

# Above & Beyond

**SUSTAINABILITY REPORT**  
OCTOBER 2013 - SEPTEMBER 2014



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**RHI**  
ROXAS HOLDINGS, INC.  
A BIO-SUGAR & BIO-ENERGY GROUP



## ABOUT THE COVER

On its first Sustainability Report, Roxas Holdings Inc. (RHI) is making a strong commitment to go **ABOVE AND BEYOND**.

The desire to generate an impact is at the core of RHI. The Group remains strongly committed to the goal of sustainability, especially at these times when the Sugar Industry must demonstrate its ability to meet the challenges of ASEAN Economic Integration. We chose a cover depicting several arrows pointing upwards—with an arrow shaped as number one—to affirm our shareholders that we shall prevail amidst challenges, and that RHI endeavours to be at the top, not only in its operational and financial aspects, but more importantly, in sustainability.

This Sustainability Report features initiatives and stories of how the Group is trying to make an impact both to its immediate communities and stakeholders and also to the Sugar Industry as a whole. From the impact of our operations to the people and communities that we work and interact with, we are going **ABOVE AND BEYOND** to **DO GOOD** in enabling our stakeholders in achieving their full potential, **DO RIGHT** in carrying out our responsibilities beyond compliance, and **DO WELL** in demonstrating practices that will better serve the industry.

Just as sugar is a potent sweetener and energy source for the human body, RHI has been introducing **ABOVE AND BEYOND** innovations and industry-wide initiatives that we believe will bring out the best in all who have a stake in the Philippine Sugar Industry.

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### Please feel free to get in touch with us:

Frances Arjohn M. Belen  
Staff, Corporate Social Responsibility  
Email: arjohn.belen@rhi.com.ph  
Phone: (02) 810.89.01-06

Jeremy John A. Pintor  
Deputy Compliance Officer  
Deputy Head, Strategic Affairs  
Email: jeremy.pintor@rhi.com.ph

or visit our website:  
[www.roxasholdings.com.ph](http://www.roxasholdings.com.ph)





The highway cuts through a large expanse of green, which blankets the terrain as far as the eye can see. The time is ripe for sugar; and the region, being known as the country's biggest producer of tubo (sugarcane), is bustling with sugar-related activity: trucks brimming with harvested sugarcane make their way to the sugar mills, uniformed workers in hard hats and protective shoes go in and out of industrial buildings, a power plant hums at a distance, generating usable power from the by-products of the mills, and of course, a sugar mill—easily the tallest structure for miles around—puffs out white vapors, a purified smoke that does not affect the sweetness of the farmland air.



# ABOUT THE COMPANY

At the forefront of the Philippine sugar industry, Roxas Holdings, Inc. (RHI) has been in the sugar business for nearly a hundred years. A bio-sugar and bio-energy company, RHI is the largest integrated sugar business in the Philippines, owning and operating the largest milling operations, the second largest sugar refinery and a pioneering bioethanol plant.

Over the years, RHI has developed solid relationships with premiere customers. It services the sugar requirements of leading multinational food & beverage, and pharmaceutical companies; and sells its bioethanol to top petroleum players in the country. Some has been our customers for the past 15 years, which stand as a testament of RHI's excellence in service, reliability and quality products. The products and services of the company are as follows:

1. Sugar. Raw and refined sugar are produced by RHI in different grades and are sold to big industrial users, including food and beverage, and pharmaceutical companies for blending in their own products.
2. Tolling/Refining. Through CADPI, RHI offers tolling or refining services to raw sugar owners.
3. Bioethanol. Through Roxol, RHI produces fuel ethanol to meet the needs of local oil companies in compliance with the Biofuels Act of 2006.

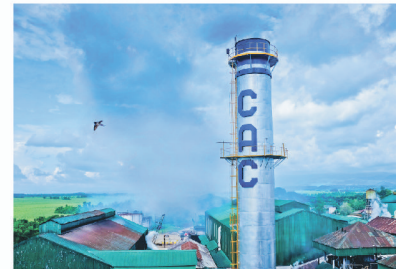
Together with its subsidiaries, Roxas Holdings, Inc. continuously strives to be a world-class leader in sugarcane-based products and services in the Asia Pacific region. Its growth will be enhanced by strong and solid relationships with its stakeholders. RHI intends to continue:

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

RHI believes in sustainable growth that benefits both the company and its stakeholders. It shall pursue initiatives that will unleash the full potential of industries where RHI operates.



Established as a sugar milling company in 1927, Central Azucarera Don Pedro, Inc. (CADPI), provides the refined sugar requirements of traders and industrial customers such as multinational food and beverage and pharmaceutical companies in Luzon. Based in Nasugbu, Batangas, it is the first of the Roxas subsidiaries.



The mill at Negros Occidental, known as Central Azucarera de la Carlota, Inc. (CACI), was acquired in 1995. Located in La Carlota City, it operates at the heart of the country's leading region for sugar production and near a port of export. CACI meets the raw sugar requirements of customers in the Visayas.



Roxol Bioenergy Corporation, also based in La Carlota City, is the bio-ethanol unit of RHI. Producing 100,000 liters of fuel ethanol or potable and industrial alcohol per day, it operates as a standalone ethanol production facility.





# ABOUT THE REPORT



## Embracing Sustainability

Sustainability is at the heart of RHI's operations. As a major sugar player, we are aware of the strategic position we occupy in infusing innovations that add vitality to the sugar industry and create an impact to thousands of sugarcane farmers and communities. We can be instruments of sustainable growth in the industry.



# Why Sustainability?

The country's population continues to grow and has reached more than 90 million. Its resources are getting strained. We hear news of shortages in energy, water, food and even land. The environment is rapidly changing and the Philippines remains vulnerable to stronger earthquakes and typhoons. These circumstances make access to resources harder especially for those living below poverty, and sadly the gap has and continues to increase. All the more, the call for sustainability grows louder as the ill effects of the lack of it becomes more and more pronounced.

