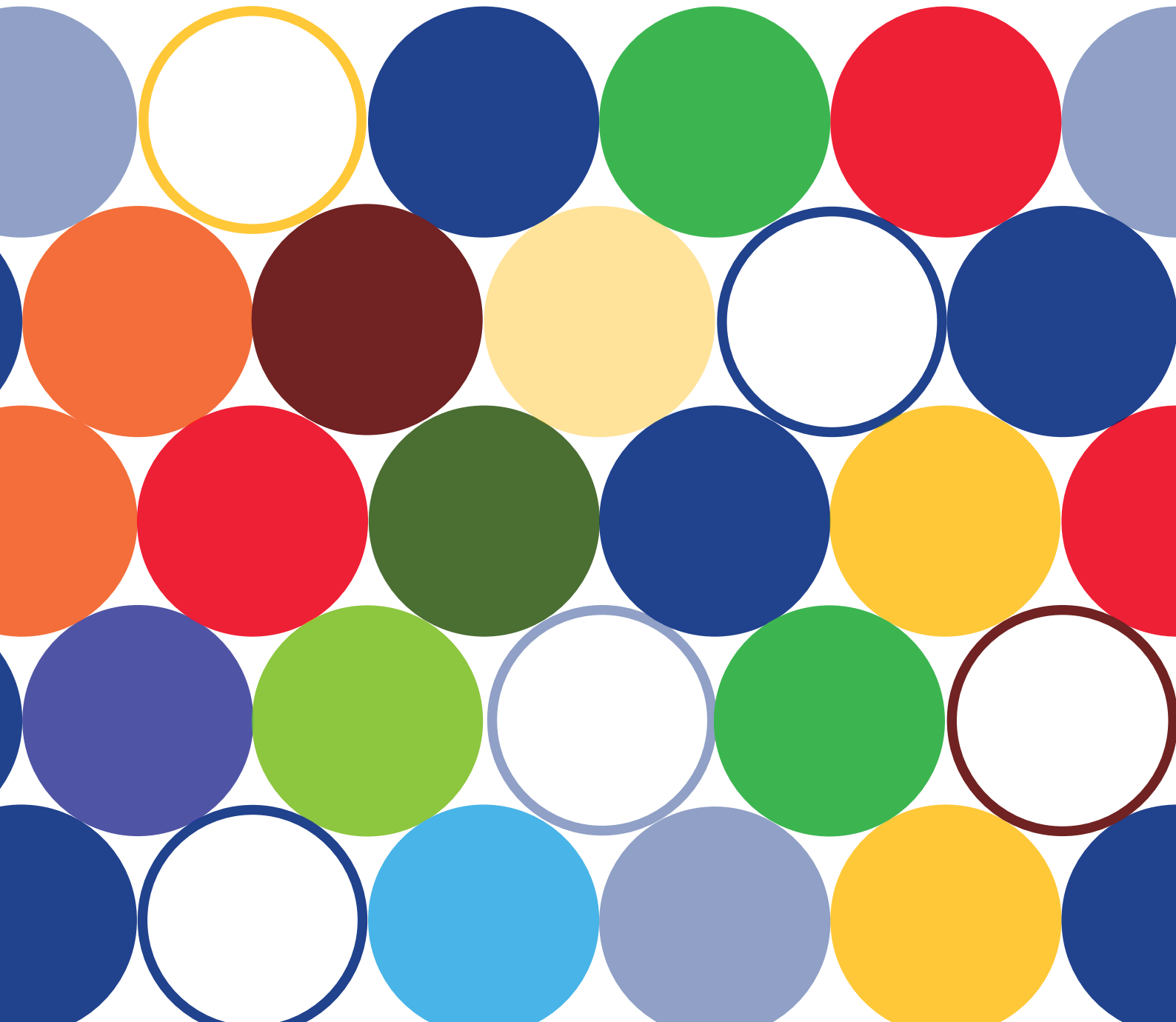


Built to Last

2019 Annual Sustainability Report



About the Report

We are proud to present the first Annual and Sustainability Report (ASR) of Crown Asia Chemicals Corporation (Crown Asia). The report covers the economic, social, environmental, and governance performance of Crown Asia for the reporting period of January 1 to December 31, 2019.

This report has been prepared in accordance with the Sustainability Reporting Guidelines for Publicly-Listed Companies of the Securities and Exchange Commission (SEC). The SEC Guidelines is based on the established principles and metrics of globally recognized sustainability reporting frameworks; it aims to help publicly listed companies operating in the country to assess and manage its various impacts. The SEC Guidelines also provides a framework for reporting contributions towards the attainment of the Sustainable Development Goals of the United Nations (UN SDGs).

Based on the SEC Guidelines, Crown Asia reported key information in two parts, namely through topic disclosures and management approaches.

Topic disclosures reflect the company's most material economic, environmental, and social indicators based on the results of its materiality assessment and stakeholder review. Topic disclosures are measurable, and thus provide a snapshot of the company's financial and non-financial achievements for the reporting period.

Management approaches, on the other hand, explain how the company manages its impacts on the economy, environment, and society. These management approaches can be in the form of company policies, processes, projects, programs, and initiatives, as well as commitments, goals, responsibilities, resources management, and grievance mechanisms.

Crown Asia welcomes feedback on how to make this report more meaningful and useful to our different stakeholders. For comments and suggestions, please contact:

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Message from the Chairman & CEO

To our valued shareholders,

We are proud to present our first Annual and Sustainability Report, which details the economic, social, and environmental performance of Crown Asia Chemicals Corporation (Crown Asia) in 2019.

Every year brings with it a different set of challenges, and companies are always straddling the challenge of remaining relevant in the minds of their customers and increasing their market share, even as they try to adapt to the changes transpiring in the current business landscape.

In 2019, the Philippine economy grew by 5.9%, its lowest annual rate in eight years. Despite this sluggish economic backdrop, Crown Asia has been consistently growing since its initial public offering (IPO) in 2015, in part due to the prudent management of our assets and resources.

The Company's overall revenue grew by 21% in 2019, with the export of compounds and the strong sales of pipes primarily driving this growth. Revenue from the export of compounds grew by 56%, to PhP481.8 million from PhP308.6 million in 2018, while revenue from the sales of pipes grew by 11%, to PhP480.3 million from PhP434.7 million in 2018. The sales of our PP-R/HDPE pipes, in particular, grew by 81%, to PhP110.3 million from PhP61.1 million in 2018. Our polyvinyl chloride (PVC) roofing, a product line we launched in 2017, is also gaining traction; its revenue grew by 82%, to PhP16.7 million from PhP9.2 million in 2018.

Indeed, 2019 has been a pleasant year for Crown Asia; but, it is just another milestone in our continued growth trajectory.

For over 30 years, Crown Asia has served as the backbone that supports different industries by providing versatile compounds, durable products, and reliable customer service. Our different product lines, which include soft and rigid PVC compounds, PVC pipes, and PVC roofing, have different industrial applications and serve as building blocks for construction and infrastructure projects.

In recent years, we have supplied materials to major infrastructure projects, such as the construction of the new passenger terminal at the Clark International Airport, Segment 2 and 3 C5 Southlink of the Cavite Expressway (CAVITEX), and Manila Metro Rail Transit System Line 7 (MRT-7 Project), just to name a few. We are also among

the trusted suppliers of major real estate developers in the construction of malls, condominiums, townhouses, and other urban development projects.

To serve more customers, we expanded our footprint and set up a sales depot in Mandaue, Cebu in 2019. We are also gearing up for the opening of a satellite manufacturing plant and sales depot in Davao City. Strengthening the Company's presence in Visayas and Mindanao will not only cut on logistics costs, it will also help ensure the timely delivery of goods to our customers in the region.

As we continue to reap the rewards of our hard work for the past three decades, we also continue to share the wealth with our fellow Filipinos nationwide. As a significant contributor to nation-building, we are also a stalwart partner in building up communities, with our social responsibility anchored on the conviction that "we care, we share, we serve."

We prioritize local hires for our manufacturing plant in Guiguinto, Bulacan to help bolster the economic development of our immediate community. We also regularly conduct community outreaches for the benefit of children and the youth, particularly those who have been orphaned or abandoned by their families.

The Company's vision, mission, and core values, coupled with our strong corporate governance, have always steered us in the right direction and helped shape Crown Asia into the organization it is today. From our humble beginnings as a small manufacturing plant in Guiguinto, Bulacan, Crown Asia is now the first and still the only company in the PVC pipes manufacturing industry listed in the Philippine Stock Exchange (PSE). The Company's consistent and stable growth will help enable us to provide long-term value for our investors.

Today, we remain driven by our vision to be the leading and preferred manufacturer and supplier of world-class and innovative thermoplastic, industrial, and chemical products. On behalf of the Board of Directors and the members of the Crown Asia management, we would like to thank all our shareholders for the trust and confidence they have given the Company through the years.

