



Laguna Water  
 Bringing Clean, Clear and Refreshing Water 24/7  
 D.R. ROBLES WATER CONTRACTOR

Laguna Water



A Manila Water Company

# BUILDING COMMUNITIES

2012 SUSTAINABILITY REPORT



# Table of Contents

1	About this Report
2	Message from the Chairman
4	Message from the President
6	Company Profile
8	Sustainability Model
10	Cornerstone of Community Development
18	Investing in Employees
24	Achieving Operational Efficiency
30	Steward of Environmental Protection
34	Sustaining Growth
38	Stakeholders' Commentaries
40	GRI Index





# About this Report

Laguna AAA Water is pleased to share with its stakeholders its first Sustainability Report which is compliant with the Global Reporting Initiative's (GRI) G3.1 level C standard.

It is worth noting that this is the first time that a water service provider operating in the cities of Biñan, Santa Rosa and Cabuyao has published a report of this kind.

The contents of this Report tackle the Company's efforts related to community development in areas within its sphere of influence, either through its own initiative or in synergy with other concerned stakeholders. Other initiatives as to how the Company positively impacts on the environment, the people and the economy also form part of the discussions.

Following GRI's G3.1 Level A Application, this Report touches on a total of 15 indicators, covering a mixture of social, environmental and economic issues. To give readers a guide, a GRI Index has been included in the latter part of the Report where the indicators are enumerated and the corresponding pages as to where these may be found are mentioned.

Laguna Water self-declares this Report as level C and uses stakeholder testimonials and commentaries to validate its claim. All figures and information contained in this Report are solely for Laguna Water and should be treated as distinct and separate from Manila Water Company, Inc., its mother company.

Unless otherwise specified, all data in this Report cover the period from January to December 2012, and all financial data have been verified by the Company's external auditor.

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## MESSAGE FROM THE CHAIRMAN

The remarkable accomplishments of Laguna Water in reaching out to areas lacking or totally without supply of potable water in the last three years speak well of the successful partnership between the Provincial Government of Laguna (PGL) and Laguna Water.

Consistent with the program of the Province on alleviating poverty and hunger, Laguna Water has been delivering its share of solutions through an approach that is sustainable. With the continuing influx of tourists, entrepreneurs and immigrants, a helping hand in looking after the water related needs of both guests and the residents truly goes a long way.

Although we are fortunate enough to be blessed with abundant supply of both ground and surface water, we are also aware that in the absence of proper water management, both the quantity and quality of our waters will deteriorate. We

are thus delighted to be in a joint venture with a water distribution company with a triple bottom-line approach in conducting its business. Meaning, its business goals include not only economic, but also social and environmental concerns. The same concept actually mirrors Governor George “E.R.” Ejercito Estregan’s flagship projects as contained in our Kinse Kumpleto (K2) Program, particularly those relating to commerce, community development and water supply. With the efforts of both parties complementing each other, our resolve to maintain the image of the Province as the best place to visit, invest and live in is further strengthened.

It is comforting to note that finally, the management of potable water in parts covered by Laguna Water is in good hands. Proof is that from 14% coverage in 2009, about 28% of the population as of end of 2012 are already connected to piped water supply system. Aside from a level of performance that exceeds the expectations based on agreed targets, Laguneños now have access to this natural resource that has eluded them for a long time. From here on, people will no longer waste precious time falling in line just to get water from artesian wells nor will there be a need to invest for digging more wells. With individual taps at the comfort of their homes, residents now may make use of their time for more worthy endeavors.

The year 2012 is also historic for key businesses such as shopping malls, hospitals, and manufacturing firms after they were connected to Laguna Water’s water network, thus ending several years of dependence on their own water supply. All of a sudden, doing business became simpler as these establishments no longer have to worry about developing and maintaining their own water sources. Business wise, this translates to an environment that supports commerce and further boosts local employment. From 12,998 cu.m. per month consumption in 2009, commercial accounts now take up 111,885 cu.m. per month or a 700% jump in terms of water use. With the water source development in full blast, more businesses will be connected within the medium term plan.