We cannot be blind to these realities. The business sector can and should be a part of the solution. And to do so, the attitude of doing business must change.



## What is Sustainability?

"...the development that meets the needs of the present world without compromising the ability of the future generations to meet their needs."

*UN World Commission on Environment and Development*

Businesses must pursue growth models that enable greater sustainability. In a broad sense, sustainability demands "increasing the capacity to endure", which often entails elements beyond profits. The organization's sustainability can be affected by the following:

1. **Organizational Governance** to help organizations make decisions, implement corporate actions and subscribe to the principles of fairness, transparency and accountability
2. **Human rights** that give equal access to opportunities and prevent discrimination
3. **Good labor practices** that safeguard employee safety, welfare and growth
4. **Environment** that pushes companies to mitigate the possible adverse effects of operations to the large resource reservoir shared by all men
5. **Fair operating practices**, which keep the company free from the crippling effects of corruption and unfair competition
6. **Consumer welfare**, which allows better servicing of clients with the right information and providing greater access to the company's products
7. **Community involvement** that allows the company to contribute to the socio-economic growth of the community as its operations grow

Sustainable Development, therefore, demands putting in place mechanisms that will allow the company to take advantage of present opportunities but not at the expense of the environment and its stakeholders. These seven core subjects of ISO 26000 guide RHI's corporate actions as it continues to strike the best balance of long and short-term sustainability.



# SUSTAINABILITY APPROACH

Sustainability is anchored strongly at the heart of RHI's core ideology. It's growth is triggered by its continuous pursuit of "Do Good, Do Right, Do Well"— RHI's core values; and its mission to bring out the best in the industries it serves.

## DO GOOD



For RHI, the growth of the company should spell growth to and bringing out the best in our stakeholders. The company will continue to work towards creating an impact and improving socio-economic conditions of its stakeholders.

## DO RIGHT

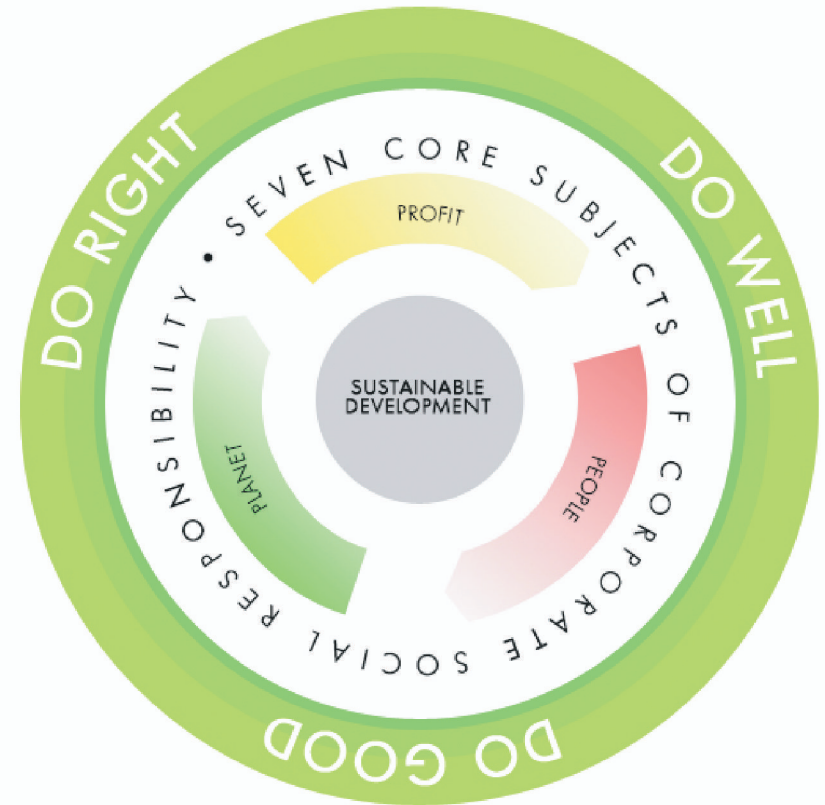


As RHI does its work, it will do what is right all the time. RHI will honor its commitments to its stakeholders, and will be compliant with all regulatory policies, memoranda and provisions affecting its businesses. The company will make sure that its house is in order.

## DO WELL



All units are expected to perform well and always better. It is important that the company puts in place systems and processes that will allow the company to achieve higher growth, productivity and margins, RHI must excel on all performance indicators inherent in its mandate and its core business.



The seven ISO 26000 core subjects and RHI's philosophy are fibers that weave a strong culture of sustainability, capable of going "Above and Beyond" expectations.

# COMMITMENT TO SUSTAINABILITY

## Operational Highlights

RHI's performance in CY 2013-2014 demonstrated flexibility amid operational challenges. It managed to close the crop year with 30% higher than previous year's net income due to the remarkable turnaround of the ethanol business. This success does not only benefit the company, it also benefits all who are at stake, directly or indirectly. For RHI, business is not only about profit. Social responsibility is at the heart of its business, and it is vital to its success.

## Commitment to Sustainability

Sustainability remains to be a vital component of RHI's operations as our means and end, to accomplish our vision to be a world-class leader in the industry. As sustainability goes on to be the baseline of our operations, we ensure continuous efforts in making the business viable and profitable through seizing opportunities for the growth of the business. We encourage our units to explore initiatives that could evolve into diversified ventures in the sugar industry.

## Economic Zone

Plans for business expansion has always been constant in RHI—not only to develop profitable programs and projects, but also find innovative ways to better serve the industry. We prioritise the maximisation of our economic zone through talks on collaborative efforts with our clients. By developing business operations within our boundaries, we become keen in making full use of what we have, which in turn can convert to savings, and even secured profit.