Much like our durable CROWN PVC pipes and roofing, we are also here to last.

Walter H. Villanueva
Chairman and CEO

About Crown Asia Chemicals Corporation

Crown Asia Chemicals Corporation (Crown Asia), formerly known as Crown Asia Compounders Corporation, is a manufacturing company engaged in the production of polyvinyl chloride (PVC) compounds; plastic pipes made out of PVC, polypropylene random (PP-R), and high-density polyethylene (HDPE); and other related products, such as PVC roofing, which are all used in the construction and the telecommunications industries.

The Company, which has its main manufacturing plant located in Guiguinto, Bulacan, was incorporated and registered with the Securities and Exchange Commission (SEC) on February 10, 1989.

Crown Asia has two primary business groups, namely, the Compounds Division and the Pipes Division. The Compounds Division manufactures PVC compounds in pellets used in the production of wires and cables, integrated circuit (IC) tubes, films and sheets, and bottles, just to name a few plastic products. The Pipes Group, on the other hand, manufactures different pipes and fittings made out of PVC and PP-R/HDPE. The Pipes Division has a diverse product line which consists of potable pipes and fittings, electrical conduits, flexible electrical pipes, and sanitary pipes. In late 2017, the Pipes Group launched its PVC roofing product line.

After more than 30 years in business, Crown Asia launched its initial public offering (IPO) on April 27, 2015, becoming the first PVC pipes manufacturer listed in the Philippine Stock Exchange (PSE).

OUR VISION

To be the leading and preferred manufacturer and supplier of world-class and innovative thermoplastic, industrial, and chemical products.

OUR MISSION

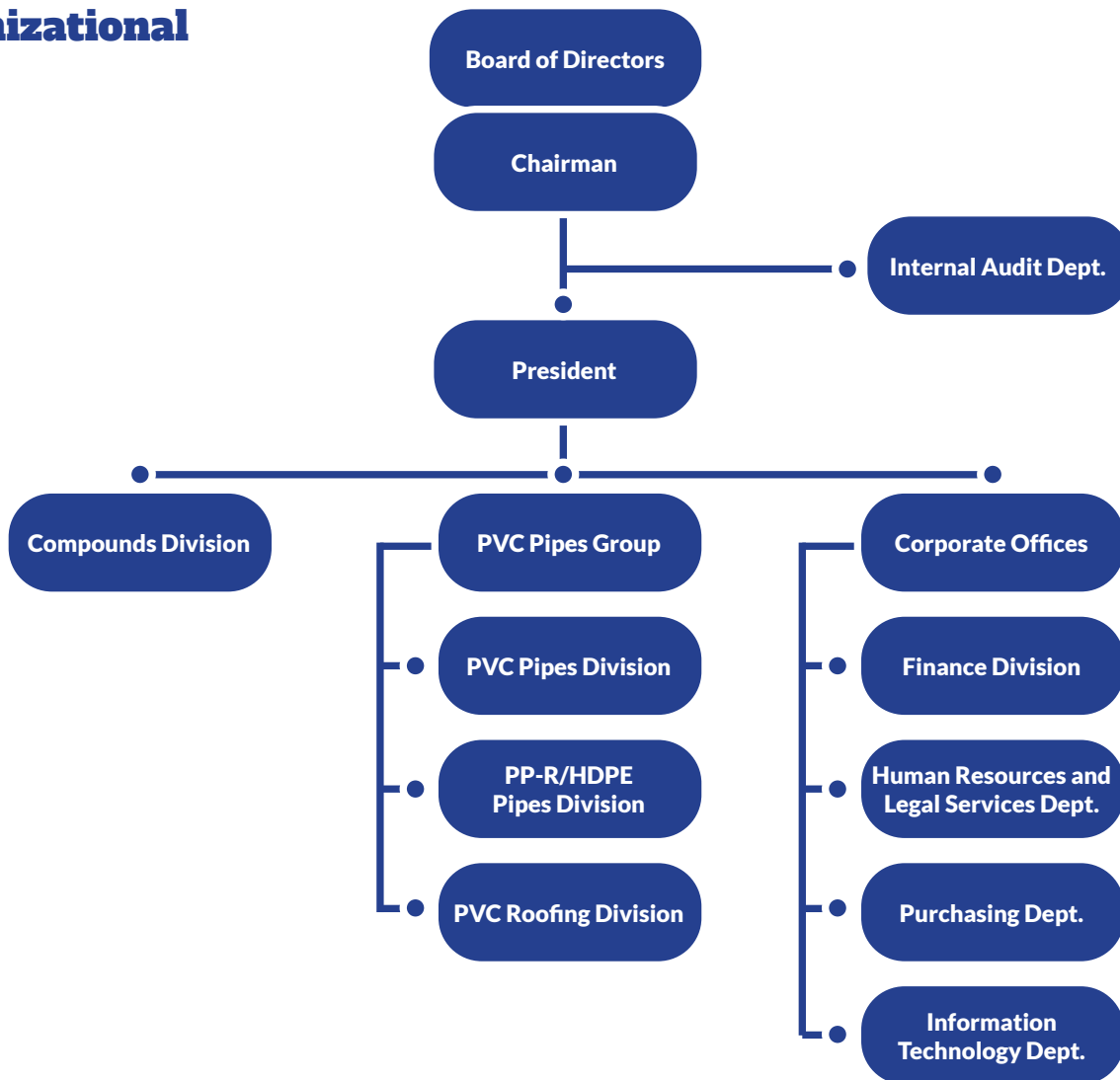
To strive for market leadership by offering innovative thermoplastic, industrial, and chemical products that meet or exceed both national and international standards, thereby ensuring quality, reliability, and value for money for our customers and upholding a nurturing environment for our employees, while managing the business professionally with integrity and providing good return to our shareholders.

OUR CORE VALUES

These are the principles that guide our internal conduct, as well as our relationship with the external world:

- C**ommitted to integrity in generating profitable returns
- R**eputation for quality, reliability, and value for money
- O**utstanding products that meet or exceed national and international standards
- W**orld-class products that are innovative and of the latest technology
- N**urturing our employees to develop their full potential and work productively towards a common goal

Organizational Chart



Our Value Chain

1 Sourcing of Raw Materials

Company sources resin from local and foreign suppliers

2 Manufacturing

- Resin transformed into different compounds for export or domestic sales, or for manufacturing usage (e.g., pipes)

- Resin transformed into different compounds for production and/or sold for different applications

- Compounds used to produce pipes

3 Transportation and Distribution

Crown pipes and roofing marketed and sold to direct customers (e.g., projects) and trade partners (e.g., wholesalers and dealers)

4 Installation, Use, and Maintenance

Crown Asia pipes and roofing used for major public and private construction and infrastructure projects

5 Recycling

Scrap and/or discarded pipes and roofing recycled into different products intended for low impact uses

Our History

1989

Crown Asia Chemicals Corporation, formerly known as Crown Asia Compounders Corporation, was registered with the Securities and Exchange Commission (SEC) in February 1989 as a manufacturing company of plastic compounds and other plastic products.

1990

Crown Asia's commercial operations began in June 1990. The company's plant in Guiguinto, Bulacan had 22 employees and a production capacity of 1,800 metric tons per year.

1994

The Company's polyvinyl chloride (PVC) compounds got accredited and recognized under the U.S. Underwriters Laboratories (UL) Label for exports and, indirectly, to wire and cable companies in the United States. The Company started exporting its PVC compounds the same year.

1998

Compounds Division granted ISO 9002:1994 Certification by QMS International for its commitment to maintain the highest level of quality of its PVC compounds.

The Company started its Pipes Division. Using the latest German machinery and technology, the Company expanded into the manufacture of PVC pipes under the brand "Crown Pipes", with Crownflex unplasticized PVC (uPVC) flexible electrical pipes.

2000

The Company introduced Crown Electrical Conduit pipes, with Crown Supreme thick-wall pipes and Crown Hi-Tech pipes. The Company also started the manufacture of Crown Blue potable water pipes.

2002

Crown Sanitary pipes were introduced, with the distinction of having the built-in ultraviolet (UV) protection for superior and longer-lasting drain, waste, and vent (DMV) pipes.

2003

The Company expanded the application of its PVC compounds for use in packaging, integrated circuit (IC) tubes, films and bottles, doors, and window profiles.

2006

The Company started manufacturing telecom and pressure main pipes, and introduced high-density polyethylene (HDPE) pipes.

2009

Pipes Division awarded ISO 9001:2000 Certification by Certification International on June 26, 2009, for operating a quality management system in the manufacture and distribution of uPVC potable water, electrical, sanitary, multi-purpose, and pressure main pipes and fittings.

2010

Compounds Division received its ISO 9001:2008 Certification on April 7, 2010, for operating a quality management system in the manufacture and distribution of thermoplastic compounds.

