



 **SAFETY FIRST**
WEAR YOUR PPE'S

“At RHI, we are continuously seeking ways to ensure that — to the best way possible — we will work on finding ways to achieve our operational parameters without compromising our commitment to safeguard the environment.”

BETTER POLLUTION CONTROL

CADPI installs new pollution control facilities, stack emission performance standard

Industrial workplaces are infamous for exposing many employees to environmental hazards, or at least to less-than-desirable circumstances. In fact, employees of such may be identified by just one glance at their clothing: any uniform previously intended to be white eventually finds a way to acquire the grayness of its surroundings.

To enable better environmental stewardship, the government enacted laws and regulations often to set restrictions and standards that must be followed and complied with.

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Air Quality and Ashes

According to Jettison Tee, Head of the EMSD at CADPI, the ash particles that come from the smoke stacks, if not monitored, or if the process is not made to comply with pollution control standards, will leave traces on clothing. "But here at CADPI, we have made our own standard for the Environmental Management Systems (EMS) that goes beyond those set by the DENR. For air pollution, we do regular stack sampling—we measure the particles in the air for each boiler. As you can see"—he says, showing the sampling results taken on February 18-20, 2014, which were 75, 119, 90, and 45 mg/Ncm—"the standard [by the Clean Air Act] is 150 mg/Ncm; so, they fall well within the boundary", he added.

The mechanical engineer explains that this is due to the company's use of a wet gas scrubber—"if we didn't have that, the smoke that you see going up in the air would be black instead of white. White means we are within the government standards," he adds.

"We also conduct ambient air [tests] or Air Quality Monitoring. The air surrounding a smoke stack is sampled also to trace suspended solids." In this test, the air in different sites around the milling facility is measured for particles. Measuring ambient air at the impounding lagoon, the 3I Security Headquarters, the wastewater treatment facility, and the composting facilities, Tee states that the company still also falls well within the standards of air quality.

"...we have made our own standard for the Environmental Management Systems (EMS) that goes beyond those set by the DENR."

Wastewater

Apart from air pollution, CADPI also installed facilities for wastewater treatment. The actual average BOD5 amounts in the wastewater from CY 12-13 up to the first quarter of the following year is 4,734.333 mg/li (influent) and 25.81727 (effluent). "[Those figures mean] that before treatment, we have about 4,700 of BOD5 in the water, after treatment only 25," he explains, adding that CADPI does not discharge wastewater into the river. "We release final effluent to be used in firefighting and for dust emission control."

With the commendable efforts of CADPI in finding new ways to channel their commitment to environmental responsibility and sustainable development, they received a Plaque of Appreciation from Nestlé on April 29, 2014, for the subsidiary's successful implementation of its Environmental Management System (EMS) and for its support of the "Greening the Supply Chain", among their exemplary environmental programs.



Quarterly meetings on compliance

In order to ensure that standards remain high, "CADPI conducts quarterly meetings, handled by the DENR, to check on our compliance with the ECC," states Jettison Tee. Besides ECC, these quarterly meetings also look into the company's compliance with environmental regulations on water, air, and solid waste emissions, including toxic and hazardous waste management.



SAFETY IS KNOWING, DOING

RHI intensifies its campaign on the culture of safety

The first hint of how RHI subsidiaries CADPI, CACI, and Roxol take care of their employees' safety is the uniform they wear: a hard hat, safety shoes, and on some workers, safety spectacles and a mask. Myla Candaganan, HR Supervisor at Roxol, identifies those as PPEs—personal protective equipment. Without the proper PPEs, an employee, no matter how experienced, cannot enter the plant proper.

At RHI, safety is more than a concept that must be learned, it is a culture that we would like to build. We want people to be proactive and empowered in making safety a priority.



Do's and Don'ts

New employees and guests are given safety orientations and trainings prior to entering RHI facilities as a mandatory safety measure. The industrial operations and the hazardous chemicals and inputs being used in our facilities demand that safety be treated with utmost importance. We cannot leave safety by chance.

All guests who are to take a look at the plant need to be briefed first about the do's and don'ts within the premises. Employees receive the same briefing and are guided by safety signages posted all around the plants. Before the employee becomes a full-fledged worker, he receives the on-boarding training to help him identify crucial areas. "For example, in this area, you cannot bring a cell phone, or in that area, we don't allow smoking...", explains Candaganan.

Employees receive regular updating on safety protocols, while guests and visitors would have to undergo a similar safety orientation and training several months after their visit.

Trainings

Because employees shall be in the vicinity on a daily basis, it is crucial for them to make safety a habit. Not only should they be equipped with know-how on proper attire and proper conduct at certain places, but also they must practice how to take action in cases of emergency.

“We give them training on first aid, basic life support, emergency/disaster training,” enumerates Jettison Tee of CADPI. “HR ensures that employees get these trainings.” Speaking for Roxol and CACI, Candaganan affirms the same.

Effectiveness

“We monitor the effectiveness of the trainings on a quarterly basis,” shares Tee, noting that they started the monitoring four years ago. “Based on our records, the trend goes down. This means the trainings are effective—although accidents have not completely been eliminated, the trend is going down.”