## Research and Development

Aimed at diversifying our products and services, RHI invests and pays significant importance on research and development. While sugar remains a commodity, we are looking into varied opportunities to grow our business into providing other practical and innovative products. With the research and development on new commercially viable products, our Company establishes a profitable and cost-efficient platform for our operations and overall business.





# MESSAGE FROM THE CHAIRMAN

This year, Roxas Holdings, Inc. (RHI) has reached a new milestone by releasing its first Sustainability Report, which informs stakeholders of the Group's efforts to ensure sustainable and environmentally-responsible operations that have socio-economic impact to our communities.

## Viewpoints on Sustainability

For RHI, our concept of "sustainable business" rests on our belief that our primary concern is not solely on the profits we earn but also on the manner of generating profits. We believe that the essence of sustainability rests on 3Ps: Profit, People, and Planet.

1. Profit, by encouraging business decisions that drive long-term growth and benefit the Group's stakeholders;
2. People, by ensuring responsible labor practices and respect for human diversity and rights; and
3. Planet, by minimizing the possible environmental burdens our facilities create through better waste management and pollution control.

Guided by our corporate philosophy of "do good, do right, do well," the approach of our 3Ps to sustainability is translated operationally using ISO 26000's seven core subjects. Indeed, the goal of sustainability is nothing different from running a responsible enterprise.

As we take steps to be more sustainable, we have been guided with the following questions: how do we take care of our employees? how do we treat our partners? how are we protecting the interests of our shareholders? how do we help secure the environment? how do we make the lives of the people in our communities better?







### **Early Gains on Sustainability**

We are proud to share with you that our efforts to embrace sustainability have produced tangible and beneficial results. On our side, these have produced savings and increased our environmental ratings and governance scores; and have gained praises and awards from esteemed organizations such as the World Bank, the Department of Energy and Nestlé Corporation.

But more importantly, the warm smiles and hope that we see on the faces of our beneficiaries and the people in our communities are the best affirmation that our sustainability efforts bear fruits and are being felt on the ground.

### **Our Commitment to the Sugar Industry**

RHI also recognizes its role in the Sugar Industry. As one of the major producers of raw sugar, refined sugar, and ethanol in the Philippines, RHI is in a position to influence the industry and bring out its full potential.

The 2015 ASEAN Economic Integration continues to pose challenges on how Philippine sugar players can keep up with the demand for greater productivity and operational efficiency. Seeing the need for breakthroughs and innovations, RHI made a significant investment on research and development, and partnered with academic institutions for research projects that are focused on farm productivity, cost efficiency, and product development. Furthermore, the company has also invested in modern farming and harvesting equipment to address the industry's growing concern on productivity and the scarcity of labor resource in farms.



“This is only the beginning of our greater commitment towards sustainability. We shall continue to find ways for Roxas Holdings to be an instrument towards greater inclusiveness.”

Through these, we hope that the Philippines will be able to regain its position as among the best and most efficient sugar producing countries in the world. In doing so, the Sugar Industry can be a proactive contributor to further the country’s economic growth and accelerate improvements in the standard of living of Filipinos.

### **Greener Future Ahead**

Moving forward, RHI has big dreams towards sustainability. We have embarked on initiatives and projects that will allow greater maximization of sugarcane and its by-products and turn these into profitable eco-friendly business ventures. We have started with our bioethanol, which when added to gasoline, reduces carbon monoxide emission.

At present, we have set our eyes to explore how we can contribute clean and renewable energy, and recycle our by-products, such as carbon dioxide and methane. On one hand, our corporate foundation—Roxas Foundation, Inc. (RFI)—has taken steps to study possible uses of sugarcane leaves and fibers for livelihood.

### **Towards Greater Inclusiveness**

Even with these developments, a lot still has to be done if we are to be an agent of socio-economic transformation. In the Philippines today, our biggest challenge in the development arena lies on how to make a significant impact in the agriculture sector where a large portion of Filipinos living below the poverty line are found. RHI shall continue to think of and create models so we can further reach out and provide opportunities for more and more people to participate and be a partner for growth.

As you go through the pages of our sustainability report, we hope our stories will encourage you—our partners, stakeholders and shareholders—to work with us as we commit to take bolder steps towards sustainability.



Pedro E. Roxas  
Chairman  
Roxas Holdings, Inc.



# MESSAGE FROM THE PRESIDENT/CEO

## **Growth with Equity for this Generation and Next**

Roxas Holdings, Inc. (RHI) continues to pursue initiatives that will bring it closer towards its vision to be a “world-class leader in sugarcane-based products and services.”

Our goal challenges us to nurture and sustain a culture of excellence, while being responsive and inclusive to our stakeholders.

This vision demands that RHI’s businesses be sustainable.

Our commitment to sustainability is founded on a firm belief that our businesses must pursue “growth with equity, for this generation and next.”

This means the Group shall always strive to nourish, grow, recycle, renew, and re-invent existing products and resources, as well as develop new ones in order to make this world a better place for our children, as well as our children’s children.

Last Fiscal Year, the company made significant strides towards sustainability and inclusiveness:

1. **Pollution Control:** RHI allocated P40M to improve and enhance its pollution control facilities, to ensure compliance to regulatory standards.
2. **Research and Development:** To supplement industry research and development (R & D), RHI allocated P45-million for R & D initiatives to enable our factories and our planters’ farms to achieve world class productivity levels. From the fund, RHI established a P7.5-million endowment fund each for the University of the Philippines Los Banos and the University of Saint La Salle Bacolod to finance R & D projects. RHI is looking to partner with two more academic institutions for its R&D initiatives.