Crown Pipes updated its certification from ISO 9001:2000 to ISO 9001:2008, and the updated certification was issued on July 16, 2010.

2014

Crown Asia celebrates 25 years in business.

The SEC approved the company's name change, from Crown Asia Compounders Corporation to Crown Asia Chemicals Corporation, on September 29, 2014.

2015

Crown Asia was publicly listed in the Philippine Stock Exchange (PSE) on April 27, 2015.

The Company started testing the manufacture of polypropylene random (PP-R) and HDPE pipes and fittings in August 2015.

2016

Compounds Division expanded its production capacity by 1,500 metric tons per year in January 2016.

Pipes Division launched its new ENDURO product line in February 2016.

2017

Production of the Company's PVC roofing commenced in October 2017, and the business unit started supplying projects in December 2017.

2018

Crown Asia secured the ISO 9001:2015 Certification for its Compounds Division on March 19, 2018, and for its Pipes Division on July 9, 2018.

Crown Asia was cited by the SEC as a Shariah-compliant company, and cited by *The Financial Times* as one of the Top 1000 High-Growth Companies in the Asia-Pacific region.

2019

The Company set up a sales depot in Mandaue, Cebu.

For the second consecutive year, Crown Asia was cited by the SEC as a Shariah-compliant company.

Crown Asia prepares its first Annual and Sustainability Report (ASR) based on the SEC Guidelines, for publication in 2020.

Looking to the Future

Crown Asia Chemicals Corporation's first Annual Sustainability Report (ASR) is a testament to how the Company is looking to the future with sustainability in mind. Reporting on our sustainability performance is a deliberate undertaking, and this initiative underscores the company's resolve to do business with integrity.

With 2019 as our base year, we are only reporting on what truly matters to the business and its different stakeholders. Strengthening our own reporting practice has made the company aware of the different areas where it can still introduce some improvements and efficiencies. Through this reporting practice, we now have a mechanism in place to properly track and measure our economic, social, and environmental performance.

Sustainability at Crown Asia

Driven by our vision to be the leading and preferred manufacturer and supplier of world-class and innovative thermoplastic, industrial, and chemical products, we endeavor to scale up the company's long-term sustainability. We can do this by, first, initiating a reporting practice and, second, by implementing policies, programs, and processes that help promote sustainable practices in the conduct of our business.

Currently, the Company's sustainability initiatives and reporting practice is under the purview of the Governance Committee Board, and is spearheaded by the Investor Relations Officer. For the preparation of future reports, we will establish a Sustainability Technical Working Group (TWG) composed of senior management from different groups, such as investor relations, human resources, production, and sales and marketing.

Currently, our reporting practice is guided by the simplified sustainability reporting framework provided by the Securities and Exchange Commission (SEC), as illustrated in the table below. In the future, Crown Asia will strive to develop its own sustainability reporting framework that is more tailor-fit to the nature and core values of the company, as well as to the specific concerns of our different stakeholders.

Our company is a sustainable business:

SUSTAINABILITY FRAMEWORK



As such, sustainability at Crown Asia succinctly translates to:

1. Taking initiatives to create environmental protection and awareness, both internal and external;
2. Taking to heart social responsibilities, such as protecting women and children, and upholding employee health and safety;
3. Partnering with communities and stakeholders to benefit professional, social, and health organizations;
4. Providing fair and objective performance evaluation for employee advancement; and
5. Promoting ethical and constructive business dealings with stakeholders.

This simplified sustainability reporting framework also allows us to report on our contributions towards the attainment of the Sustainable Development Goals of the United Nations (UN SDGs). The UN SDGs, also known as the Global Goals, were adopted in 2015 as a universal call to action to end poverty, protect the environment, and ensure that all people enjoy peace and prosperity by 2030.

All of the 17 UN SDGs are integrated. As such, an action in one area can affect the outcomes of another, which underscores the principle that development must balance social, economic, and environmental sustainability. To maximize the company's impact, we prioritize these contributions towards the attainment of the following goals in the conduct of our operations:



Good Health and Well-being

Ensure healthy lives and promote well-being for all at all ages

Through our corporate social responsibility (CSR) initiatives, such as community outreaches and blood donation drives, we contribute to the health, welfare, and overall well-being of children, especially those who have been orphaned or abandoned by their families.



Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all

We provide safe, durable, and cost-effective piping systems that promote the transport of clean water and proper sanitation.

Through our high-quality pipes, and their use in major residential and infrastructure projects, we contribute to the attainment of this goal by improving access to safe and affordable drinking water, improving water quality, and increasing water-use efficiency.



Responsible Consumption and Production

Ensure sustainable consumption and production patterns

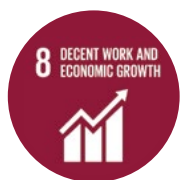
Responsible production at Crown Asia begins with sustainable purchasing, which compels us to look beyond the upfront costs and make purchasing decisions based on the entire life cycle of goods and services.

We uphold fair and ethical sourcing practices at all times. Our Suppliers' Sustainability Assessment helps ensure that the suppliers we work with do not violate any labor or human rights, or any pertinent environmental laws and regulations.

To minimize overproduction and surplus inventory, we produce our compounds, pipes, and roofing based on demand from direct customers and sales depots.

Our closed-loop production machinery helps ensure efficient energy use and minimal emissions of air pollutants and effluents. We also recycle our discarded compound pellets and shavings responsibly.

Since our pipes and roofing are made out of PVC, PP-R, and HDPE, all of which are durable plastics; they are intended for long-term heavy-duty use, with a product guarantee of up to 50 years.



Decent Work and Economic Growth

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all

We provide gainful employment and decent work to more than 200 people, especially in our manufacturing plant in Guiguinto, Bulacan.

Revenues from the domestic and export sales of our pipes and compounds continue to grow over the years. This helps ensure increasing returns for our investors, and shared value for our different stakeholders.

Industry, Innovation, and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We help strengthen local industries by being a reliable and trustworthy supplier to different companies in the construction, real estate, and telecommunications industries.

The direct and indirect use of our pipes and compounds in the construction of major highways and transit systems allow us to contribute to the development of resilient infrastructure for the country.

We adopt the latest machinery and other related technologies in the production of our compounds, pipes, and roofing. Additionally, we also constantly introduce product innovations and new product lines, particularly in pipes and roofing, to satisfy the changing needs of the market and of our customers.

Our Stakeholders and Their Concerns

To prepare this report, the Crown Asia management initiated a stakeholder review to identify the different stakeholder groups the company currently influences and impacts through its operations. This stakeholder review includes identifying the primary concerns of our different stakeholder groups based on our interactions and transactions with them through our existing communication channels.

This stakeholder review helped inform the material topics disclosed in this inaugural report. In the future, Crown Asia will strive to have a more extensive design and implementation of a stakeholder engagement plan, through mixed methods such as one-on-one interviews, focus group discussions, and surveys.

Stakeholder Review

| Stakeholder Groups | Primary Concerns | Company Actions | Communication Channels |
|--------------------|--|--|---|
| Employees | <ol style="list-style-type: none"> 1. Satisfactory compensation and benefits 2. Safe workplace 3. Opportunities for career development 4. Opportunities for engagement 5. Professional recognition and rewards 6. Data privacy | <ol style="list-style-type: none"> 1. Adhere with government labor laws and regulations 2. Provide safety and protection gears with appropriate training and monitoring 3. Conduct regular performance evaluations, with commensurate merits and salary adjustments 4. Enhance communication channels 5. Recognition and non-monetary rewards 6. Data privacy policies | <ol style="list-style-type: none"> 1. Regular performance evaluations 2. Regular company announcements 3. Email 4. Social media 5. Company website |
| Investors | <ol style="list-style-type: none"> 1. Growth in terms of earnings per share 2. Market share price of company 3. Satisfactory returns | <ol style="list-style-type: none"> 1. Generate higher revenues and manage costs and expenses 2. Exhibit consistent top-line and bottom-line growths 3. Provide dividends as cash flow and capital expenditure plans permit 4. Management and investment planning | <ol style="list-style-type: none"> 1. Annual Stockholders' Meeting 2. Investors' Briefing 3. Disclosures in company website 4. Investor Relations Program |