Carlota Inumerable, Department Head of HR at CADPI, states: “On the average, an employee received 28 training hours for 2013-2014. Employee training programs are provided 0.15 percent of the annual operating budget.” It’s a small price to pay for taking care of employees and at the same time, ensuring that the company does not lose man days to accidents that could have been avoided.

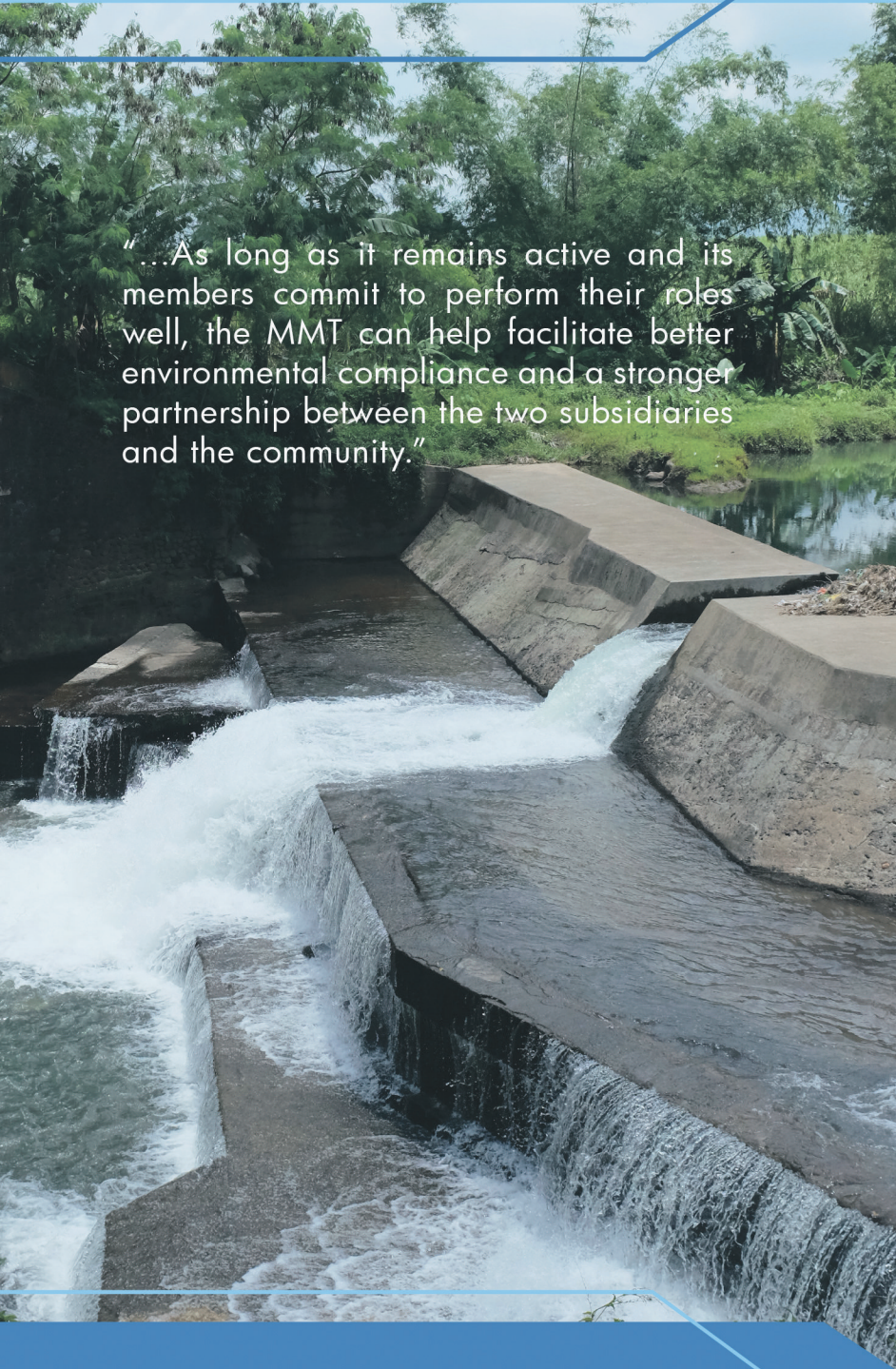


Trainings offered in the last CY

In the last crop year, the trainings given for employees were:

Basic Fire Brigade Training Course
Fire Safety
Emergency Disaster Management Training and Drill
Toxic and Hazardous Chemical Management Training
Hazardous Chemical Safety Training
Security and Safety Training Orientation for RHI Cadets
Basic Occupational Safety and Health

Training for OIC-EMSD and EM Officer
Conduct of Orientation/Refresher Course on Watchman Protocol (2 batches) including Fire Safety, ESH and ISO 14001 Orientation, Behavioral Safety Training, and ESH Orientation for Accredited Contractors, which is continuously given as needed



“...As long as it remains active and its members commit to perform their roles well, the MMT can help facilitate better environmental compliance and a stronger partnership between the two subsidiaries and the community.”