3. **Upgrade of Plant Facilities:** For the past year, our company has invested on projects to upgrade our plant facilities, to make them globally competitive and prioritize operational efficiency.
4. **Model Nurseries and Farms:** Together with our R & D partners, we are putting up nurseries for sugar cane and napier to provide high yielding varieties to our planters. We are also developing model farms that will promote modern and mechanized farming practices that will achieve higher farm yields at lower production costs.
5. **Consolidation Initiatives:** For decades, our industry structure has remained the same, with 90% of our farms being 10 hectares or less without the wherewithal or the economies of scale to compete globally. Moreover, due to overcapacity, mills and refineries have to pay higher hauling and other subsidies to secure cane supply, resulting in higher production costs.

In addition to “block farming” encouraged by the government to group small farms into 50 hectares or bigger operations, RHI is partnering with progressive planters to consolidate, through long-term leases, small farms into bigger cane plantations to increase farm yields and bring down production costs. To increase the income of the displaced farmers, they will be hired as contractual workers in the model farms and encouraged to grow in nearby areas napier which promises higher income as a cash crop. In tandem with its majority shareholder, RHI is also acquiring strategic mills and refineries to help rationalize the industry by transferring excess milling and refinery capacities to where they are needed.

6. **Diversification Initiatives:** : As margins are squeezed due to the world’s overproduction and high inventory levels of sugar, RHI is moving into ethanol, co-generation and value-added products to diversify its revenue sources and reduce its vulnerabilities to the volatile commodities market. RHI is in the process of acquiring an ethanol plant and constructing a 40-megawatt





renewable cogeneration plant. In the future, RHI shall focus on bio-sugar, bioenergy and bio-chemicals, which should help reduce carbon print and preserve our dear planet while providing growth for our stakeholders.

7. **Housing and Livelihood for Informal Settlers:** RHI allocated PhP58.6 million to provide, in partnership with some civil society organizations, decent housing for informal settlers in the communities we serve. Beyond housing, this program shall also offer livelihood opportunities and social enhancement programs to ensure a more comprehensive approach to sustainable development.
8. **Roxas Foundation Inc. (RHI):** As in the past decades, RHI continues to partner with RFI as it implements initiatives anchored on HELPS: health, education, livelihood, personal involvement, and sports and youth development.

### Framework for RHI's Sustainability Program

All of RHI's policies and programs, including its Sustainability Program are consistent with RHI's corporate philosophy of "Do Good, Do Right, and Do Well."

**DO GOOD:** For RHI to grow and flourish as an enterprise, it must grow and flourish with the communities it serves. RHI must therefore extend whatever assistance it can give to vulnerable members of the community to enable them to join the mainstream.

**DO RIGHT:** RHI must be a good and law-abiding corporate citizen. It shall always stand for what is right and strive beyond mere transparency and compliance.

**DO WELL:** RHI commits to go above and beyond financial results. It hopes to see our businesses as models of operational excellence and sustainability.

### Concluding Notes

RHI can only do good, do right and do well and endure as a corporation of it sustains a culture of excellence supported by its stakeholders.

We would like therefore to thank our stakeholders for their continuing trust and confidence on the men and women of RHI.



Renato C. Valencia  
President and Chief Executive Officer  
Roxas Holdings, Inc.







# DO GOOD

Above and beyond dole-outs, we bring out the best in our stakeholders.



# DO RIGHT

Above and beyond compliance, we responsibly take proactive measures.



# DO WELL

Above and beyond financial results, we strive for operational excellence and sustainability.

H I G H L I G H T S



**P58.6M** ALLOCATION FOR HOUSING PROJECT

UPGRADING POLLUTION CONTROL FACILITIES



1ST IN THE PHILIPPINES

**P80M** BUDGET FOR MECHANICAL HARVESTER

**P45M** FUND FOR R&D CHANNELLED TO 4 UNIVERSITIES



O T H E R A C C O M P L I S H M E N T S

## COMMUNITY BENEFITS PLAN (CBP)

FUNDED BY P4.3M GRANT FROM **WORLD BANK** FOR ROXOL'S CARBON CREDIT APPLICATION



REHABILITATION OF **4** CLASSROOMS + **3** DAYCARE CENTERS FOR **460** STUDENTS

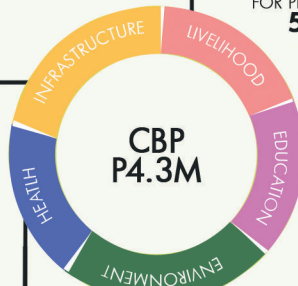
**1,750** SERVED IN MEDICAL/DENTAL MISSIONS FOR **4** BRGYS.

**4** BGYS. **1** SCHOOL RECEIVED BASIC MEDICAL EQUIPMENT

OVER **250** VOLUNTEERS FOR ENVIRONMENTAL INITIATIVES

**P1.6M** DONATED FOR TYPHOON RELIEF OPERATIONS

PROCESSING TIME OF PAYMENT FOR FARMERS SHORTENED FROM **2 WEEKS** TO **3 DAYS** THROUGH THE CANE PURCHASING PROGRAM



**32** FISHING BOATS DONATED

**1,500** FINGERLINGS RELEASED FOR PRODUCTION **500** CRABS

**40** PLUMBERS & WELDERS TRAINED

**30,000** MANGROVE SEEDLINGS PLANTED

**60** GARBAGE BINS + **38** BENEFICIARIES OF SEPTIC TANKS

**15** NURSES DEPLOYED FOR TRAINING & EMPLOYMENT

STACK EMISSION RESULTS (AVE.) **82.25** mg/Ncm

COMPLIANT OF THE 150mg/Ncm **CLEAN AIR ACT** STANDARD

AMBIENT AIR QUALITY MONITORING (AVE.)  
TSP=**72.32mg/Ncm** SO<sub>2</sub>=**11.06mg/Ncm**