With the continuing application of the best technology available in the market, coupled with home grown initiatives applicable in the local setting, the operational efficiency of Laguna Water resulted in less water wastage. From an environmental standpoint, this reduces environmental stress as water extracted from the ground is optimally utilized. Specifically, this

means that water being lost primarily from leaks and illegal connections dropped significantly from 49% to just 25% by the end of 2012. With a dedicated team that relentlessly pursue further operational efficiency, it is estimated that the level of Non-Revenue Water will be further reduced in 2013.

From 14% coverage in 2009, about 28% of the population as of end of 2012 are already connected to piped water supply.

In the years ahead, we foresee the bond between the Provincial Government of Laguna and Laguna Water becoming stronger as we jointly find ways to further reinforce the foundations of community development. We see the upward trend in both real estate and commerce to continue as we are determined also to continue providing a climate conducive for both business and urban living.

We would like to thank all of our stakeholders who have been with us in our journey to sustainable economic growth and in providing support to our slogan ‘*Bagong Laguna, Una sa Lahat.*’

**ATTY. LEONARDO M. RAGAZA, JR.**  
*Chairman of the Board, Laguna Water; and  
Provincial Administrator, Province of Laguna*



## MESSAGE FROM THE PRESIDENT

Today, our water for the poor programs remain shining examples of how to effectively address the concerns of the marginalized group in terms of access to clean water and reduction of water-borne diseases.

It is encouraging to note that in just a little over three years since our entry to the Province of Laguna, the gains and experience of Laguna Water—a relatively newcomer in the field of piped water supply distribution in the cities of Cabuyao, Biñan, and Santa Rosa—have propelled us to become the only water service provider in the area to publish a GRI-compliant Sustainability Report. As our first step in this sustainability reporting journey, we chose the theme “Building Communities” in cognizance of the overall positive impact that our presence brings to our concession area.

Consistent with our commitment to the Province is the launch of Laguna Water programs that provide the local stakeholders, particularly those from poor communities, the much-needed access to clean and affordable water supply and ensure environmental protection,

while promoting more inclusive opportunities so that stakeholders grow alongside the Company. With the rapid economic development and steady growth of the Province, it is only proper that poor communities equally reap the benefits of continuing urbanization. The need to assist this group has never been more pressing, considering the pace of the changes happening around them. We thus welcome our role to catalyze change and work hand in hand with the locals.

In 2012, we launched our water for the poor programs – Tubig Para sa Barangay (TPSB) and Patubig sa Bagong Bahay (PBB)—particularly along Laguna de Bay’s coastal areas and in relocation sites. Specifically, TPSB and PBB are designed for communities with narrow streets, dense population, and without reliable supply of piped water. Today, our water for the poor programs remain shining



examples of how to effectively address the concerns of the marginalized group in terms of access to clean water and reduction of water-borne diseases. Also worth noting is our unique approach on application fees payment, in which the customers' ability to pay is strongly considered. About 30% of the total customer base of the Company have so far benefited from various TPSB and PBB projects.

We are also proud of the fact that our business model has a natural affinity with environmental protection because our raw material, water, is sourced from nature. It is for this reason that programs such as groundwater protection and tree planting are part of the Company's way of doing business. Although our main supply source, just like everyone else in the area, is groundwater, ours has been studied carefully and scientifically by trustworthy institutions to ensure that groundwater usage will not lead to over-extraction. The average depth of our wells is likewise significantly deeper compared to the many shallow wells prevalent in the area. This ensures that the water we distribute is of excellent quality because of the natural filtration it undergoes, which shields it free from contaminants due to surface run-offs. Furthermore, water is disinfected through chlorination and, if need be, subjected to further filtration.