THE ‘WATCHDOGS’ OF ENVIRONMENTAL COMPLIANCE

CACI-Roxol reactivates Multi-partite Monitoring Team for river quality monitoring and environmental compliance

The two RHI subsidiaries, while compliant with DENR environmental standards, value the inputs of the stakeholders in keeping watch over how they care for the natural surroundings, particularly the rivers nearby.

In the crop year 2013-2014, CACI’s Environmental Management and Safety Department and Roxol activated the CACI-Roxol Multi-partite Monitoring Team (MMT), and involved the community (the barangay and government representatives) and other stakeholders (sectoral and executive committees) in policing the companies’ environmental systems. It is crucial to involve these stakeholders because if something goes wrong with the company’s—for instance—waste disposal system, they will be the first ones to complain.

We want our stakeholders to know that we are taking our role in environmental stewardship seriously. Beyond policing, we want the MMT to work with us in proposing green and sustainable solutions. RHI believes in the power of multi-disciplinary thinking that the MMT — given their diverse background and experiences — can offer.

The objectives of the newly reorganized group include: 1) ensuring the implementation of sound environmental management within the company and its areas of operation, 2) being responsible for validation of Roxol Bioenergy Corporation’s environmental performance, 3) receiving complaints, gathering relevant information to facilitate determination of validity of complaints, and 4) making validation reports to community and stakeholders.

The group has just been re-activated. But as long as it remains active and its members commit to perform their roles well, the MMT can help facilitate better environmental compliance and a stronger partnership between the two subsidiaries and the community.



LET'S TALK IT OVER

CACI's collective bargaining concludes peacefully

The relationship between employer and employee is an important aspect in any sustainability framework, and peace between both parties is ideal. RHI respects the rights of its employees to organize and form union. This is a healthy check and balance to ensure that interests of employees are protected and concerns are effectively put forward to management. The labor union gives workers a voice.


Last fiscal year, CACI peacefully concluded the collective bargaining between the plant and the union. "We started negotiations in July 2013 and concluded by signing an agreement in February 2014. It was mostly on economic aspects," says Jose Parcon, who then occupied the post of HR at CACI. Almost seven months of negotiations passed before any

agreement was reached, but it helped that all aspects were considered on both sides, such as real benefits for the workers against the financial capabilities of the employer.

The collective bargaining agreement concluded peacefully with no incidence of violence recorded while the CBA was on-going.

Future Planning: Let's talk! Mini-ugnyayan/Pulungan

RHI continues to provide opportunities for employees of RHI and its subsidiaries to be heard by management. Last fiscal year, RHI conducted various *mini-ugnyayan* and *pulungan* to discuss issues and concerns. "The management, starting with the Chairman and PCEO, would want to reach out and know what our employees think about the company. They believe that the company can learn a lot from what our people experience at the ground," SVP for Human Resources Ramon De Leon mentioned. RHI is looking forward to conduct and organize regular downhill meetings, involving employees at various levels.



“Well, we were able to give them most of what they asked for, and for those that we could not give, we had to explain and offer something else.”

Conflict and resolution

How did it go? “Well, we were able to give them most of what they asked for, and for those that we could not give, we had to explain and offer something else.” RHI’s approach during the bargaining process is simple, “we just need to be transparent and straightforward with the concerns and challenges we face as part of management; if we just go with what is true, I am confident that the union will understand why we cannot meet all of their demands,” CACI President/COO Archimedes Amarra adds.

Mutual Trust (even beyond CBA)

CACI is proud of the industrial peace between the Management and the Union. At CACI, there are monthly meetings on labor management issues, and these meetings become the venue in which the Union can raise their issues directly to Management. As much as possible, there is an on-the-spot resolution, except for issues needing approval of the Top Management.

Cordial, mutually supportive relations characterize the dynamics between CACI and the Union, which regularly engage in dialogue on key issues. They respect their differences in perspective and approach, and strive to maintain a strong labor-management relationship so that sustained company growth and improved working conditions can be simultaneously achieved through mutual trust.

GREATER TRANSPARENCY ON THE SUPPLY CHAIN

RHI procurement goes 'E' for better control

The concept of attaching an "E" for "electronic" on ordinary things has come a long way from "email," which is now a word no one can live without. Now, "E" has been attached to business, and in this particular case, procurement.

RHI revamps the entire procurement process to make all procurement deals transparent—and this is now known as E-bidding. "In electronic bidding, or E-bidding, suppliers bid without seeing each other, without seeing the users. The bidding prices are there. The process is transparent," says Juan Miguel Araneta, SVP of Supply Chain, of this innovative way of procurement.

The E-bidding was implemented in August 2014. Araneta notes that E-bidding is connected to the company's move of buying directly from manufacturers instead of buying supplies such as chemicals, bunker fuel, and packaging materials through a dealer. "We get savings [this way]—instead of going to the dealer, paying their overhead or mark-up, we go directly to the manufacturer."

"By having all contracted items as a catalogue item, an organization can ensure that savings generated during the sourcing process are realized."