| Stakeholder Groups | Primary Concerns | Company Actions | Communication Channels |
|---|--|---|---|
| Customers | <ol style="list-style-type: none"> 1. High-quality products and services at reasonable prices 2. Timely delivery of goods and services 3. Efficient customer service 4. Data privacy | <ol style="list-style-type: none"> 1. Quick response to customer concerns 2. Timely delivery of goods and services 3. Data privacy policies | <ol style="list-style-type: none"> 1. Store visits of sales representatives 2. Project site visits of engineers 3. Plant visits 4. Customer satisfaction surveys, twice a year 5. Email marketing 6. Social media 7. Company website |
| Suppliers | <ol style="list-style-type: none"> 1. Fair business negotiations 2. Adherence with pertinent regulations and ethical business practices 3. Data privacy | <ol style="list-style-type: none"> 1. Clear definition of terms and conditions for products and services 2. Supplier accreditation processes 3. Data privacy policies | <ol style="list-style-type: none"> 1. Periodic supplier visits 2. Email marketing 3. Social media 4. Company website |
| Communities | <ol style="list-style-type: none"> 1. Mutual community partnerships 2. Proper handling of wastes and pollutants 3. Community employment | <ol style="list-style-type: none"> 1. Corporate social responsibility (CSR) 2. Adhere with local and international social and environmental protocols 3. Employment opportunities to local community 4. Mindful handling of wastes and pollutants | <ol style="list-style-type: none"> 1. Social media 2. Regular visits from company representatives |
| Industry and Professional Groups | <ol style="list-style-type: none"> 1. Better project developments | <ol style="list-style-type: none"> 1. Adequate product communication | <ol style="list-style-type: none"> 1. Email 2. Social media 3. Company website 4. Product presentations 5. Joint projects and activities |
| Industry Regulators | <ol style="list-style-type: none"> 1. Compliance with pertinent laws and regulations | <ol style="list-style-type: none"> 1. Regular monitoring and reporting to show compliance with pertinent laws and regulations | <ol style="list-style-type: none"> 1. Monitoring and evaluation reports 2. Regular visits from regulators and auditors |

Our Material Topics

The structure of this inaugural report reflects the most material issues to the company and its different stakeholders. The primary concerns of our different stakeholder groups, which have been narrowed down through a management-led stakeholder review, helped inform these material topics. Additionally, industry benchmarking, market trends analyses, reports from industry organizations, and on-going discussions among senior leadership also helped determine the most material aspects that will be disclosed in this report.

In terms of scope and boundaries, we defined material issues as those within management control, with respect to relevance to the business and its operations. Since 2019 is the company's base year, we are still learning and putting in the necessary mechanisms to help identify and measure what truly matters to the company and its different stakeholders.

Economic

- Economic Value Generated and Distributed
- Product Quality Management

While our solid track record and reputation as a world-class manufacturing company puts us in a position of industry leadership, this also breeds high expectations. Our different stakeholders, particularly our investors, expect the company to perform well over the long term. With this in mind, Crown Asia is looking forward to a future anchored on sustainability, as we chart the next course of our growth journey.

Environmental

- Environmental Compliance
- Resource Management
- Air Pollution Control
- Waste Management
- Biodiversity Conservation

Social

- Social Compliance
- Employee Management
- Relationship with Communities
- Sustainable Purchasing
- Customer Management

Corporate Governance

- Risk Management and Business Continuity
- Ethics and Integrity
- Good Corporate Governance
- Environmental, Social, and Governance (ESG) Reporting

Our Economic Performance

On top of managing costs and generating healthy profits, corporations also face the challenge of sustaining growth amidst the changes and disruptions brought about by their external business environment. As such, Crown Asia's economic performance reflects not just the Company's financial stability, but also its capacity to impact the pool of economic resources that flows in the local and national economy.

Economic Performance

Crown Asia is the leading and preferred manufacturer and supplier of world-class and innovative thermoplastic, industrial, and chemical products. Our operations are concentrated within the Philippines, both for our local and export sales. We manage our resources in a prudent and goal-oriented manner to protect the interest of all our investors and other stakeholders.

Our margins and revenues depend on the relationship of the selling prices of our products to the costs of raw materials and other inputs required to manufacture them. The primary raw materials used in the manufacture of our products include resins, polymers, stabilizers, and plasticizers. We primarily handle polymers such as polyvinyl chloride (PVC), polypropylene random copolymer (PP-R), and high-density polyethylene (HDPE).

The prices of these primary raw materials form a substantial portion of our operating costs. Business interruptions due to supply shortages, or the delayed deliveries of certain primary raw materials, can adversely affect our margins and revenues. To protect our operations against adverse movements in the prices of our raw materials, the Company usually maintains raw materials inventory equivalent to around 45 to 60 days of production.

Additionally, to help ensure the availability of raw materials, the Company keeps a roster of accredited local and foreign suppliers, and a list of approved alternative materials to use without affecting the quality of the end-products.

Direct Economic Value Generated and Distributed

Crown Asia strives to sustain its growth and profitability to give added value to its investors. Since its initial public offering (IPO) in 2015, the Company has enjoyed consistent financial growth, with gains mainly due to increased sales volume as a result of: (1) accelerated infrastructure activities; (2) more aggressive sales efforts; and (3) a broader geographic and market segment diversification.

In 2019, the Company's overall revenue grew by 21%, reaching PhP1.43 billion compared to PhP1.19 billion in 2018. This growth was primarily driven by the export of our compounds and the strong sales of our pipes. Revenues from the export of compounds grew by 56%, to PhP481.8 million from PhP308.6 million in 2018, while revenues from the sales of pipes grew by 11%, to PhP480.3 million from PhP434.7 million in 2018.

The sales of our PP-R/HDPE pipes grew by 81%, to PhP110.3 million from PhP61.1 million in 2018. Our polyvinyl chloride (PVC) roofing, a product line we launched in 2017, is also gaining traction; its revenue grew by 82%, to PhP16.7 million from PhP9.2 million in 2018.

To further bolster the sales of our products, we recently opened a sales depot in Mandaue City, Cebu and set up a satellite plant in Davao City. The synergy between this satellite plant and our sales depot operations will expand our strategic reach in the Visayas and Mindanao market. This move will also help the Company cut on logistics costs and ensure the timely delivery of our goods and services to different customers in the region.

The Company does not just create economic value for itself, but also ensures that this economic value flows back to its various stakeholders. Indirectly, we contribute to job creation for the Filipino people through the volume of transactions we have for our local suppliers. In 2019, PhP960 million, or 67% of the direct economic value we distributed, went to the payments of our suppliers and other operating costs. Dividends distributed to our stockholders, on the other hand, amounted to PhP56.4 million.

| DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED | |
|--|--------------------------|
| Indicator | Amount (in PhP millions) |
| Direct economic value generated (Revenue) | 1,433.40 |
| Direct economic value distributed | |
| Operating costs | 185.10 |
| Employee wages and benefits | 106.90 |
| Payments to suppliers, and other operating costs | 960.00 |
| Dividends given to stockholders | 56.38 |
| Interest payments to loan providers | 2.41 |
| Taxes given to government, which includes all taxes incurred and/or paid to the government | 73.01 |

| REVENUES PER DIVISION | |
|-----------------------|----------------------------|
| Division | Revenues (in PhP millions) |
| Compounds | 826.05 |
| Pipes | 590.65 |
| Roofing | 16.70 |
| Total | 1,433.40 |

| REVENUES PER MARKET | |
|---------------------|----------------------------|
| Market | Revenues (in PhP millions) |
| Domestic | 932.33 |
| Foreign: | |
| •Taiwan | 452.30 |
| •Others | 48.77 |
| Total | 1,433.40 |

| REVENUES PER SALES CHANNEL | |
|----------------------------|----------------------------|
| Sales Channel | Revenues (in PhP millions) |
| Manufacturers and traders | 892.91 |
| Contractors and developers | 454.99 |
| Wholesalers and retailers | 85.50 |
| Total | 1,433.40 |

Proportion of Spending on Local Suppliers

We have a roster of accredited local suppliers, particularly for our resin. Supporting local suppliers indirectly attracts additional investments to the local economy. We have policies and practices in place that guide our selection and govern our transactions with local suppliers. In 2019, our proportion of spending on local suppliers amounted to PhP665.4 million, which is 71% of our total expenses on raw materials purchased.

| PROPORTION OF SPENDING ON SUPPLIERS FOR RAW MATERIALS PURCHASED | | |
|---|--------------------------|-------------------|
| Supplier | Amount (in PhP millions) | Proportion (in %) |
| Local | 665.41 | 71.05 |
| Foreign | 271.16 | 28.95 |
| Total | 936.56 | 100 |

Anti-Corruption

Crown Asia ensures that it has the necessary capability to fight against corruption. The bane of economic growth and business operations, corruption erodes investor trust and confidence in the organization. As such, we have an anti-corruption policy in place, and all our directors, management, employees, and business partners know of the company's anti-corruption policies and procedures. However, they have yet to receive formal anti-corruption training. In 2019, we are proud to report that there were no incidents of corruption involving our employees, directors, or business partners.

Climate-Related Risks and Opportunities

As this is our inaugural report, we are just starting our climate risk assessment to determine the climate-related risks and opportunities particular to the company, its operations, and financial performance. Flooding and other climate-related hazards can cause significant damage to our machinery and inventory in Guiguinto, Bulacan. This, in turn, will impact the Company's bottom line due to losses and increased operating costs.