The rehabilitation of another vital water source, the Matang Tubig Spring located at Barangay Casile, Cabuyao City, is worth mentioning. This facility had long been neglected despite its importance as a source of pristine water. Today, it has been engineered to withstand natural calamities such as typhoons and landslides. The transmission lines are protected by thick concrete, the spring-box is fenced, and access leading to the facilities is now safer and easier with the construction of a concrete stairway. Trees have also been planted at the periphery of the spring to improve the forest cover of the area. The Company shall continue to fortify this facility and plant more trees to preserve its natural beauty and ensure its continued reliability as a water source.

Through Laguna Water's vendor management program, our contractors, especially those who have been with us since day one, have grown with the Company. It is heartwarming to note that they now employ more people and have acquired more equipment—proof that business is brisk. With a steady stream of projects from the Company as it continues its relentless pursuit to increase its customer base, we contribute not only to the growth of their businesses but also to job generation for more people, most of whom are from the Province of Laguna. With Laguna Water's service coverage currently standing at only 28%, there is great room for growth, and our contractors are assured of more projects because the Company has already mapped out the strategy to hit 100% coverage before the end of the concession period in 2034.

Our partnership in this sustainability reporting journey will be long and challenging but definitely worthwhile as this is our way of giving back to the people, the community, and the environment. I am taking this opportunity to thank all our stakeholders for tirelessly working with us to realize our goal of sustainability and enabling us to make this historical step. It is through your continued support that emboldens us to embark on this journey. In the years ahead, the GRI requirements that we need to comply with will be more stringent, but we welcome this challenge, as such is a sign of Company's growth and maturity.

**VIRGILIO C. RIVERA, JR.**  
*President, Laguna Water; and  
Group Director, Corporate Strategy and Development  
Manila Water*

# Company Profile

Laguna Water is a piped water service provider created through a joint venture agreement between the Province of Laguna (PGL) and AAA Water Corporation, a wholly-owned subsidiary of the Ayala-led Manila Water Company. The majority shareholder is AAA Water Corporation which owns 70% of the shares of stocks, while the PGL owns the remaining 30% shares. The entry of AAA Water Corporation to the Province stemmed from the invitation of the Provincial Government of Laguna to assist in upgrading its water system facilities and in improving the quality of service delivery to its customers. The Joint Venture Company started its operations in 2004 but it was only in September 2009, after the purchase of all the shares of stocks of AAA Water Corporation, that Manila Water took over the operation of the Company.

Based on the Memorandum of Agreement signed between the PGL and Laguna Water, the concession period will run for 25 years. All the assets will be turned over to the Province after said period. The PGL oversees compliance with the service level agreement, while tariff regulation is a function devolved to the National Water Resources Board.

The scope of Laguna Water's operations includes water sourcing, treatment and distribution of potable water. The service area covers the cities of Biñan, Santa Rosa and Cabuyao, with a total of 60 barangays and a population of about 900,000 as of end of 2012. The service coverage in terms of population currently stands at 28%.

## Board of Directors

Consistent with the 70/30 sharing, Laguna Water's Board of Directors is composed of nine members, three of whom are from the PGL while six are from Manila Water, the parent company of AAA Water Corporation. All members of the Board were nominated by the Directors themselves with the understanding that the Chairman of the Board should come from the PGL and the President, from Manila Water. The Treasurer and the General Manager, who are not members of the Board of Trustees, were nominated by the PGL and Manila Water, respectively. Members of the Board meet every quarter or when there are urgent matters that need to be taken up.

## Executive Committee

The Committee acts on matters beyond the powers vested to the General Manager level but not requiring the approval of the Board of Directors. The Committee holds its meeting every quarter unless otherwise called to convene to tackle urgent matters. The composition and number of members of the Executive Committee were chosen in consideration of the agreed 70/30 sharing between the PGL and Manila Water.