Catalogue

At the heart of every procurement system is a catalogue. By having all contracted items as a catalogue item, an organization can ensure that savings generated during the sourcing process are realized through: 1) Consolidated purchases to preferred suppliers that increase RHI's negotiating power; 2) Increasing operating efficiencies that reduces the order cycle time, producing happier users thereby giving purchasing more internal influence and; 3) Purchasing personnel will have more time to focus on strategic sourcing.

Seeing the actual price from the manufacturers spurred RHI into seeking and promoting transparency in all its procurement processes. "We got rid of the old school 'sealed deal' negotiations. With E-bidding and catalogues, everything now can be seen on your desktop," Araneta points out.

With transparent negotiations, RHI had 46 reverse auctions since it started with e-procurement and the estimated savings has reached more than P28 million.

Besides going 'E,' RHI went 'green'

In the last crop year, RHI's procurement process took "greening the supply chain" one notch higher. For instance, the company now only purchases products and services that leave a reduced impact on human health and the environment: CADPI requires its suppliers and contractors to be environment-friendly and to comply with applicable environmental and legal requirements. Known as the "green procurement," the move encourages suppliers to meet higher standards of procurement and good manufacturing practices.

“We put high premium on corporate governance because we consider it as a way of life.”



AT PAR WITH THE ASEAN STANDARDS

RHI Asean Corporate Governance Score up by 15 points

Roxas Holdings, Inc. climbed a notch higher when it performed better during the recent assessment of its ASEAN Corporate Governance Scorecard (ACGS). From 2013 to 2014, the company's ACGS score increased by 15.4 points (from 48.5 in 2013 to 63.9 in 2014). RHI fared higher than the average score (63 points) of Philippine publicly listed companies (PLCs) as reported by the Institute of Corporate Directors.

The ACGS is a corporate governance assessment tool being used in conjunction with the corporate governance principles of Organization for Economic Co-Operation and Development (OECD): a) rights of shareholders, b) equitable treatment of shareholders, c) role of stakeholders in governance, d) disclosure and transparency, and e) responsibilities of the board. PLCs are evaluated using these standards annually.



Unveiling the New Compliance Team

The commitment of the company to pursue collective efforts toward the improvement of scores proves RHI's continuous journey of embracing governance as a way of life. With this commitment, the company formed and introduced a new Compliance Team in fiscal year 2013-2014 who manages and assesses the "needs" of the company. The team and the newly appointed executives of the company were sent to a Corporate Governance Orientation Program (CGOP) wherein trends and issues on governance were discussed.

Policy and Reforms

Apart from this, compliance and efforts on corporate governance were manifested in the approved improvements of current policies which are centered in transparency and disclosure towards all stakeholders. The approval of the RHI Trading policy and RHI Dividend policy are evident and impactful indications of our commitment to forwarding corporate governance. The RHI Trading Policy promotes the company's commitment against insider trading, towards protection of stakeholders and serves as a clear guideline of handling confidential information. On the other hand, the RHI Dividend Policy sets a rational basis for declaring dividends. Consequently, the content of the website was reorganized to align with the set standards towards transparency, disclosure and the availability of relevant information to stakeholders.

“We want to cover the changes that triggered the improvement.”

Set higher standards

The ASEAN Scorecard primarily intends to provide a benchmarking for the assessment of the corporate governance of publicly listed companies (PLCs) and to set higher standards for global competitiveness. RHI adopted this method of assessment since 2012. The ACGS does not only establish corporate governance standards, but results can be suggestive of areas to which improvement could be sought after by the PLCs through policies and better governance practices. As previously, ASEAN counterparts have been steps ahead of Philippine PLCs and have advanced their economies as compared to the latter; thus, there is a need to pursue policy reforms and improve on governance practices, extending to a national level reformation and re-evaluation of laws and legislations.

Highlighting the importance of corporate governance and RHI’s commitment to go beyond the assessment, Atty. Florencio Mamauag, the company’s Compliance Officer, mentioned: “We want to cover the changes that triggered the improvement.” As the assessment is only the beginning of better corporate governance, RHI poses its firm stand on improving governance policies and practices, moving forward. As this is sought after, RHI’s President and CEO, Renato C. Valencia, says: “Corporate Governance is key in increasing investor confidence and positioning the company to achieve long-term growth, and the company remains solid in its commitment to adhere to the global standards on corporate governance”.



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MOVING FORWARD WITH R&D

RHI funds Research and Development, partners with 4 academic institutions

In fiscal year 2013-2014, RHI set-up a research and development fund and set aside P45 million for this purpose. Research and development is key in business for it enables innovation and discovery of new inputs, methods and products that can drive competitive advantage.

Unfortunately, the Philippines has lagged behind other sugar-producing countries in terms of cane variety and farm practices, which can be attributable to minimal investments in research and development for the sugar industry. RHI is committed to supplement government's efforts in R&D.

Part of RHI's vision to be a world-class leader in the sugar industry is a continuous exploration of innovative ways to move forward with its operations. Research and Development is one of the seven (7) strategic growth pillars that RHI defined moving forward. "We need to invest heavily in R&D if we want to be competitive," Mr. Archimedes Amarra, EVP for Agro-Industrial Research & Development, and Farm Operations said. RHI's R&D thrusts are on three (3) areas: a) farm productivity, b) cost efficiency and c) product development.