COMPLIANT OF THE 300(TSP) AND 340(SO<sub>2</sub>)mg/Ncm **DENR** STANDARDS

WASTE WATER TREATMENT REDUCED  
BODS FROM **4,734.3mg/li** TO **25.8mg/li**

CORPORATE GOVERNANCE SCORE UP BY **15.4** POINTS

DIVIDEND POLICY

TRADE RESTRICTION POLICY

OVER **500** EMPLOYEES TRAINED IN **SAFETY**

BETTER **CONTROL ON CORRUPTION** THROUGH **E-PROCUREMENT**

**46** REVERSE AUCTIONS **P28.2M** ESTIMATED SAVINGS

**P16.7M** SAVINGS FROM ENERGY EFFICIENT OPERATIONS



**30%** SAVINGS ON FUEL THROUGH SOLID FUEL DISPLACEMENT

**5** LOW ATTRITION STRATEGIES

- ANNUAL MERIT INCREASE
- PROFIT SHARING
- EMPLOYEE STOCK OPTION PLAN
- CAREER DEVELOPMENT & SUCCESSION
- TALENT RETENTION & RECOGNITION



**17,424** TONS OF **WASTE PRODUCT RECYCLED** AS ORGANIC FERTILIZER



**0** CASES OF DAMAGED PRODUCTS METAL CONTAMINANTS IN PREMIUM RAW SUGAR

PRODUCT RETURNS **LESS THAN 1%**



CERTIFIED **9001:2008**, **22000:2005**, **14001:2004**







OUR CORE VALUES  
Maka - Diyos  
Maka -  
Maka - M...

Flores de Mar  
WISJIC CACI Christ  
Generous Spirit





“We are not just helping them build a house, we are setting up a model community that celebrates quality life.”

## COMING HOME TO SAFETY

RHI allocates P58.6M for housing project initiative

Being at the comfort of your own home and enjoying the company of your family and loved ones without fear from threat of harm; that is the Filipino dream. Unfortunately, this dream is often not within everyone’s reach.

### Temporary benefit for employees

RHI - and most especially the subsidiaries - offer temporary housing to some employees within the plant. In both RHI facilities in Nasugbu and La Carlota, the company has put up several company houses for managers and workers who were either not from the area but were asked to relocate or for those who must continuously monitor the plant.

The operating hours of the mills often extend beyond the traditional 8:00am to 5:00pm shift. The factory must operate for so long as there are canes and other raw materials that can and should be processed. Even at scheduled downtimes, the strict repair schedules have some contractors sending in their people even at night. As such, some employees—starting from the resident manager—are often called to report to the factory when something goes wrong.

The temporary housing is offered to allow these employees to have immediate access to the plant. Interestingly, to some, the company provided the option of having their families with them.

Some of the employees lived in these company-provided houses for decades until retirement, and some of those who failed to invest on houses for their own even extended after, becoming one of those who do not have a permanent place to settle in.



“We want to protect these people from the hazards they may encounter living near the facility,”

## Housing for informal settlers

In Nasugbu, Batangas – particularly in Barangays Calamundingan and Mambungan – the company recorded 110 informal settler families who have put up houses illegally within CADPI’s plant premises. Some of these families had their forefathers working with our mills before. In time, the number has grown with their expanded families deciding to stay and live also within the plant premises.

Health and safety, however, are major reasons for which to move the families to a safer area outside the plant. Even with top-tier pollution-control facilities and policies, which minimize the possible adverse environment impacts, the mill is still an industrial zone with trucks and heavy equipment passing through frequently, and with chemicals and hazardous chemicals stored in its tanks. This will never be the ideal place for a family to grow and relax, especially for their kids to play and interact with other kids.

“We want to protect these people from the hazards they may encounter living near the facility,” says Mr. Juan Miguel M. Araneta, SVP and Head, Supply Chain and Special Projects Department.



Despite having the lawful claims for the land, the company cannot forcibly evict these families without proper social preparation and the provision of alternative safe dwellings. Thus, in line with the government’s campaign to provide decent housing to every family, RHI initiates a relocation project. We have allocated 1.2 hectares of land as relocation site for the affected families and have partnered with a non-government organization, Habitat for Humanity Foundation.



RHI ensures the protection of human rights of these people; the relocation project also comes with a financial package and a livelihood plan, which are still being worked-out. “We are working towards making sure that this housing project will be sustainable and the interventions are comprehensive. We are not just helping them build a house, we are setting up a model community that celebrates quality life,” President and CEO Renato Valencia adds.



## Housing project for employees

Aside from the informal settlers, RHI wants to help out its employees achieve the Filipino dream. The employee housing project is targeted for employees, especially those who have critical control and responsibilities in the 24-hour operations of the plant. “As our people put in a lot of effort in keeping our facilities operationally efficient at all times, we want to do our part in assisting them to think of the long term that goes even after they have retired from our company,” Chairman Pedro E. Roxas said. The employee houses will be done in partnership with Roxaco Land Corporation, which is also a subsidiary of Roxas and Company, Inc.

With the corporate housing project, CADPI employees have the option to convert the equivalent amount of the housing provided into cash and purchase their own homes at a location of their choice, or use and own the house RHI provides through the project.

The RHI housing development is a subdivision project that includes community services and amenities such as a basketball court, a playground area, 24-hour security, centralized water facility, a subdivision entrance gate, and a gazebo. The two-storey homes are designed with a contemporary Mediterranean theme; employees may choose between two-bedroom or three-bedroom models.

The houses will be completed and will be ready for turnover before the end of 2015.





The five-fold plan consists of projects that help improve livelihood, provide opportunities for education, rehabilitate infrastructures, take care of the environment and make healthcare accessible.

## **GREENER INDUSTRIES, RICHER LIVES**

Four barangays, four schools, four health centers benefit from World Bank's P4.3M grant

Setting out from the shallow waters of a mangrove-bordered coast, Nelson Gomez of Purok Lourdes, Pontevedra, knows his catch for the day would be good. He and his fellows at the Small Fishermen Association, of which he is the President, have been caring for the mangroves since the community received 30,000 seedlings to help reforest the mangroves in the area.