The following matrix indicates the major impacts climate change may have on our organization and its financial performance, and how we can assess and manage these climate-related issues.

| CLIMATE-RELATED RISKS AND OPPORTUNITIES | Physical Risk | Transition Risk |
|--|---|--|
| Hazard | Increased severity and frequency of extreme weather changes which disrupts supply chain and operations | Regulation of direct emissions in the manufacturing industry, and the cost of transitioning to new energy sources and production technologies with lower emissions |
| Impact | Financial costs of supply chain disruption and other implications to resilience and business continuity | Increase in capital investments for technology development and direct energy costs across the value chain, which can reduce margins |
| Response | Diversify supply chain and distribution | Evaluate investments in energy efficiency and alternative sources of energy for optimum returns on investment |

Product Quality Management

Thermoplastic compounds and pipes continue to dominate the industry due to its significant applications in the construction and building industry. Given the increasing competition in the market, the quality of Crown Asia products need to adhere with certain standards to ensure their reliability and effectiveness. As such, the Company has established Quality Assurance (QA) and Quality Control (QC) procedures for both its Compounds and Pipes Divisions.

In-house, the Company has dedicated quality assurance laboratories, with competent professional staff. Our pipe products also undergo additional testing externally, typically conducted by the technical consultants or accredited independent laboratories of our clients. This Quality Control (QC) process enables the Company to bid for projects that require compliance with stringent quality standards.

Crown Asia's thermoplastic pipes and fittings comply with both local and international product quality standards. In fact, Crown Asia is the first local manufacturer of PP-R pipes and fittings that adhere with international standards.

As early as 1994, Crown Compounds has been accredited under the U.S. Underwriters Laboratories (UL) Label for direct and indirect export to wire and cable companies in the United States. Today, PETROVIN is the brand name for Crown Compounds, and is now a major supplier to the wires and cable industry in the Philippines.

Our CROWN Electrical and CROWN Blue product lines have also been certified by the Bureau of Philippine Standards (BPS) of the Department of Trade and Industry (DTI). This means that these products comply with the requirements of the Philippine National Standards (PNS), which follows the standards set by the International Organization for Standardization (ISO) and the American Society for Testing and Materials (ASTM).

The Company also secured and continues to update its ISO 9001:2015 certification, formerly ISO 9001:2008, which specifies requirements for a Quality Management System (QMS). This is based on a number of quality management principles which includes a strong customer focus, initiatives from top management, and approaches to continuous development. Securing this certification means that Crown Asia has consistently provided products and services that meet customer satisfaction and all applicable statutory and regulatory requirements.

A Partner for Progress

For more than 30 years, Crown Asia has been the country's partner for progress.

Aside from our significant contributions to the local and national economy, Crown Asia's different products serve as the building blocks for major construction and infrastructure projects. Indeed, we are the preferred supplier of premium pipes and fittings to major infrastructure projects. Installed within the frameworks of these towering infrastructures, Crown Asia's products support the stability and longevity of these monuments of progress.

Our Crown PP-R pipes and fittings, for example, are perfect for construction and infrastructure projects. They deliver premium performance and reliability for hot and cold pipes, with a 50-year warranty against manufacturing defects. Our diverse products, whether they are soft or rigid thermoplastics, are built to last and can be used for a wide array of industrial and structural purposes.

As such, we contribute to a better transport system by supplying materials to big-ticket infrastructure projects such as the Clark International Airport, the Cavite Expressway (CAVITEX), and the Manila Metro Rail Transit System Line 7 (MRT-7) Project. CROWN Sanitary Pipes were also supplied for the construction of the Ninoy Aquino International Airport (NAIA) Expressway.

We also contribute to the country's pursuit of energy sufficiency by supplying materials to power plants such as the Isabela Biomass Plant and Solar Philippines' Solar Farm in Batangas.

Additionally, our pipes, fittings, and roofing also add to the structural soundness of the major residential and commercial projects. Crown Asia is among the trusted suppliers of major real estate developers in the construction of malls, condominiums, townhouses, and other urban development projects.

For one, Crown Asia's underground electrical and telecommunications conduit pipes were installed for the development of Aseana City. Nestled along the shorelines of Manila Bay, the 51-hectare prime property will be home to premier mixed developments, drawing in both local and international businesses.

As infrastructure projects continue to accelerate, in part due to the national government's "Build, Build, Build" Program, it will drive demand for thermoplastic products such as PVC pipes, fittings, floorings, doors and windows, and wires and cables, among other construction elements. Crown Asia, as the leading and preferred manufacturer of these thermoplastic products, is strategically positioned to seize these growth opportunities and continue its legacy as the nation's partner in progress.

NOTABLE PROJECTS:

- ▶ Bicol International Airport
- ▶ Segment 2 and 3 C5 Southlink, Manila-Cavite Expressway (CAVITEX)
- ▶ Cavite-Laguna Expressway (CALAX)
- ▶ Ninoy Aquino International Airport (NAIA) Expressway
- ▶ Skyway Stage 3 Project
- ▶ Manila Metro Rail Transit System Line 7 (MRT-7 Project)
- ▶ Citicore Power's Solar Power System Projects in Bataan and Bacolod
- ▶ New Passenger Terminal Building, Clark International Airport
- ▶ Isabela Biomass Plant
- ▶ Solar Philippines' Solar Farm in Batangas
- ▶ Closed-Circuit Television (CCTV) Fiber Network, Metropolitan Manila Development Authority (MMDA)

Our Social Performance

Crown Asia remains cognizant of its internal and external impacts on the social systems within which it operates. Our social performance redounds to the ways through which we responsibly manage our relationships with our different stakeholders, such as our employees, customers, suppliers, and local communities.

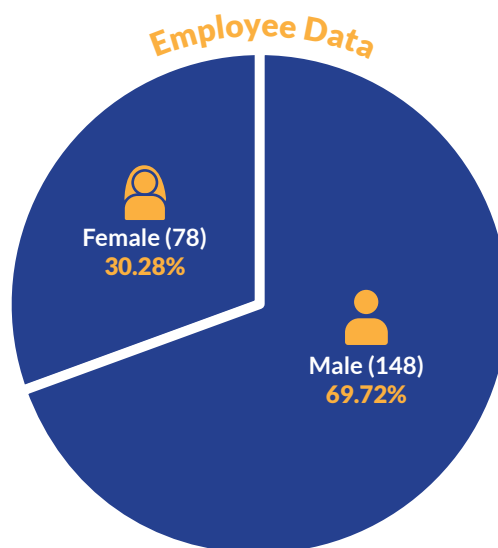
Employee Management

Employee Hiring and Benefits

The company complies with all pertinent rules and regulations of the Department of Labor and Employment (DOLE) with regards to recruitment, employment, mandatory benefits, and even retirement plans.

We hire based on the qualifications, competency, and experience of applicants. In our employee hiring, we promote gender equality and do not discriminate based on the gender, color, class, or religion of the applicants. To attract the best candidates for the job, we ensure that we craft clearly defined job descriptions with the corresponding qualifications.

As part of our company benefits, all regular employees have health insurance coverage and are also given annual health check-ups, including eye and dental check-ups. Employees whose duties entail high-risk field assignments are also covered by a Group Accident Insurance.



Attrition rate:
43.36%

(Number of new hires - Number of turnover)
(Average of total number of employees in 2018 and total number of employees in 2019)

| Employee Benefits | | | |
|---|----------------------------|-----------|----------|
| Benefits Provided | % of employees who availed | | |
| | Male(%) | Female(%) | Total(%) |
| SSS | 65.49 | 34.51 | 100 |
| PhilHealth | 65.49 | 34.51 | 100 |
| Pag-IBIG | 65.49 | 34.51 | 100 |
| Parental Leave | 1.38 | - | 1.38 |
| Vacation Leave | 69.64 | 30.36 | 100 |
| Sick Leave | 69.64 | 30.36 | 100 |
| Medical Benefits, aside from PhilHealth | 34.51 | 34.51 | 69.02 |
| Retirement Fund, aside from SSS | 2.00 | - | 2.00 |
| Christmas and Birthday Benefit | 65.49 | 34.51 | 100 |
| Perfect Quarterly Attendance Benefit | 65.00 | 35.00 | 100 |

Employee Training and Development

The company continues to help enhance the knowledge and develop the professional skills of our workforce. Our employees regularly attend seminars and in-house training sessions based on the recommendations of their respective Department Heads.

Since the Company's migration to the SAP S/4HANA Business Suite for enterprise resource planning (ERP) and data management, many employees acquired top-of-the-line training in their respective modules, which helped enhance their professional skills and values. Managers and supervisors also attend special seminars and training sessions in their respective field of operations. We also continue to provide training sessions and seminars on data privacy through our Information Technology (IT) Department and third-party service providers.