Emphasis on farm productivity

In a cost comparison assessment done by RHI among sugar-producing countries, while there are improvements that can happen in plant operations, farm accounts for 70% of production cost. "If we are to be competitive in our cost, we should find a way to match the productivity of other sugar-producing countries," President and CEO Renato Valencia commented.

The Philippines has lagged behind other sugar-producing countries in terms of cane variety and farm practices. Some of our planters are still using older sugarcane varieties. We need to examine and explore the best varieties that will match the needs and conditions of our sugarcane fields.



“For us to accelerate R&D efforts in the sugar industry, we have to rely on institutions that have greater expertise.”

RHI eyes two more academic institutions as partners

“For us to accelerate R&D efforts in the sugar industry, we have to rely on institutions that have greater expertise,” Mr. Jose Alisla, VP for Agro-Industrial Research & Development, and Farm Operations said. Thus, RHI’s approach is and will be to nurture partnerships with academic institutions.

Before fiscal year 2013-14 ended, RHI has explored talks with other academic institutions starting with the University of St. La Salle (USLS) in Bacolod. USLS has conducted some studies on sugar in the past. From their inventory of studies, follow-up researches will be conducted in line with the RHI agenda. Located in the sugar capital of the Philippines, USLS also sets its sights on other studies directly impacting specifically on the sugarcane farmers in Negros, and the economy of the province in general. RHI is looking for two more institutions to be its partner.

RHI partners with UPLB and USLS on R&D efforts

Towards the end of the crop year, Roxas Holdings, Inc. signed a partnership agreement with the University of the Philippines - Los Baños (UPLB) to create a P7.5 million endowment fund for research and development.

UPLB will come up with research proposals that can benefit the industry. Some of the proposals include potential uses of sugarcane products which may lead to the development of commercially-viable products such as bioplastics, and will therefore advance the Sugar Industry in the Philippines.

The R&D initiative also includes the deployment of graduating students from UPLB to conduct their undergraduate thesis on the operational aspect of the business. Subjects of studies include research on factors affecting mill performance in CADP, operational systems used in manufacturing such as the boiler, evaluation of data obtained in samplings and sugar laboratory tests, analysis of products, and correlation study on cane varieties.

Plant the right way

Demonstration Farm in Batangas:
Managed for higher productivity

One of the highlights of the current Research and Development initiatives of RHI is the management of a nursery or demonstration farm in Nasugbu, Batangas. The primary aim of this project is to provide planting materials of new variety to farmers, for increased productivity, consequently.

The idea of the demo farm is to assist farmers in learning the basics on sugarcane farming. This comes especially handy in maximizing productivity with high-yielding varieties. RHI has allotted a total of 15 hectares of land for the cultivation of different varieties, as part of its R&D program. This space for nursery will facilitate the field experiment of four varieties to be planted. With the soil as the independent variable, R&D units will add on a study using two different planting densities for each of the four varieties. At the end of one crop year, results would indicate the best performing variety for Batangas, as well as prescribe the best planting rate for every hectare of sugarcane farm.

Currently, five hectares of land have been pioneered in growing different cane varieties. As this is a continuous process of assessment, R&D sets up clear parameters of results towards increased efficiency and higher returns or profit. According to Alisla, the idea of sustainability in the demo farm is part of the effort in social marketing and technology adoption. Geared towards improving the farming condition, RHI extends assistance to the farmers in terms of sustaining a productive set-up.



Future planning: Newer ventures

RHI solidifies its commitment towards long-term productivity through plans of a new venture: the Agribusiness Development Corporation (RHI ADC)—a wholly owned subsidiary of RHI, which will operate as a self-liquidating corporation and be independent of its own operational systems and control. Both as a management and service provider unit, RHI ADC will manage RHI-controlled farms, while delivering a full range of services in farm operations from land preparation to harvesting, and from technical advice to financial.

Future planning: Manual to Mechanical

Indeed, harvest season is the most fulfilling, yet tedious part of being a cane farmer. Harvesting is mostly done manually, using various types of sickles. Harvested canes are carried by laborers to the truck for delivery to the mill. However, harvesting labor becomes less available as workers divert to higher-paying and less exhausting jobs. Mr. Jose Rojo Alisla, VP for Agro-Industrial Research and Development and Farm Operations, says, “we are experiencing a condition in which people are losing interest to work in a farm because of its heavy labor requirement. In the coming years, the supply of labor may most likely decline further.”

In line with this concern, RHI allocated P80 million to purchase four mechanical harvesters, machines that do not only harvest the cane but put them in specialised cane trucks. “We have seen the difficulty of sugarcane workers when they pick up the canes, lift them up to their shoulders and back, and walk up to the truck through an improvised ramp,” Alisla adds. As such, apart from improving productivity, the harvester will help improve the conditions of workers in the farms. Furthermore, estimates show that agricultural mechanization in cane farms is more cost effective and efficient, at the same time, beneficial to the farmers.