## Shift Towards Decentralization

Shortly after the take-over of Laguna Water in 2009 by the Ayala-led Manila Water Company, the new management team introduced the shift from a tall to a flat organizational structure through the adoption of the Territory Management concept. This approach is actually one of the best practices of its parent company operating in the East Zone of Metro Manila and it was thought that its applicability

### Board of Directors

Position	Name	Gender	Nationality	Age
<b>Chairman</b>	Leonardo M. Ragaza, Jr.	Male	Filipino	45
<b>Vice Chairman</b>	Gerardo C. Ablaza, Jr.	Male	Filipino	59
<b>Members</b>	Carlos F. Dolendo	Male	Filipino	48
	Mario G. Alinea	Male	Filipino	73
	Virgilio C. Rivera, Jr.	Male	Filipino	52
	Ruel T. Maranan	Male	Filipino	50
	Geodino V. Carpio	Male	Filipino	52
	Ferdinand M. Dela Cruz	Male	Filipino	46
	Luis Juan B. Oreta	Male	Filipino	56

### Executive Committee

<b>Chairman</b>	Leonardo M. Ragaza, Jr.	Male	Filipino	45
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	Luis Juan B. Oreta	Male	Filipino	56



was warranted after it was determined that the Company's decision-making process was noticeably slow.

The redistribution of powers and functions enabled the Company to react faster to the changing business conditions and varying needs of customers. Rather than relying on top management to render decisions, the new set-up empowered people to act as they see fit at their level. As a form of internal control, however, values such as integrity and accountability were emphasized and made part of personnel evaluation. Although people were allowed to make important decisions, it was made clear that they should be responsible as well for their actions.

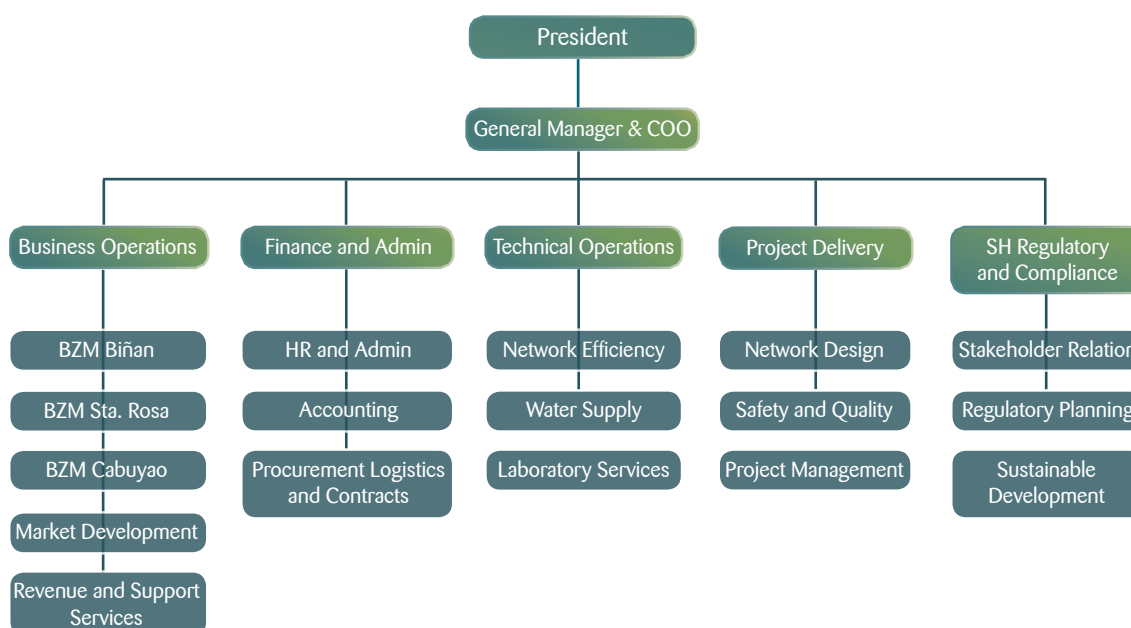
Consequently, the entire service area was broken down into smaller territories, each of which was placed under the control and supervision of an empowered Territory Manager. Management fully supported the Territory Managers by providing them with their own teams composed of field



Members of Territory Teams meet regularly to keep management updated about the situation in the field

personnel and office staff. Meanwhile, at all levels in the organizational hierarchy, employees were encouraged to challenge existing practices and processes. With the myriad of decisions pertaining to day-to-day operation happening already at the lower level, supervisory functions of top management officials were markedly reduced, giving them ample time to focus on strategic planning.