Training Hours Provided

| Male Employees | Female Employees |
|---------------------|--------------------|
| Total Hours: 38 | Total Hours: 70 |
| 0.76 hours/employee | 2.5 hours/employee |

Labor-Management Relations

Number of consultations conducted with employees:
80

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

The Company is committed to providing a safe workplace for all its employees, and has developed a Safety and Health Program to involve the management, supervisors, and employees in the identification and elimination of hazards that may arise during the conduct of our business operations. We believe that no task is so important that an employee must violate a safety rule, or risk injury and ill health, in order to get a job done.

As such, all employees are required to comply with all pertinent company safety rules, and are highly encouraged to help identify ways to make our Company a safer place to work. Managers and supervisors, on the other hand, are responsible for the safety of their respective teams. As part of their daily duties, managers and supervisors must also check the workplace for unsafe conditions, watch employees for unsafe actions, and take prompt actions to eliminate any hazards.

The Company has also devoted the necessary resources to form a Safety Committee, which helps employees and the management work together to identify safety problems, develop solutions, review incident reports, and evaluate the effectiveness of our Safety and Health Program. The Safety Committee is composed of management-designated representatives and employee-elected representatives from the head office, production plants, and outside sales divisions of the company. However, all employees are required to attend monthly safety meetings, held on the first Wednesday of each month.

Through the guidance and leadership of the Safety Committee and the Safety Officer, the Company has also developed a system to properly identify and correct hazards. The Safety Officer leads the implementation of procedures such as job hazard analysis, hazard recognition, hazard prevention and control, incident investigations, and monthly safety inspections.

The Company also ensures that it remains compliant with pertinent safety rules and regulations, such as the fire safety requirements set forth by the Bureau of Fire Protection (BFP)

and other allied agencies. As such, smoking is strictly prohibited within our plant sites and administrative offices, and the Company does not allow any form of burning or incineration inside the plant compound. As an added safety measure, fire extinguishers are placed in strategic locations and are annually maintained.

Plant workers are required to wear their respective Personal Protective Equipment (PPE) at all times. As a policy, plant workers are not allowed to enter the plant premises without their safety gear. Managers and supervisors are tasked to conduct daily inspections to ensure that the said policy is followed by everyone in the plant.

In case of injuries or ill health, a full-time nurse is available on-site to help address any immediate health concerns of employees. The Company also provides free over-the-counter medicine for minor illnesses, and keeps a first aid kit available in all offices and production areas. For any serious medical concerns or injuries, the Company and the on-site nurse will assist the employee to secure the appropriate medical attention.

To have an orderly and safe evacuation during emergencies, the Company also has a Business Continuity Manual (BCM) which provides guidelines, procedures, and evacuation plans to be followed in case of fires, earthquakes, and other emergencies.

Embedded in the Manual is our Business Continuity Plan (BCP), which helps ensure that business impact is minimized by recovering critical services. This is an ongoing process to ascertain that the necessary steps are taken to identify the impact of potential losses, maintain viable recovery plans, and ensure the continuity of our services through personnel training, plan testing, and maintenance.

Occupational Health and Safety

| | |
|-------------------------|-------|
| Safe man-hours | 2,000 |
| Work-related injuries | 4 |
| Work-related fatalities | 0 |
| Work-related ill health | 270 |
| Safety drills | 4 |

Safety Training

Safety training is an essential part of our plan to provide a safe workplace for all of our employees. Thus, the Company allocates resources to provide initial and ongoing training for all our employees, supervisors, and managers. The Company employs a Safety Training Coordinator who helps ensure that all employees are trained on safety before they start a task. To guide our employees, a course outline and other relevant materials are made available for each of the following safety training courses.

Labor Standards and Human Rights

In 2019, we are proud to report that there were no legal actions or employee grievances involving forced labor, child labor, or violation of human rights.

Safety Training Course

- Basic Orientation
- Safe Lifting
- General Chemical Hazards
- Specific Chemical Hazards
- Fire Extinguisher Safety
- Respirator Training
- Forklift Training
- Awareness Lockout Training
- Advanced Lockout Training
- Welding Safety
- Extrusion Machine Training
- Crusher Machine Training

Supply Chain Management

The company practices sustainable purchasing to reduce the adverse impacts of our purchased products and services. This compels us to look beyond the upfront cost and make purchasing decisions based on the entire life cycle of goods and services, taking into account associated costs, environmental and social risks and benefits, and broader social and environmental implications.

As such, we must ensure that we apply fair and ethical sourcing practices at all times. Part of this is making sure that

the suppliers we work with operate in a responsible manner and meet the basic standards of social and environmental performance, just as they are checked for financial soundness and ability to carry out a purchase contract.

Our Supplier Accreditation Policy mandates us to also assess the sustainability performance of our existing and potential suppliers. This assessment is supplemented by a Suppliers' Sustainability Questionnaire, which considers the following sustainability topics:

| Supplier's Sustainability Assessment | |
|--------------------------------------|---|
| Topic | Provision |
| Environmental Performance | Suppliers must have an environmental policy and a dedicated staff member responsible for addressing environmental issues. Suppliers must also be aware of the environmental issues related to their operations, and must have no outstanding warnings or summons from environmental regulators. |
| Forced Labor | Suppliers' employees must be free to resign with reasonable notice, and are under no bond, debt, or obligation to the organization |
| Child Labor | Suppliers must not employ child labor, or employees below 18 years old. Suppliers must have an effective procedure to verify employee's age. |
| Human Rights | Suppliers must have written policies and practices that help prevent discrimination and other human rights violations. |
| Bribery and Corruption | Suppliers must have written policies and practices that promote zero tolerance of bribery and corruption. Suppliers must be subject to regular financial audit by an independent auditor. |

Customer Management

At Crown Asia, customer satisfaction is of utmost importance. We believe that higher customer satisfaction leads to improved sales and customer loyalty. As such, we handle customer inquiries and service delivery in a timely manner, and regularly monitor customer inquiries so that we can respond to them quickly with the right information. Aside from handling direct customers and trade partners, we also have sales depots in Cebu and Davao. We also sell our products through consignment in All Home and Robinsons Builders construction depots.

However, we also recognize that uncontrollable external factors, such as inclement weather and other unforeseeable hazards, might affect the delivery of our commitments to our customers. As such, we manage customers' expectations by informing them of the minimum delivery lead time for certain goods and services. We are also committed to continuously improving the delivery of quality goods and services to our customers.

To know how the Company is doing with regards to the delivery of our products and services, we conduct a Customer Satisfaction Survey twice a year. This survey has a set of criteria for product quality and customer service. In 2019, there were 189 respondents out of the 207 customers invited to participate in the survey. Results reveal that, on average, customers are 99.34% satisfied with our products and services.

The survey also allows us to glean valuable insights from our customers. For example, some customers expect more competitive pricing for our products, as well as product line expansion and regional expansion. We manage and deliver on these expectations through continuous research and development for new products and services, and through the creation of regional sales depots.

In 2019, we are proud to report that there was no complaint concerning marketing and labelling, customer health and safety, and customer privacy. In 2020, we are more committed to continue increasing and improving our marketing tactics to boost our sales. There is an opportunity to reach a larger market by utilizing the Company's official website and Facebook page for marketing purposes. We will also continue to guide and train our marketing personnel so that they can better address the different needs of our customers.

Customer Satisfaction

| 1H (%) | 2H (%) |
|--------|--------|
| 99.06 | 99.61 |

Average (%)

99.34

Data Security

The Company continues to improve its Data Privacy Policy to benefit both internal and external stakeholders. Data security risks, such as hacking and system breakdown, pose a threat not just to customer and supplier privacy, but also to business continuity. As such, we have put in place data security policies and tools to help us prevent data breaches, such as data loss and data theft.

For example, we have enforced a firewall to limit access to certain sites on the internet. We also have a lock-out policy on all USB ports and electronic data storage devices. This means employees are restricted from bringing in unauthorized electronic data storage devices, and all USB devices are locked to avoid data transfer on external devices. Electronic and data-capable devices are also restricted within the company premises during work hours.

We help prevent data loss by having a backup procedure for every department. We are continuously improving our data security awareness program in the workplace by regularly sending our employees to training on technological advancements and legal requirements with regard to data security. In 2019, we are proud to report that there was no incident of a data breach such as a leak, theft, and loss of data.

Relationship with Communities

Significant Impacts on Local Communities

The company continues to be a force for good for the local communities located near our manufacturing plants in Guiguinto, Bulacan and Valenzuela City. In the conduct of our business operations, we remain mindful of our impact on the collective and individual rights of people, particularly of indigenous peoples communities.

As such, the company undertakes initiatives to further strengthen its social license to operate. We help uplift lives by providing and prioritizing local employment, thereby helping boost the local economy in the process. We also continue to safeguard the health and safety of the local communities located near our areas of operation by enforcing safety and pollution control measures.

Corporate Social Responsibility (CSR)

Community Outreach

Our community outreach in Bethany House - Sto. Nino Orphanage in Guiguinto, Bulacan reflects our efforts to recognize and uphold the rights of a child to education, proper nutrition, and emotional well-being.

