engagement programs recognizing that employees wear different important hats in and out of the work setting. Programs such as the Graduates Honoring, Mother's Day, Father's Day, Kudos Rewards, & Boss Encouragement Day celebrate the very important roles of employees as parents, mothers, fathers, and leaders. Capping off 2018, employees who have long served RHI as well as those who have delivered above and beyond in terms of work performance were given much-deserved recognition during the Service and Excellence Awards.

Year 2019 shall see RHI thrive and advance through the unique challenges of the industry, with the teamwork of our talented employees shining through.

Safety and Health

Workplace safety is very important for each and every employee in the industry because all workers desire to work in a safe and protected atmosphere Roxas Holdings, Inc. is committed in ensuring the safety and health of its employees including contractors, suppliers, visitors, and other stakeholders. RHI deeply believes that both safety and health are the key factors in promoting wellness to each employee.

In improving workplaces, consistent innovations are conducted in every plant site of RHI through the implementation of 12 Life Saving Rules, conducting Hazard Identification Risk Assessment and Determination of Control (HIRADC). To maintain the Occupational Safety and Health Standards, Safety Officers together with Safety committee meet every quarter to improve the monitoring procedures in ensuring the compliance to all regulatory requirements.

For the CY 2017-2018, RHI reached a total of 5,787,221, safe man-hours without lost time incident. This includes the contractors/agency workers inside the workplace.

Quick response during emergency situations is a must and for that reason, RHI conducted the Emergency Disaster Preparedness in its subsidiaries, such as Conduct Of Earthquake Drills During The Nationwide Earthquake Drills, Basic Fire Brigade Training and Conduct Of Safety Orientation. The participants were also given opportunity to

learn the Root Cause Analysis and Conduct of Investigation to prevent the recurrence of the incident.



To ensure the health and wellness of the employees, sports activities and annual physical examination is conducted through providing medical services to every subsidiary of RHI.



SOCIAL

RESPONSIBILITY

WE HELP IN IMPROVING THE LIVES OF COMMUNITIES

Sustainability is at the core of the business operations of RHI and its subsidiaries as it continuously invests in social and environmental initiatives.

RHI commits to develop and empower its surrounding partner communities in improving their lives by implementing social development programs. RHI's initiatives in 2018 focused on environmental stewardship, climate-resilient initiatives that maximize the potential of the Group's by-products and local partnerships to improve the lives of people in its communities.

We are Advocates of Environmental Stewardship

Cleaning Local Waterways through the Adopt-an-Estero and River Clean-up

Healthy waterways are importance for life and human activities. It is everyone's responsibility to ensure that the local waterways like river, estero or creek are maintained healthy and clean.

Adopt-an-Estero is a collaborative undertaking between and among estero, creek and river-communities, concerned LGUs, private sectors, the Department of Environment and Natural Resources (DENR) and other government agencies to take part in cleaning up creeks and rivers.

Pursuant to Proclamation No. 470 in 2003 declared as "The International Coastal Clean-up (ICC) Day", DENR and its partners conduct coastal cleanup activities every 3rd week of September with the common goal of collecting and documenting the trash littering their respective coastlines. In an effort to support DENR's program, RHI and its subsidiaries took part in last year's ICC with volunteer employees, partnered with 7 local communities and associations to share in this global movement - pitching in for the common goal of cleaning coastal waters and taking care of beaches.



The 294 volunteers went beyond picking up trash by recording each item collected in a standardized data card in order to identify ways to eliminate ocean trash in the future. The activity was held in September 2018 collecting total waste materials of 3,167 kgs or 3.17 tons.



Greening Our Footprint through Community Treeplanting

Planting trees is one of the easiest and most sustainable ways to positively affect the environment. It helps alleviate carbon sequestration thereby reducing environmental impact. RHI together with its partner stakeholders in community and public sector, regularly conduct treeplanting activity every year.

Through its CSR's Greening our Footprint and Reaching out for the Environmental Awareness and Discovery (READ) Program, the company distributed a total of 4,530 assorted forestry and fruit seedlings to five (5) different adopted schools and community partners of its subsidiaries. 2,700 of these seedlings were given to Minapasok Farmers' Association (MIFA) through a collaborative project with Provincial Environment Management Office (PEMO), DENR-PENRO, CENRO Cadiz, ADC and SCBI.