### Laguna Water Organizational Structure





# Sustainability Model

Laguna Water espouses the internationally-accepted triple bottom line business principle which measures commercial success not only in terms of profit, but also on its impact on people and planet. This practice is clearly manifested in the corporate vision which states that:

**Our vision is to provide the Province of Laguna with water and other environmental services which will empower people, protect the environment, and enhance sustainable development.**

As applied in Laguna Water's operations, the triple bottom line model is analogous to the sustainability framework of the Company which is being supported by five pillars:

- helping build communities;
- protecting the environment;
- safeguarding health and safety;
- contributing to local and national economies; and
- developing our employees.

Each pillar stands for a specific area of concern which, when put together, collectively impacts on the social and environmental responsibilities of the Company. Laguna Water's passion for adhering to the triple bottom-line approach is further strengthened by the very nature of its business which enables it to perfectly align its corporate goals with its environmental and social objectives. Meaning, the growth of the Company allows it to simultaneously advance the development of communities and promote environmental protection. To make sure that Laguna Water shall stay in the course of complying with both the requirements of the triple bottom line approach and its internally-crafted sustainable development initiatives, 'interventions' like NRW reduction and Lingap programs were dovetailed in all of its key business processes. Thus, the corporate social and environmental initiatives of Laguna Water are accomplished as the Company implements its various projects, even with very minimal tracking.



Developing Our  
Employees

Protecting the  
Environment

Helping Build  
Communities

Safeguarding  
Health and  
Safety

Contributing to  
Local and National  
Economies

SUSTAINABLE DEVELOPMENT  
FRAMEWORK



# CORNERSTONE OF COMMUNITY DEVELOPMENT



Laguna Water welcomes, among the many challenges for a growing population, its role as reliable piped water supplier. The resolve of the Company to improve piped water supply in the Province is manifested in its Capital Expenditures which continue to increase year after year. In 2012, the Company increased its allocation for its expansion projects to PhP191million or 44% higher compared with the amount spent in 2011.





**CUSTOMER BASE**

The design of Laguna Water’s programs to provide water for poor communities demonstrates its strong desire to reach out to this marginalized group.

As a result of population overspill in Metro Manila, continuing migration to the Province of Laguna, which started in the last decade, has resulted in major changes in the landscape of the Province, particularly the large scale residential and industrial developments in many of its barangays. By engaging concerned stakeholders like the Local Government Units, Non-Government Organizations, and community leaders on water-related development programs, Laguna Water is making its presence felt by contributing to the local economy in a manner that is agreeable to all concerned. The Company is also mindful of its commitments to its Regulators particularly on customer care and service coverage expansion, and continues to challenge itself to outperform its targets. With the expertise of its mother company being selflessly shared with Laguna Water, coupled with the innate passion of its personnel to serve the populace, the Company provides assurance that water of excellent quality will be made available to everybody.



**MR. AND MRS. FORTUNATO CRISTOBAL,**  
Mabuhay Subdivision,  
Bgy. Marinig, Cabuyao  
City, Laguna

Water quality in our subdivision used to be very bad. For cooking and drinking, we bought bottled water because water coming out of our faucets was a little murky and odorous.

In late 2009, we noticed a significant change in the quality of our piped water supply as it became clear, odourless and drinkable. We learned later on that the new management team of Laguna Water fixed the facilities that it inherited from the previous water service provider. We now drink the water and even use the same for cooking in our carinderia. (Translated)

Laguna Water welcomes, among the many challenges for a growing population, its role as a reliable piped water supplier. The resolve of the Company to improve piped water supply in the Province is manifested in its capital expenditures which continue to increase year after year. In 2012, the Company increased its allocation for its expansion projects to PhP191million or 44% higher compared with the amount spent in 2011. As expected, the number of customers increased by 45%, from 29,235 in the previous year to 42,343 in 2012. For 2013, the Company foresees continuing growth as it commits to increase further its capital expenditure to PhP725million, or 220% higher than 2012.