Here, we visited the 55 children left under the care of the orphanage. We donated school supplies and prepared a short program, which included lunch and games with the children and a video presentation on values formation. This simple gesture from the volunteers of Crown Asia helped the orphaned children feel seen, loved, and taken care of.

Blood-Letting Activity

As part of our contribution to children's health and welfare, we periodically conduct blood donation drives to benefit the National Children's Hospital. This blood-letting activity is done in partnership with the Bulacan office of the Department of Health (DOH).

Plant Tours

Crown Asia regularly conducts educational plant tours for architecture and engineering students from different colleges and universities. Not only does this provide valuable exposure to our products and the industry, it also helps promote our culture of safety.

Tree Planting

As part of our environmental stewardship, volunteers from Crown Asia regularly participate in the tree-planting activities of our partner communities in Mt. Makiling, Los Banos, Laguna. We also regularly monitor the survival rate of the seedlings we planted.

Repair and Improvement of School Facilities

To help uphold the safety of school children in our local communities, Crown Asia provided financial assistance for the repair of Tuktukan Elementary School in Guiguinto, Bulacan. This monetary donation covered the cost for roof construction, repainting, and the provision of rubber mats for the public school.

Our Environmental Performance

At Crown Asia, we strive to manage the organization's impact on natural systems, including land, air, water, and ecosystems. As such, our environmental performance reflects how the company effectively manages the natural resources needed for its business operations, while minimizing any negative impacts on the environment.

Environmental Compliance

Crown Asia complies with all pertinent local environmental laws and regulations. For the past 30 years, Crown Asia has conformed to environmental performance parameters, with environmental protection serving as the primary indicator of the strength of our compliance.

We adhere with the following pertinent and applicable local environmental laws

Presidential Decree No. 1586
Establishing an Environmental Impact Statement System

Republic Act No. 6969
Toxic, Hazardous, and Nuclear Waste Act

Republic Act No. 8749
Philippine Clean Air Act

Republic Act No. 9275
Philippine Clean Water Act

Republic Act No. 9003
Ecological Solid Waste Management Act

Resource Management

As a manufacturing company, Crown Asia has a responsibility to properly manage and reduce where possible its impacts related to the extraction and processing of natural resources. As such, the company constantly strives to effectively use energy and raw materials to help avoid the pollution and unnecessary depletion of natural resources.

Energy Consumption Within the Organization

The company relies on different sources of gasoline, diesel, and electricity to power its operations. This exposes the company to risks brought about by the fluctuations in fuel prices and available energy supply. An increase in the prices of gasoline, diesel, and electricity, in particular, can lead to an increase in production costs, while the lack of available energy supply can lead to machine downtime and halted production processes.

The company is currently exploring opportunities to either buy diesel and gasoline in bulk, if prices are low, or on a monthly basis to average down the costs. The company is also looking at opportunities to shift to machines and equipment that can be operated using biodiesel and other sources of renewable energy.

To ensure efficient energy consumption within the organization, we regularly check machines and equipment for potential issues so that they work properly and not consume more energy. The cooling water used in our machines and equipment also harnesses the power of gravity to lessen dependence on motor pumps, thereby lowering energy consumption.

Light-emitting diode (LED) lights, which consume less energy, are used in all of our offices and plants. Inverter aircons, which adjust according to the temperature of the room, are also used in all our offices to reduce power consumption. Since 2019 is our base year, no comparisons can be made yet with regards to reduction in energy consumption; this will be monitored and disclosed in future reports.

| Energy Consumption Within the Organization | | | |
|--|--------|--------------------|----------------|
| Type | Unit | Compounds Division | Pipes Division |
| Gasoline | liters | 3,600.00 | 2,220.00 |
| Diesel | liters | 13,123.00 | 18,645.00 |
| Electricity | kWh | 7,292.00 | 6,562.00 |

Water Consumption Within the Organization

The extruder machines used to mold and shape our pipes have different levels of water consumption, depending on the type and size of the pipes being produced. Machine problems and other production-related issues can cause water leaks, which may cause variances in our water consumption.

All machines and water pipes in our production plants are checked for water leaks every day to help conserve water.

Ensuring that all our water pipes, cooling towers, and faucets have no leaks helps lessen our water wastage. Enforcing a good water recycling system also helps lessen our water wastage. For example, a cistern, or water tank, collects and recycles rainwater for use as cooling water for our extruder machines. As much as possible, we strive to recycle 90% to 100% of the water we consume.

| Water Consumption Within the Organization | | | |
|---|--------------|--------------------|----------------|
| Type | Unit | Compounds Division | Pipes Division |
| Water withdrawal | cubic meters | 1,795.62 | 3,160.44 |
| Water consumption | cubic meters | 1,795.62 | 3,160.44 |
| Water recycled and reused | cubic meters | 972.00 | 2,440.80 |

Materials Used by the Organization

Crown Asia primarily uses polyvinyl chloride (PVC) compounds in the production of its pipes and roofing products. PVC is a versatile material that can be fabricated into a wide range of both rigid and flexible products. It is durable and flame resistant. We also use polypropylene random copolymer (PP-R) and high-density polyethylene (HDPE) thermoplastics for some of our pipe products.

PVC can be recycled up to eight times, depending on the application, because the PVC recycling process does not drastically alter the composition of the PVC molecules. As such, there are opportunities for Crown Asia to boost its collection of PVC waste and to make use of PVC recycling technologies. Scrap or recycled PVC materials, such as discarded PVC compound pellets and shavings, can be turned into lower-quality products with cheaper price points.

Currently, CROWN Pipes' ENDURO product line uses crushed materials made out of overrun materials. The ENDURO product line is manufactured by Husky Plastics, Corp., a sister company of Crown Asia. Some of the crushed materials used to produce the ENDURO product line come from Crown Asia's overrun materials.

While we prudently manage these materials used by the organization, we have yet to quantify or measure the actual amount of renewable, non-renewable, and recycled materials used to manufacture the company's primary products and services. We are currently putting measures in place to measure and monitor this indicator so that it can be disclosed in future reports.

Ecosystems and Biodiversity

We have a responsibility to ensure that the ecosystems and biodiversity around our operational sites are protected and restored. Currently, Crown Asia owns and manages operational sites in Guiguinto, Bulacan and Valenzuela City. These operational sites are not adjacent to any protected areas and other areas of high biodiversity value outside protected areas. As such, our operations do not affect the habitats of vulnerable and endangered species.

Environmental Impact Management

To minimize our negative environmental impacts, Crown Asia enforces clean production processes and implements pollution control measures.

Air Emissions

Diesel and gasoline, the materials we use to power our machines and equipment, produce emissions like carbon dioxide (CO₂) and other ozone-depleting substances (ODS) when burned as fuel. These emissions have negative impacts on the environment and human health, especially when inhaled or ingested.

The PVC industry uses sophisticated and efficient machinery that help curb the emission of greenhouse gases (GHG) and other air pollutants. In general, the production of PVC pipes yields less carbon emissions during raw materials processing, manufacturing, transportation, and installation compared to the production of iron pipes.

We also enforce measures to curb the organization's carbon emissions. For one, our fleet of delivery trucks is regularly maintained to minimize the emission of carbon monoxide.

We also encourage our employees to carpool and to use public transportation to reduce their carbon footprint.

While we strive to manage our air emissions and other air pollutants, we have yet to quantify and measure the actual amount of air emissions and air pollutants produced in the manufacturing process. When needed, we employ third-party environmental consultants and auditors based on the requirements of the Department of Environment and Natural Resources (DENR) and the Department of Labor and Employment (DOLE), among other regulators. As such, we are currently putting measures in place to measure and monitor this indicator so that it can be disclosed in future reports.

Solid and Hazardous Wastes

At Crown Asia, we ensure the proper segregation, collection, transport, storage, treatment, and disposal of solid waste through the adoption of the best environmental practices in ecological waste management, with the exception of incineration. As a principle, we do not dispose of scrap or discarded PVC through melting or burning.

We developed a Waste Management System (WMS) to ensure that there will be minimal risks and hazards due to the disposal of waste. Our Health and Safety Committee, together with the Pollution Control Officer (PCO), serve as the focal persons for the implementation of the system and are primarily responsible for the coordination of waste handling and disposal.

All personnel, especially those who will handle hazardous materials, have been trained on laws and regulations concerning hazardous waste management, proper identification of waste and their potential hazards, and the proper labelling and storage of hazardous waste. Assigned monitors, who work under the supervision of the PCO, oversee the transfer of the hazardous wastes generated per area into the centralized hazardous waste storage facility.