THE GRASS IS 'GREENER'

RHI invests on Napier grass

Surrounding the Administration Office of Roxol are grassy plants that resemble sugarcane, but are smaller in stature. These plants, known as Napier grass, are being cultivated for testing of their viability as solid fuel for the biogas plant.

The good in Napier

Versatile, the Napier grass displays good potential as a source of biofuel. Being tolerant of dry days and promises good growth even on marginal lands, its low-maintenance quality makes it easier to cultivate. Apart from these, utilization can be maximized through use in plant milling at a low-cost production, without compromising operational results.

Feasible: studies have shown that the volume of grass that can be harvested can be significantly higher than sugarcane. Napier can be harvested three times a year, unlike the normal sugarcane plant, which can only be harvested once per year.

Eco-friendly: Napier grass studies prove to be more advanced, highlighting that it can be used as biomass feedstock for our internal energy requirements. Apart from being low-cost at production and low-maintenance, it extends its viability to environmental purposes.



Forward Planning

As the Napier grass is a new variable for production, research and development continues to be a vital factor in assessing the use and effectiveness of the grass. Currently, a breed of Napier grass, Pakchong 1, is planted and distributed throughout a 2,200-square meter napier plantation near CADPI in Nasugbu, Batangas. The R&D of the Napier grass covers the study on the nutrient uptake and cultural practices to increase Napier yield, which will be carried out by R&D units. Along with this, the experiment and study of the cultivation of the Napier is done through the current expanse of Napier plantation. Harvest will be scheduled starting on the third month up to the sixth month, per two-square meter of grass. A total of three harvests will be conducted to study the maturity of the Napier grass, and which of the variables during the harvesting timeline would be the most viable and most productive.

Along with the Napier plantation in Nasugbu, Batangas, Roxol in La Carlota, Negros Occidental has reserved a two-hectare space for the cultivation of the Napier grass in its area. The stalks of the grass would be able to extend its use to the production of the site. Looking at the company's future goals, these grasses will potentially work well as solid fuel so the company need not rely heavily on bagasse, wood chips, and other random solid fuels. Along with methane, Napier grass may be used to lessen the need for these more costly fuels. Plus, the plot for Napier grass may become a good destination for some, if not all, of the wastewater coming from the biogas plant, promoting a deeper sense of environmental responsibility without compromising efficiency.





CERTIFICATION OF GOOD QUALITY

RHI subsidiaries renew ISO certification

On March 2014, SGS Philippines, an inspection, verification, testing, and certification organization, certified anew the operations of CADPI.

CADPI is ISO 9001:2008, 22000:2005, and 14001:2004 certified, while CACI is ISO 9001:2008 certified. ISO 9001 is for Quality Management Systems, ISO 22000 for Food Safety Management Systems, and ISO 14001 for Environmental Management Systems.

ISO is recognized as a global benchmark for quality and integrity. With ISO certification, Roxas subsidiaries prove themselves to be organizations that pass global industry standards. International recognitions are crucial for the Group in gearing up for the future, especially with the implementation of the ASEAN Economic Community.

SWEET ASSURANCE

CACI tightens quality control on sugar bag outputs, cases of damaged products kept at zero



A sugar mill is a very busy place during its six months of operations. That's why it is crucial for those managing it to be watchful of the output. One can't let the hard work of the workers, not to mention the planters who bring their sugarcanes to the mill, go to waste by allowing the raw sugar to spoil for one reason or another.

According to Dionisio Caspe, Marketing Manager of CACI, the sugar that comes from the mill at La Carlota is always in good condition because "the warehouses of the mills are especially designed to store sugar, even those older ones that were built at the time of our grandparents." Moisture and heat are the common culprits to ruining the sugar, so the mill's areas of storage are designed to keep them away.

Traders and customers, who pick up the sugar directly from the mill's warehouses, are assured of the quality of sugar they buy as the company implements a stringent quality control process. At CACI, the quality of the sugar in each bag is assured because the company has metal detectors. According to Genaro Bernabe, Resident Manager of CACI, the mill operates with strict quality assurance. The metal detectors are for finding metal contaminants that may find their way in the bags; since they started using these, there have been no incidents where contaminants were detected in the bags of premium raw sugar. Consequently, there are very few complaints from customers, notes Caspe. "We also have returns, but very minimal—less than one percent."

Future Planning: Free from black specs

As CACI takes quality control and assurance as one of the top priorities in its operations, they plan to pursue the installation of a new equipment to filter black specs in the bags of premium raw sugar. Resident Manager Genaro Bernabe reiterates their commitment to the maintenance of high-quality outputs, complying to set standards and parameters for quality assurance and commendable operations.

ENERGY EFFICIENT

CADPI saves P16.7M on energy and power, bags

DOE Outstanding Awards for Energy Efficiency and Conservation and Climate Change Mitigation



On December 6, 2013, CADPI received the Outstanding Award from the Department of Energy, The National Steering Committee of the Don Emilio Abello Energy Efficiency Awards (DEAEEA) for its contribution to the energy efficiency and conservation goals of the country, and substantial effort to mitigate climate change. CADPI Resident Manager Simon P. Turno III was likewise awarded the Outstanding Energy Manager Award for his leadership in the company's environmental initiatives.