**Water for All**

The design of Laguna Water’s programs to provide water for poor communities demonstrates its strong desire to reach out to this group. Aware of



A member of the Territory Management Team explains the water service connection process to a prospective customer.

the financial constraints which make it difficult for these people to have access to basic necessities, Laguna Water packaged a special arrangement to ensure that cost will not be a deterrent for a water service connection. The Tubig Para sa Barangay (TPSB) and Pabahay sa Bagong Bahay (PBB) were specifically tailored to provide water for the low-income group.

The TPSB project along the coastal areas of Laguna de Bay, stretching for several kilometers and straddling the cities of Santa Rosa and Biñan addresses the absence of piped water supply for thousands of residents living in the area, many of whom are informal settlers. TPSB projects are specifically intended for conditions prevalent in poor communities and thus take into consideration both affordability and engineering solutions for narrow streets and densely populated areas. Distribution lines are also designed to reach all residents up to the farthest points. Moreover, mode of payment was made flexible to accommodate as many applicants as possible, through agreed installment arrangements.

Because of the Province's proximity to Metro Manila and its growing economy that supports job generation, the place has become one of the most desirable relocation sites for informal settlers residing near railroad tracks and along river banks. Laguna Water specifically developed its Patubig sa Bagong Bahay Program to help ease the difficulties of the relocatees in adjusting to their new environment, particularly on access to a reliable water supply. So far, Laguna Water has taken over two relocation sites, Southville Cabuyao and Southville Caingin, with 4,400 and 5,800 households, respectively. Months after the take-over from the previous water providers, the relocatees



**BGY. CAPTAIN FELIPE ALMARINES**  
*Barangay Sinalhan, Santa Rosa, Laguna*

We live along the flood prone shoreline of Laguna de Bay. For a long time, we relied heavily on shallow wells for our water needs. The problems associated with using shallow wells, however, are poor water quality and accessibility, particularly when the area is flooded. I would like to take this opportunity to thank Laguna Water for bringing potable water the last time that our area was flooded. That time, we didn't know Laguna Water as their projects had not yet started, and yet they came to us when we needed help.

The water supply project of Laguna Water is a big relief because potable water is now available 24x7, even during calamities. I also noticed that the Territory Manager assigned to our Barangay is always here either in our office or out there in the field checking the water network. The concerns of my constituents, particularly during rainy days, will be lesser since we will no longer have to wade in flood waters just to fetch water. (Translated)



**ARMANDO PRESBITERO**  
*Barangay Desk Officer, Bgy Malaban,  
Biñan, Laguna*

Most of the people in our Barangay used to line up everyday for several hours to fetch water from communal wells. Although I am one of the lucky few who own a shallow well, I was vulnerable to water-borne diseases just like anybody else, because of the poor water quality in our place.

As an Official of our Barangay, it has been my dream to have access to affordable and clean water supply. Our prayers were answered through the water supply project of Laguna Water. Things have changed for the better ever since because we now have individual piped water service connections. Our water is now clean, clear, and has a strong pressure, 24 hours everyday. (Translated)

now have lesser water related-concerns, as water quality and availability had been remedied through the rehabilitation of old wells and the replacement of old and leaking pipes. The use of shallow wells, a health hazard, has likewise diminished due to improved water supply. To encourage everybody to connect to Laguna Water's system, the Company offered installment schemes that are very flexible for those who have financial difficulties. Currently, the time and money saved by the relocatees from lining up just to get water from unreliable sources are now channelled to other worthy endeavors to improve their status in life.