Mangroves are a natural habitat for fish and other sea life. The more forested the mangrove—shares the fisherman in the gentle and musical tones of his native tongue—the more fish there will be to catch. The community began planting mangrove seedlings in August 2014, and since then, have been acting as its guardians, replacing those seedlings that do not survive.



## Greener, more beneficial

Gomez and his community are among the beneficiaries of the Community Benefits Plan (CBP) implemented by Roxas Foundation, Inc. The five-fold plan, consisting of projects that help improve livelihood, provide opportunities for education, rehabilitate infrastructures, take care of the environment, and make healthcare accessible, is funded by a grant from the World Bank for the carbon credits earned by Roxol Bioenergy Corporation for its methane recovery initiative.

Methane has cut down the bio-energy plant's use of solid fuel (composed of bagasse, wood chips, coco shells and rice husks) by 30 percent, a significant amount considering the 350 tons consumed by the day. Methane is a greenhouse gas; by mitigating its methane emissions, Roxol is not only able to lower its solid fuel consumption but also take care of the environment. This project, known as the "Methane Recovery from Advanced Wastewater Treatment System in Roxol," was funded by the Community Development Carbon Fund (CDCF), under the Carbon Finance Unit of the World Bank.





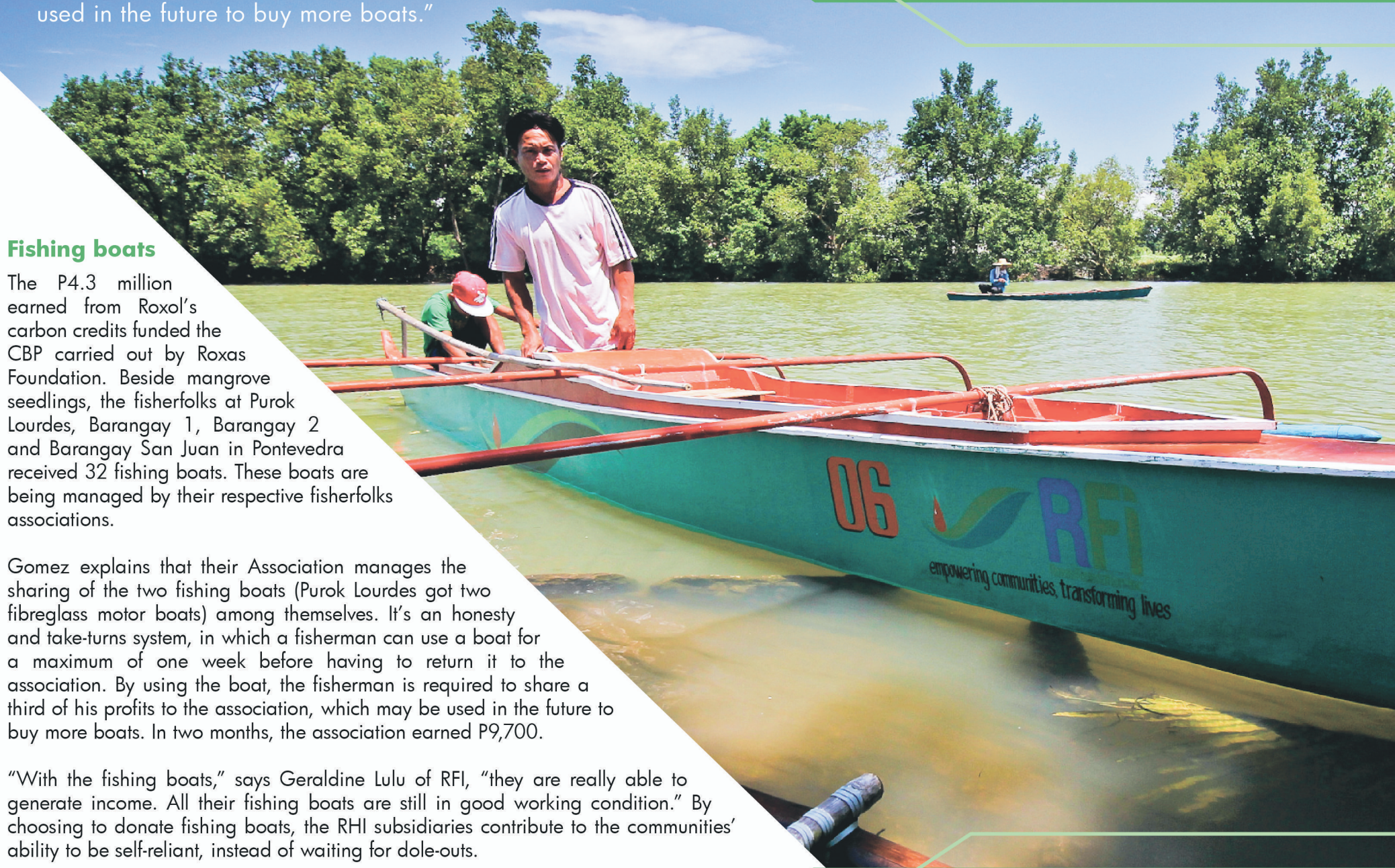
“By using the boat, the fisherman is required to share a third of his profits to the association, which may be used in the future to buy more boats.”

## Fishing boats

The P4.3 million earned from Roxol’s carbon credits funded the CBP carried out by Roxas Foundation. Beside mangrove seedlings, the fisherfolks at Purok Lourdes, Barangay 1, Barangay 2 and Barangay San Juan in Pontevedra received 32 fishing boats. These boats are being managed by their respective fisherfolks associations.