The Don Emilio Abello Energy Efficiency Awards (DEAEEA) recognizes outstanding companies and energy managers who have undertaken or are responsible in implementing energy efficiency and conservation programs to achieve substantial savings in their energy consumption.

First among these energy efficient moves is the company's switch from metal halide bulbs (400 watts) to Lotus bulbs (200 watts). The new implementation did not compromise the quality of lighting in the facility as EMSD Head Jettison Tee assures, "if the bulbs are not brighter, they are just as bright. By implementing a simple change we already made a big difference." CADPI saved P1,497,787.20 in energy costs in a year.

Another initiative is to upgrade the motor controls of the Variable Frequency Drive (VFD) of the centrifugal machines (Western State Centrifugals). "Before, we used to just switch on the system—and that's it. With the VFD, we can change the speed, we can modify it to the speed we really need. This helps us to save almost P5 million," explains Tee. "It doesn't affect the quality of the output because we have studied it and learned the exact speed required."

The new VFD, together with alternating current (AC) controls, resulted in savings of more than P15M, a figure that Tee observes to be much more significant than if the company simply created conservative energy-saving policies such as switching off lights and air-conditioners that are not in use. The company's total energy savings due to all these significant changes amounted to P16,707,447.14.

GETTING THE PERFECT SUGAR GRANULES

CADPI leads the industry with advanced equipment for quality analysis and sugar conditioning

“With this switch in technology, advancing the sugar conditioning process, CADPI raises the bar of industrial standards.”

One of the most common issues with sugar customers is caking. “Caking” means the sugar crystals stick together, instead of being free flowing and granular. Caked sugar contains lumps, and this happens when there is moisture content in the storage, making it difficult to sell.

Refined Process

In answer to this problem, in March 2011, CADPI’s sugar refinery shifted to using the DA 7200, replacing lead-based chemicals in the process of refining. The usage of lead sub-acetate runs up to approximately 300 Kg per year, but this year it significantly decreased to 100 Kg, with a total reduction of 33 percent.

In addition, the use of the DA 7200 Diode Array Analyzer prevents the following hazards: disposal of empty plastic containers; disposal of filter paper contaminated with lead residue; storage and disposal of residues and washings; exposure of personnel to lead.



High Tech

With this switch in technology, advancing the sugar conditioning process, CADPI raises the bar of industrial standards. The fundamental element of the process is the inclusion of a special conditioning silo at the end of the refinery drying stage. After the refined sugar leaves the drier, it enters a conditioning silo where filtered low humidity air is allowed to percolate through the stored sugar. This has the effect of extracting and stabilizing a substantial portion of the retained moisture on the surface and within the sugar crystal.

As long as sugar does not come in contact with moisture or high levels of humidity after the conditioning process, it should stay granular and free-flowing, assuring customers that the sugar they buy are always of high quality.

SECOND LIFE FOR SOLID AND LIQUID WASTE

RHI's sugar operations go full cycle with by-products used as inputs for farmers and model farm



Every year, CADPI strives to achieve more—but more may also mean more factory waste, as crop year 2013 - 2014 has shown; the amount of waste (mudpress, boiler ash, and wastewater) has increased. This makes it more critical to ensure that the industry's negative effects on the environment are minimized or eliminated.

On the other hand, rich soil doesn't appear overnight. It is a product of proper cultivation, often by doing farming techniques like crop rotation. But for lands that need to produce the same crop every year, using fertilizer is the best way to go.

Mudpress

In CADPI, solid waste is composted in a mudpress, which becomes a good source of nutrients for the farmlands. Mud press is the residue of the filtration of sugarcane juice. The clarification process separates the juice into a clear juice that rises to the top and goes to manufacture, and a mud that collects at the bottom. The mud is then filtered to separate the suspended matter, which includes insoluble salts and fine bagasse. It contains all the nutrients the plants need, since it is originally made up of the organic matter of these same plants, after the sugar has been extracted from them.

CADPI currently utilizes mud press as a soil conditioner and organic fertilizer for sugarcane fields. This year, the total quantity of mud press withdrawn by the planters and the Mill District Development Foundation, Inc. (MDDFI) is 17,424 tons: 11,286 tons of mud press was used by planters; 2,189 tons of mudpress delivered by MDDFI to the planters; and 3,949 tons withdrawn by MDDFI.

"We disseminate the treaty that we can provide them the mudpress for free," says Felix D. Moreno, PSD at CADPI. "However, the planters find it challenging to spread the mudpress on their farms. It becomes an additional cost for them because they have to hire laborers to spread it."

Moreno goes on to say that in order to help make this easier, the company is looking for solutions, such as a mudpress spreader, which is being used in Australia. "It is going to be tough to have it here, since as you can see in Western Batangas, planters don't even have their own trucks. But in the Eastern side, they are more progressive," he muses.