The Community Based CSC Sustainable Livelihood through Agroforestry is a 3-year project that targets to establish a 10-hectare agroforestry in Minapasuk, Calatrava planting at least 6,500 coppicing species of trees. Other treeplanting activities were conducted in Brgy. Ara-al, and Brgy RSB, La Carlota City and Cabunao Elementary School in San Carlos where we partnered with LGUs, schools and host communities in the area.



We Help in Alleviating Poverty through Education

RHI value learning, both for its employees and its communities. The Company’s educational assistance programs benefit not only the employees’ dependents but also adopted schools from neighboring communities of the plants.



RHI Scholarship Program, Lingkod Aral and Tulong Aral

RHI Scholarship Program is an employee-dependent program that aims to send one child per dependent to college. RHI helped 176 scholars from select employee dependents in CADPI in Nasugbu, Batangas and Central

Azucarera de la Carlota, Inc. (CACI) - La Carlota City, Negros Occidental in the past year.

One of them is Ms. Grace Kathleen G. Mendoza, a graduate of Bachelor of Science in Business Administration at Batangas State University. She is currently establishing her own small business in Nasugbu, Batangas.

The Company continues with its Lingkod Aral and Tulong Aral programs in Negros Occidental and Batangas which channel voluntary financial donations from RHI employees to deserving students in communities surrounding RHI’s plants. For the current school year, 78 elementary and high school students were assisted under this program.



Brigada Eskwela

Brigada Eskwela is an annual program of the Department of Education (DepEd) geared towards an orderly and safe opening of classes, in an environmentally conducive to learning. According to DepEd, the program aims to bring together education stakeholders to participate and contribute their time, effort and resources to prepare public school facilities for the opening of the school year.

CADPI, CACI, RBC and SCBI participated in Brigada Eskwela 2018, with the theme “Pagkakaisa para sa Handa, Ligtas, at Matatag na Paaralan Tungo sa Magandang Kinabukasan”. Every volunteer-employee extended his time and effort in making the classrooms safe and more conducive to learning. A total of 38 adopted schools from Batangas and Negros were selected and given supplies for room improvement such as paints, paintbrushes, cleaning materials, trash bins, cements and cash.

Distribution of Desktop Computers

Through its program, Reaching Out for Environmental Awareness and Discovery (READ), RHI donated desktop computers to select schools.

A total of 26 desktop computers were donated to four

schools, namely Sugar Central Elementary School, Nagasi Elementary School, RSB Elementary School and Esperanza Elementary School in La Carlota and 10 desktop computers to Cabunao Elementary School in San Carlos.

Central Azucarera de La Carlota, Inc., Roxol Bioenergy, Inc. (RBC) and San Carlos Bioenergy, Inc. (SCBI) signed a Memorandum of Agreement with the Department of Education (DepEd), recognizing them as partners of the Adopt-A-School Program of DepEd.



We care for the health and well-being of our communities

RHI supported its communities through healthcare projects including access to free medical services and medicines and health awareness. The Group regularly conducts medical and dental mission to remote and adjacent communities having limited access to basic healthcare. Last crop year, the RHI and its subsidiaries partnered with its local government units, volunteer-medical professionals from the government and private sectors and reached out to six (6) communities benefiting 1,000 patients, both children and elderly. They were given free medical and dental assistance and received free prescription medicines and vitamins.



Corporate Volunteering for Community Outreach

Another social initiative is on corporate volunteering programs. These programs are able to lift the spirit of employees by contributing and making a difference for the society and also reach out to communities and individuals whether near or far from the company's operations.

Blood letting

The National Voluntary Blood Services Program (NVBSP) under the Republic Act No. 7719, also known as the

National Blood Services Act of 1994 of the Department of Health (DOH), promotes voluntary blood donation to provide sufficient supply of safe blood and to regulate blood banks. The Act aims to inculcate public awareness that blood donation is a humanitarian act and create public consciousness on the importance of blood donation in saving the lives of millions of Filipinos.



RHI in partnership with Philippine Red Cross (PRC) and Negros First Provincial Blood Center held a series of bloodletting activities this year. A total of 54 blood bags (11 from RHI, 11 from RBC and 32 from SCBI) were collected and turned over to PRC and Negros First. RHI and PRC; SCBI and Negros First have been partners in saving lives through the promotion and voluntary blood donation activities. Further, the program also aimed to strengthen the spirit of employee volunteerism and engagement among RHI and its subsidiaries.