Office waste, which includes food waste and paper waste, are stored in segregated trash bins strategically located throughout the manufacturing site. This helps ensure that all areas have easy access to a solid waste bin. We work with the Municipal Government of Guiguinto, Bulacan for the disposal of our solid waste. For the collection, treatment, and disposal of hazardous waste, we coordinate with a DENR-accredited Treatment, Storage, and Disposal Facility (TSDF).

Our offices and manufacturing plants produce different kinds of waste. Our offices, for one, largely yield paper waste, food waste, and electronic waste (e-waste), or discarded electrical or electronic devices. As much as possible, we reuse our paper waste as scratch paper, especially for printing internal documents. However, some paper waste will be shredded if it contains confidential information. Our e-waste, on the other hand, gets sold to scrap buyers.

Our manufacturing plants, in turn, produce waste such as sacks, storage drums, and shredded PVC materials. Sacks are reused to store raw materials and finished goods, and are then sold as scrap materials if they can no longer be reused. Storage drums are sold to scrap buyers, while shredded PVC materials are kept in sacks ready to be reused or recycled.

Total Solid Waste Generated

| Type | Unit | Compounds Division | Pipes Division |
|--------------|-----------|--------------------|-----------------|
| Recyclable | kg | 1,578.00 | 1,694.00 |
| Composted | kg | 6,035.00 | 6,035.00 |
| Total | kg | 7,613.00 | 7,729.00 |

Effluents

| Type | Unit | Compounds Division | Pipes Division |
|----------------------------------|--------------|--------------------|----------------|
| Total volume of water discharges | cubic meters | 2,809.08 | 3,207.00 |
| Percent of wastewater recycled | % | 90 | 90 |

Corporate Governance

Crown Asia (“the Company”) continues to abide by all pertinent regulatory requirements and best practices in corporate governance. On September 5, 2014, the Company adopted its Manual of Corporate Governance, which provides the framework of rules, systems, and processes that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders. This Manual was revised and approved by the Board on May 18, 2017, and duly filed on May 30, 2017.

In pursuit of transparency, accountability, fairness, and integrity, the Company also continues to monitor its compliance with the revised Code of Corporate Governance issued by the Securities and Exchange Commission (SEC). As a compliance measure and self-evaluation tool, Crown Asia regularly submits an Integrated Annual Corporate Governance Report. The Company remains committed to ensuring the adoption of other systems and practices of good corporate governance to enhance its value for its stockholders.

Apart from the mandated Manual of Corporate Governance, the Company also has a Code of Business Conduct and Ethics, which embodies the principles and guidelines for the conduct of the business and for dealing with different stakeholders. The Code sets the standards for upholding ethical business practices, protecting corporate integrity and adhering to company values when engaging with third parties, proper conduct outside the company, non-competition with the company’s business, proper handling of confidential information, and protection of the company’s resources.

The Company also adopted a Risk Management Policy to stay alert to possible risks such as business interruptions, market risks, and financial risks, just to name a few. The policy calls for the assessment of possible risk exposure and the level of exposure, and the implementation of risk mitigation measures to prevent, minimize, avoid, or eliminate the risk exposure.

As part of its comprehensive view on corporate governance, the Company also has policies and guidelines on whistleblowing, anti-competition, anti-bribery and corruption, conflict of interest, insider trading, material related party transactions, employee development and growth, and human rights.

Company Leadership

The Company’s Board of Directors represents the interests of different shareholders. The Board is mandated to establish pertinent policies for corporate governance, and to provide guidance and direction on major issues. To date, the Board is composed of four executive directors, two non-executive directors, and three independent and non-executive directors.

Pursuant to the Manual of Corporate Governance, the Board has formed chartered standing committees, namely: (1) Executive Committee; (2) Audit Committee; (3) Corporate Governance Committee; and (4) Risk Management Committee. The Company continues to look for opportunities to further improve its corporate governance mechanisms by keeping an open line of communication with its shareholders and other stakeholders, particularly through its Investor Relations Officer.

Board of Directors

Chairman of the Board

Walter H. Villanueva, 65 years old, Filipino, holds a Bachelor of Science degree in Business Administration and Marketing from the University of the Philippines Diliman. He is concurrently a director and stockholder at the Asean Timber Corporation, Husky Plastics Corporation, WT Derrick Realty Corporation, and Guiguinto Integrated Wood Industries Corporation. He is also the President or Chairman and General Manager of these companies.

Executive Director

Tita P. Villanueva, 64 years old, Filipino, is a Certified Public Accountant (CPA) and holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines Diliman. She is concurrently a director and stockholder at the Asean Timber Corporation, Husky Plastics Corporation, WT Derrick Realty Corporation, and Guiguinto Integrated Wood Industries Corporation. She likewise serves as the Comptroller and Chairman of the Board of Asean Timber Corporation, Treasurer of both Husky Plastics Corporation and WT Derrick Realty Corporation, and Vice President of Guiguinto Integrated Wood Industries Corporation.

Executive Director

Nicasio T. Perez, 62 years old, Filipino, holds a Bachelor of Science degree in Commerce from the University of Sto. Tomas. He is concurrently a director and stockholder of Asean Timber Corporation and Guiguinto Integrated Wood Industries Corporation. He likewise serves as Treasurer of Asean Timber Corporation and Chairman of the Board of Guiguinto Integrated Wood Industries Corporation.

Executive Director

Derrick P. Villanueva, 37 years old, Filipino, holds a Diploma in Chemical Sciences from the British Columbia Institute of Technology and a Bachelor of Science degree in Entrepreneurial Management from the University of Asia and the Pacific. Currently, he is a Master of Business Administration (MBA) candidate at the Ateneo Executive MBA Program. He is concurrently a director and stockholder of WT Derrick Realty Corporation.

Non-Executive Director

Eugene H. Lee Villanueva, 63 years old, Filipino, holds a Bachelor of Science degree in Pre-Medicine from the University of the Philippines Diliman, and is a Master of Business Administration (MBA) candidate at the Ateneo De Manila University. He is concurrently a director and stockholder of Husky Plastics Corporation.

Non-Executive Director

Jefferson T. Sy, 63 years old, Filipino, holds a Bachelor of Science degree in Industrial Management Engineering (IME) from the De La Salle University Taft. He is also a finance officer and director at the Techno-Inox Corporation.

Lead Independent, Non-Executive Director

Bede Lovell S. Gomez, 51 years old, Filipino, holds a Bachelor of Arts degree in Political Science from the Loyola University of Chicago. He is concurrently a member of the Board of Directors of Ardenwood Construction and Orbis Capital Ventures, Inc. He is also a Board Member and Trustee of the Fund Managers Association of the Philippines (FMAP), and a member of the Trust Officers Association of the Philippines (TOAP).

Independent, Non-Executive Director

Maria Therese G. Santos, 62 years old, Filipino, is a Licensed Chemical Engineer and holds a Master's degree in Business Administration and a Bachelor of Science degree in Chemical Engineering from the University of the Philippines Diliman. She is concurrently a director and stockholder at Gravitas Prime, Inc., and sits as an Independent Director at First Abacus Holdings, Inc.

Independent, Non-Executive Director

Ernesto R. Alberto, 57 years old, Filipino, holds a Master's degree in Economic Research from the University of Asia and the Pacific, and a Bachelor of Science degree in Economics, minor in Mathematics and Political Science, from San Beda College. He is the former Chief Revenue Officer of Philippine Long-Distance Telephone Company (PLDT), and is formerly affiliated with its different subsidiaries and affiliates such as Smart Communications, Inc. and ePLDT.

Board Committees

EXECUTIVE COMMITTEE

Chairman: Walter H. Villanueva

Members:

Tita P. Villanueva
Nicasio T. Perez
Derrick P. Valenzuela
Hans Joseph T. Perez

CORPORATE GOVERNANCE COMMITTEE

Chairman: Bede Lovell S. Gomez

Members:

Marie Therese G. Santos
Ernesto R. Alberto
Tita P. Villanueva
Walter H. Villanueva

AUDIT COMMITTEE

Chairman: Marie Therese G. Santos

Members:

Ernesto R. Alberto
Nicasio T. Perez
Jefferson T. Sy
Bede Lovell S. Gomez

RISK MANAGEMENT COMMITTEE

Chairman: Ernesto R. Alberto

Members:

Bede Lovell S. Gomez
Eugene H. Lee Villanueva
Marie Therese G. Santos
Derrick P. Villanueva

Executive Officers

Walter H. Villanueva

Chairman / President
Head - Pipe Group
Vice President - Sales and Marketing

Tita P. Villanueva

Senior Vice President - Chief Financial Officer
Vice President - Comptroller

Nicasio T. Perez

Vice President - Treasurer

Derrick P. Villanueva

General Manager - PVC Pipes Division

Hans Joseph T. Perez

Risk Management Officer
General Manager - PP-R/HDPE Pipes Division
Compliance Officer

Jason C. Nalupta

Corporate Secretary
Chief Information Officer

Ann Margaret K. Lorenzo

Assistant Corporate Secretary