Of the mudpress, Chui, a planter, says in *Tagalog*, "I have been able to have some of it delivered to me. It's very good. We're aware of the benefits available...this is one of those. It's a big help for a farmer."

If solid waste can have a second life, could liquid waste be used as beneficially, too? According to Ferdie Pangan of Roxol: "Our wastewater has fertilizer value. What we use to produce beer is fertilizer." After the alcohol is distilled or separated from the beer, the resulting wastewater still contains the fertilizer.

This wastewater is called "spentwash," and it has already been used as fertilizer by others, though for Roxas subsidiaries, the matter is still open to debate. Because of the zero liquid effluent system, ways of using spent wash are being studied, to be implemented in the following years.



KEEPING OUR PEOPLE THE FIRST PRIORITY

RHI adopts a multi-program approach to compensation and rewards management to improve training and development, performance, engagement and morale

“RHI ensures that they treat people’s skills and talents as delicate ingredients that allow the company to move forward towards sweeter returns.”



It has always been said that the greatest asset in every company is its people. Greater investments on the company’s talents will push things forward for the company towards greater success. In RHI, we put prime importance to the main driving factors of the company—their employees.

When asked how the Human Resources should take care of a company’s people, Frederick Reyes, VP for HR, mentions three different ways:

- 1) career development
- 2) performance management
- 3) rewards management

Career development & Performance management

In RHI's recipe for successful operations, we cannot go about without preparing our people as the main component. In more ways than one, we provide sufficient opportunities for our employees to grow and refine their competencies and skillset through training and development. Boosting up the morale and confidence of our people, we ensure that we treat people's skills and talents as delicate ingredients that allow the company to move forward towards sweeter returns.

Development is vital in spicing up the performance of the company, and RHI guarantees suitable career development programs, catering to each individual, "from executives to the rank and file", according to Reyes. For one, the company developed the succession or understudy program to prepare for future leaders and executives. RHI also provides opportunities to middle managers to try other posts as acting managers to enhance their experiences and skills. Rank and file employees are given trainings, equipping them with due skills and deepening their know-how. This is only first of many steps in creating a good mix of success, for the people and for the company.

Just like any good, old recipe, RHI manages how they incorporate those refined skills into performance. Essentially, performance targets are aligned with business goals. These, in turn, are evaluated and used as basis for career development and rewards.

Three-tiered rewards management program

The fruits and sweet harvest of good performance, of course, come in the taste of rewards. Unique to the company, RHI has a multi-program approach to compensation and rewards management in place.

According to Reyes, "first, we give an annual merit increase—salary adjustments based on performance evaluation." This program recognizes individual performance and ensures growth in the compensation package of the employee.

Based on the formula and mechanics, a certain percentage of the company's profit is shared with the employees. This is the second leg of the company's robust rewards program.

Lastly, apart from sharing, RHI employees are given the opportunity to be co-owners of the company through the Employee Stock Option Plan. In essence, as Reyes explains, "what's good about it is that it gives employees a long-term perspective of their employment and encourages them to be part of the company's long-term plan."



“By just looking at how the company cares for its people, one already knows how well they understand employees.”

Talent Retention

From experience, Reyes has observed how such a reward affects people, helping them to perform well and to stay on. “The stock option encourages one to stay and be engaged—it’s part of talent retention,” he states.

What makes people stay


It doesn’t come as a surprise that at RHI, employee attrition is low. By just looking at how the company cares for its people, one already knows how well they understand employees—especially on the question of what will make them stay. No matter how one looks at it, what Reyes points out is true: “What we offer is a three-tiered rewards program that’s quite rare in the industry or market.” Enlivening people’s stay, the secret to the great success of employee retention is accounted in the investment RHI extends to its people. With this, the company lives up to the idea that the people are its most important assets. For RHI, this is the working philosophy.



Training to move up
Cadetship Program is CADPI’s structured training program that aims to employ newly licensed-engineers and fresh business course graduates, train them for six months under various factory and general administration units, and develop them to create a pipeline of future leaders and general managers.

According to Carlota Inumerable, Department Head of HR at CADPI, “We’ve had graduated three batches of Cadets already, the first batch in 2013 and the second and third batches in 2014. All the cadets have assumed professional/technical positions in response to the recent restructuring of the organization and the approaching retirement of veteran managers. Batch 4 has on-boarded its training and is scheduled for graduation on February 2015.”

Cadets are often well-trained, even in just a six-month program—in fact, the training is good enough for other companies to “pirate” the cadets after they finish the course!



We aim to be exemplary in our initiatives that protect the environment, improve lives and sustain our growth; all while gearing up in order to be globally competitive.

From the little details of our safety protocols, up to the larger picture of corporate governance, we at RHI are committed to sustainability in all its faces. The projects begun and detailed in this report are our kickoff towards the direction of social responsibility, our progress in which we shall follow in the coming years.

With your support, the company could continue to do good, do right and do well, not only in taking our corporate social responsibility to the next level, but also in improving our own organization by effect. We aim to be exemplary in our initiatives that protect the environment, improve lives and sustain our growth; all while gearing up in order to be globally competitive.

Above and Beyond...how can we possibly aim for less?

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