Gomez explains that their Association manages the sharing of the two fishing boats (Purok Lourdes got two fibreglass motor boats) among themselves. It’s an honesty and take-turns system, in which a fisherman can use a boat for a maximum of one week before having to return it to the association. By using the boat, the fisherman is required to share a third of his profits to the association, which may be used in the future to buy more boats. In two months, the association earned P9,700.

“With the fishing boats,” says Geraldine Lulu of RFI, “they are really able to generate income. All their fishing boats are still in good working condition.” By choosing to donate fishing boats, the RHI subsidiaries contribute to the communities’ ability to be self-reliant, instead of waiting for dole-outs.





## Raising Fish

Not only fishing, but raising fish is part of CBP's livelihood program. In Embarcadero, Pontevedra, a fishpond with an area of 8,000m<sup>2</sup> was rehabilitated for the benefit of the barangay. Jose Parcon of RFI said: "The fishpond is being directly supervised by RFI, but we involve the community in the implementation. For every harvest, the community has a share, which they can use as a capital buildup for the fishpond, or for community projects."

Initially, 1,500 fingerlings of *bangus* (milkfish) were provided and cultured in the pond, which yielded a total of 300 kg or P27,800 worth of *bangus* in the first crop year. The profit was split into three: the Foundation received 20 percent, which shall be used to replenish the fingerlings; the community fund, 30 percent; and the caretaker, 50 percent.

"The caretaker is the one who manages the pond," shares Laurencia Espinosa, a member of the community, in halting Filipino. "Because the fish feeds on the algae in the pond, it is not difficult to manage," she adds. "Being the caretaker is a great help, especially in the everyday expenses. We harvest every three months, and after each harvest, we change the caretaker, so that everybody has a chance. We buy fingerlings for P3 each. Right now, the pond contains 1,535 pieces of milkfish. They don't get sick, and you only need to supply feeds when their natural food supply is depleted, which happens rarely.", as narrated by Lima, another member of the community and mother of five.





## Education

Another project of the CBP is to make education accessible. Through its education program, the CBP was able to graduate 20 plumbers and 20 welders in TESDA vocational trainings, which started in April 2014 and ended in July 2014.



“RFI paid for the training fees, uniform, and daily allowance using the World Bank funds. The programs ended with an OJT period, during which, we, as the mother company, engaged them in Roxol and in CACI. When they graduated, we gave them tools since they already have the skills. With those tools, they can already start work as on-call plumbers or welders, even if they are not yet hired by a company,” says Lulu.

Roxol’s efforts at releasing less greenhouse gases have proven that caring for the environment creates waves from which not only the company can benefit, but also a greater number of people. And they benefit by more than just breathing clean air and having clean water. With sustainable livelihood, better health services, and stronger structures, the move towards greener industries has pushed the standard way of life...up!



### Rehabilitation, medical missions

The Community Benefits Plan also covered the rehabilitation of four public school classrooms and repaired three daycare centers in the district. With the improved classrooms, the schools become more conducive to learning. The CBP covered the repair of the roofs and windows of the classrooms.

Medical and dental missions were carried out in five areas: Barangay 1, Purok Embarcadero and Carmen Elementary School in Pontevedra; Nagasi and Roberto Sales Benedicto in La Carlota. Medical equipment were donated in four barangay health centers and one school clinic. Apart from these, 15 nurses have been deployed for training and employment to three public hospitals in Negros Occidental. Lastly, 38 beneficiaries were provided septic tanks and 60 sets of garbage bins to help minimize or eliminate the waste materials accumulating in the Mangala River.





## COASTS, HIGHWAYS GO GREEN

Roxas subsidiaries partner with the community on efforts for a greener environment

“Caring for the environment creates waves, from which not only the company can benefit, but also a number of people.”

Pristine waters. White sandy shores. The scent of the salty sea breeze. Beaches are beautiful places and the Philippines is lucky to have many of these, with 7,107 islands. Coastal areas like Nasugbu, however, are prone to garbage and waste accumulating on the shores, making it difficult for communities to appreciate their proximity to the shoreline.

“Especially when there are storms, we have so much garbage accumulating in the coastlines,” says Jettison Tee, Head of the EMSD of CADPI. “CADPI employees have put up the Kawanis Club, an NGO with the objective of helping the youth and the environment.”





## Coastal and rivers clean-up

On September 21, 2013, the group participated in the initiative of the International Coastal Clean-up. They collected the garbage and waste materials and properly disposed of them. From then on, one of the projects of the club is a monthly coastal clean-up. It helped clear out garbage, especially the debris that collected on the shoreline after the typhoon Glenda.

Employees of CADPI are also involved in a river maintenance project. "We have an Adopt-a-River Program," says Tee. "So the length of the river that runs through CADPI territory gets cleaned up annually at the minimum. We are working towards doing it quarterly. Our last clean-up was on March 23, 2014. If you look at the river, it is really polluted—garbage from the different communities living near it." He assures that the river gets no discharge of wastewater from CADPI. "Those who live in the area, along with our employees, were the ones who participated in the river clean-up."



## Tree Planting

Of course, what is an environment initiative without tree planting? On January 10, 2014, CADPI did a tree planting activity along the National Highway, where young trees were planted on CADPI premises. "This is not only a CADPI initiative," Tee states. "We got the community organizing it as well—the barangay, and once, the municipality. [The environment] is not just CADPI's concern, but also the entire community's. Being part of the Municipality of Nasugbu's beach forest council, CADPI is active in such initiatives, and will continue to support them as they come.



### Making clean stay clean

In the last crop year, CADPI donated garbage bins to MENRO, Barangay Mataas na Pulo, Barangay Munting Indang, and other barangays in order to minimize littering. "When you drive along the highway here at Nasugbu, you will notice those garbage drums," says EMSD Head Jettison Tee, who notes that the bins are marked "*Nabubulok*" and "*Di-nabubulok*" to encourage waste segregation. Segregation, in turn, encourages citizens to practice composting, which helps make the soil richer, a crucial need in agricultural communities.