Hakbang Tungo sa Pangarap "Taking a step towards a brighter future"

Driven by the values of responsibility and willingness to give back, RHI, through its CSR program, initiated the "Hakbang Tungo sa Pangarap" - a project that embodies the spirit of employee volunteerism. Through the symbol of slippers, the project aims to encourage children to take their first step towards achieving their dreams with full positivity and high hopes.



More than 500 children from La Carlota City and San Carlos City in Negros Occidental and Nasugbu, Batangas were given new pairs of slippers. Aside from slippers, SCBI employees in collaboration with City Social Welfare Development Office (CSWDO) also shared toys, school supplies, books, clothes, and food items to 100 children in San Carlos.

Servathon Volunteerism

'Servathon' or service marathon, one of Hands on Manila's (HOM) flagship programs, is an annual volunteer service event aims to bring hundreds of volunteers through collaborative partnership with different companies and organizations. With the 2018 theme, "All hands deck for the Children of Marawi", the event focused in helping out the marginalized communities particularly the children at risk in Marawi City.

In September 2018, thirty (30) participants from RHI employees and CADPI's Tulong-Aral scholars joined other organizations in assembling kits containing basic necessities such as sleeping kits, educational kits, and hygiene kits among others. These kits were immediately transported to the recipient communities after the event.





CORPORATE SOCIAL RESPONSIBILITY

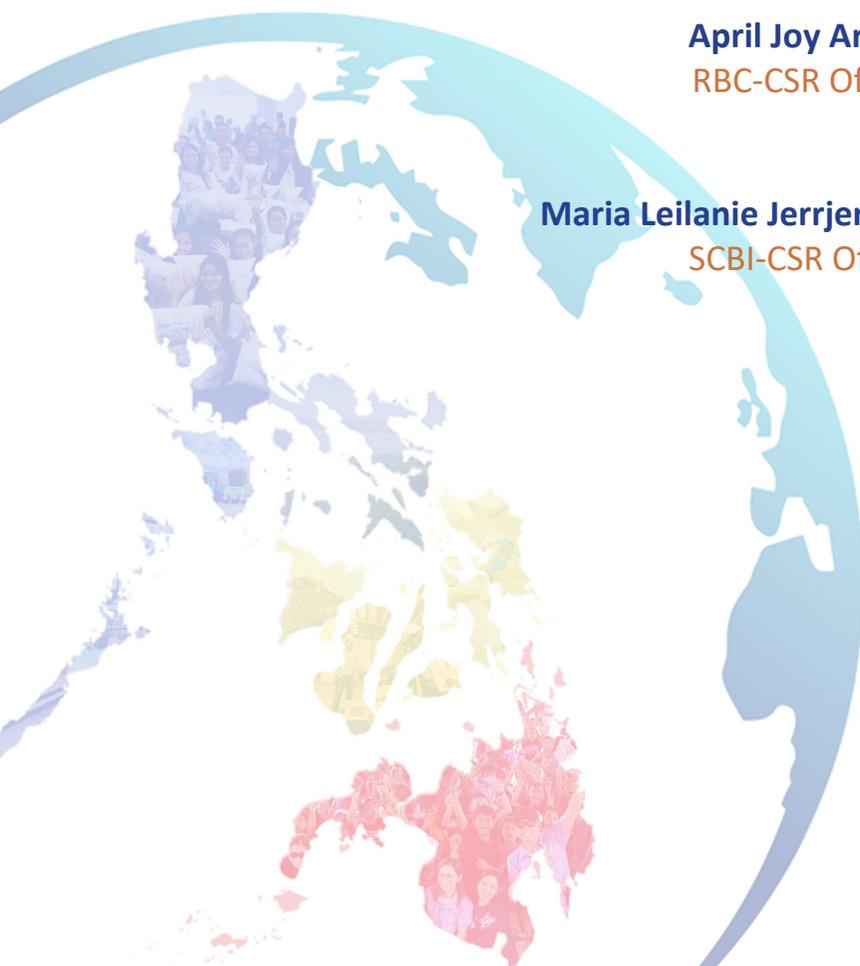
Angeline C. Bondad
RHI-CSR, Head

Jaynee Lyn A. Manicad
RHI-CSR Officer

Anna Lorraine C. Relevo
CADP-CSR Officer

Geraldine P. Lulu
CACI-CSR Officer

April Joy Arroyo
RBC-CSR Officer



Maria Leilanie Jerrjerine L. Oliveros
SCBI-CSR Officer