### The cleaner, the better

The DENR's Adopt-an-Estero Program in Brgy. Roberto Salas Benedicto (RSB) and Brgy. Don Salvador Benedicto (DSB) is a collaborative undertaking between and among the Estero Community, Roxol Bioenergy Corporation, Central Azucarera de La Carlota, Inc. the local government and the DENR. The primary aim of the program is to facilitate the clearing of *esteros* of wastes, debris and silt and to mobilize communities in participation to the cleaning program. The program also intends to sustain the activity in the future years. Around 25 volunteers participated in the activity, collecting 12 sacks amounting to 80 kilos of solid wastes that impede the flow of the river.

Roxol was recognized by DENR last June 27, 2014 for its contribution and active participation in the program, which also, consequently, paved the way to the sustainability of the implementation of the program in La Carlota.



## IDENTIFYING NEEDS OF THE COMMUNITY

RHI-CSR pursues the multi-sectoral approach to plan for Nasugbu's development; education and livelihood tagged as top priorities





“The company believes that by investing directly in the lives of the people, we are making them self-reliant.”

In pursuit of the company’s commitment to enable sustainable growth in the communities where it operates, the Corporate Social Responsibility (CSR) Department of RHI initiated the community assessment of Nasugbu, Batangas last September 2014. The community assessment is aimed to better understand the community’s needs; to develop an assessment report highlighting the challenges and opportunities present in the community; and to come up with policies, projects and programs addressing challenges and maximizing the opportunities and strengths of the community, at the same time achieving measurable results.

Education and livelihood are the top priority problems of Nasugbu among other socio-economic aspects of the community including health, transportation and infrastructure, shelter, sanitation, peace and order. Data showed that in the province of Batangas, Nasugbu ranked the highest in number of children aged 13-16 years old with 3,298 children not attending school with a proportion of 38.1%. Moreover, with regards to income, the municipality ranks the highest with 10,216 recorded incidences of household income below the poverty threshold. Further, Nasugbu ranks highest in terms of magnitude of households with income below the food threshold at 6,217 incidences.

Findings from the community assessment are necessary in formulating more responsive projects and programs that would benefit the people. As of the present, RHI-CSR, in partnership with RFI, is devising new projects, which are not just philanthropic in nature but community-driven. These projects include education and youth development, livelihood, employment training and skills workshop, and green-friendly activities. The company believes that by investing directly in the lives of the people, we are making them self-reliant; and by addressing their felt needs, we are empowering them to become more active and functional members of the society.

Highlighting RHI’s commitment and care for communities where the company operates, Mr. Ferdinand Joseph Escobal, SVP for Strategic Affairs and Executive Director of Roxas Foundation, Inc. reminds that the heart of the business is to care for the people, because what is development if not for the people?



## LESS WAITING FOR SUGAR CANE PAYMENTS

Cane farmers benefit from faster cane purchase payments

Farming is a work of patience. It takes months for one's investment to turn into profits. One tills the land, fertilizes it, plants the sugarcane, waits for it to mature, harvests, mills, refines...and only then can he sell and see the goods converted to cash.

At CADPI, however, sugar planters need not wait too long for their hard work to turn into cash. The mill's Cane Purchase Program aims to buy sugarcane from registered planters in order to help speed up the process of converting their sugarcane harvest into profit. This program works in a way wherein planters may sell their canes per truckload or what they call "*per biyaha*", instead of selling per field contract or the total canes harvested from their fields.







## Direct Purchase

Managed by the Planters Services Department of CADPI, the program facilitates cash conversion by buying the sugar directly from the planter as soon as it is brought to CADPI for milling. The planter receives a scale ticket, which records the amount of bags per ton cane (Lkg/TC) of his sugar – the higher Lkg/TC, the higher the price equivalent that a planter will receive.

Once the sugarcane is purchased, the farmer can receive his cheque within three to five working days. Interested planters need only to submit a letter from their planters' association indicating that they have the group's permission to sell in order to qualify.



“Indeed, the spirit of generosity and corporate social responsibility does not waver in times of catastrophe.”

## SENDING AID TO YOLANDA-HIT AREAS

RHI donates P1.53M to Caritas Filipinas Foundation and shares sugar for Typhoon Yolanda relief efforts

On November 8, 2013, Eastern Visayas suffered the biggest blow as Super Typhoon Yolanda (International name, Haiyan) swept through the region. Many lost their lives, their homes, and their livelihood. To help in the relief efforts for the victims, Roxas Holdings, Inc. donated over P1.5 million to the CBCP-NASSA Caritas Filipinas Foundation, Inc., before the month was through.

RHI donated P1 million, which was supplemented by financial support, amounting to P350,000, from the Head Office, and the three subsidiaries: Central Azucarera Don Pedro, Inc. in Batangas; Central Azucarera de la Carlota, Inc. in Negros Occidental; and Roxol Bioenergy Corporation, also in Negros Occidental; and about P200,000 in contributions from employees across the Group. These funds came as a result of a decision for simpler Christmas celebrations, be in solidarity and to donate the remaining funds to Yolanda survivors instead.

RHI also gave 100 bags of 50-kilogram refined sugar through the Sugar Regulatory Administration for both victims of the super typhoon and the earthquake, which hit Central Visayas. Indeed, the spirit of generosity and corporate social responsibility does not waver in times of catastrophe.



### Glenda relief

Eight months after Super Typhoon Yolanda hit Philippine shores, Typhoon Glenda hit Southern Luzon, causing significant damage in the regions within it, including Batangas. CADPI responded to appeals for relief efforts by donating funds to aid victims as well as assisting in more coastal clean-ups with the other members of the community. Glenda Relief Operations were mainly facilitated by RFI in Nasugbu, Batangas, mobilized by funds from CADPI, wherein around 125 families benefitted from this community outreach.