The flexibility of Laguna Water in its service offerings cuts across all social classes, enabling the Company to meet the distinct requirements of its various customers. The interconnection of several commercial accounts such as shopping malls, hospitals and manufacturing companies in 2012 is proof of this flexibility and is likewise a milestone in the history of water provision in the service area. After a long wait, the business sector finally found a partner capable of providing piped water supply for their needs. It is hoped that with

### The flexibility of Laguna Water in its service offerings cuts across all social classes.

more businesses being eyed for interconnection, commerce in the service area will continue to flourish as the task of water sourcing now rests with Laguna Water, thereby freeing up more valuable time for the entrepreneurs to focus on expanding their businesses.

### Growing Alongside the Company

The Company is pleased to be instrumental in the continuing growth of its contractors with the





Laguna Water service providers on their way to work.

successful implementation of its Contractor Management program. By maintaining an optimum number of contractors, Laguna Water achieved a balance where the contractors remain profitable while the Company's expectations on the speed in project implementation and level of quality workmanship are met. In just over three years, the contractors have grown to a point where they are now able to handle bigger and even simultaneous projects. As Laguna Water encourages hiring of local labor, the surrounding communities also benefit in terms of job generation. For as long as the service level agreement is not breached, the Company plans to retain this set of contractors in recognition of their valuable support to the organization, particularly during its formative years. With many more areas to cover due to the low service coverage which currently stands at 28%, the growing allocation of Laguna Water's capital expenditures each year will ensure more jobs for both Contractors and the community.

### Local Job Creation

Consistent with its objective of promoting local job generation, Laguna Water launched its 'Hanapbuhay Para sa Barangay' program. Here, the Company engaged the services of about 100 local workers for its meter reading, collection and other business requirements. The program proves sustainable as the skills and area familiarity of the new recruits are clearly an advantage over other job aspirants coming from more distant locations. Laguna Water shall nurture this type of symbiotic relationship which benefits both the Company and the community and shall strive to replicate the same strategy whenever possible.



### PLACIDO ATIENZA

*Owner, P. Atienza Construction, Bgy. Balibago, Santa Rosa, Laguna*

As a former Foreman of one of the Contractors of Laguna Water when it started in 2009, I noticed that jobs like minor leak repair and meter replacement were plenty. As big contractors normally want major civil works like pipe laying, the takers for these simple jobs were very few. It was then that I decided to start my own construction company that caters to jobs that the big contractors shy away from.

It has been two years since I started operating my own business and I have grown a little as I am now capable of doing leak repair works also. From a mere employee, I now hire people for my business. In partnership with Laguna Water, I am hopeful that my Company will continue to prosper with the many projects being lined up by Laguna Water.



A typical fire hydrant installed by Laguna Water for the community along the coast of Laguna de Bay

The Company also hopes to usher community-based cooperatives to sustainable livelihood opportunities through the 'Kabuhayan Para sa Barangay' (KPSB) program. With funding support from Manila Water Foundation, the Sikap Builders Workers Cooperative, which already qualified for the program, will soon be given seed capital for their manpower services upon completion of the ongoing capacity building workshops meant to further hone their skills. The cooperative was tapped to handle applications for water service connections, disconnection and reconnection jobs after a thorough assessment of their capabilities. Three more beneficiaries located at Mabuhay Homes and Southville in Cabuyao, and Southville in Santa Rosa are being eyed for inclusion in the program in 2013.

#### Fire Prevention

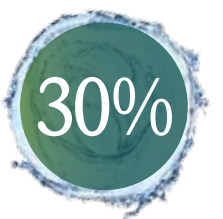
Laguna Water's concern for the welfare of the community is best exemplified through its 'Iwas Sunog' (Fire Prevention) program where the design of water distribution network includes the installation of a fire hydrant at every 300m radius. With the installation of 60 fire hydrants in locations identified in coordination with community leaders, the residents feel more secured. For the Bureau of Fire Protection and other volunteer groups, on the other hand, water availability to prevent fire or limit the extent of damage during fire will no longer be a problem. To ensure the proper use of fire hydrants, only the Bureau of Fire Protection office and concerned barangays with fire-fighting equipment were given fire hydrant keys. Although intended solely for fire fighting, it was agreed that fire hydrants may also be used during calamities and other emergency situations.



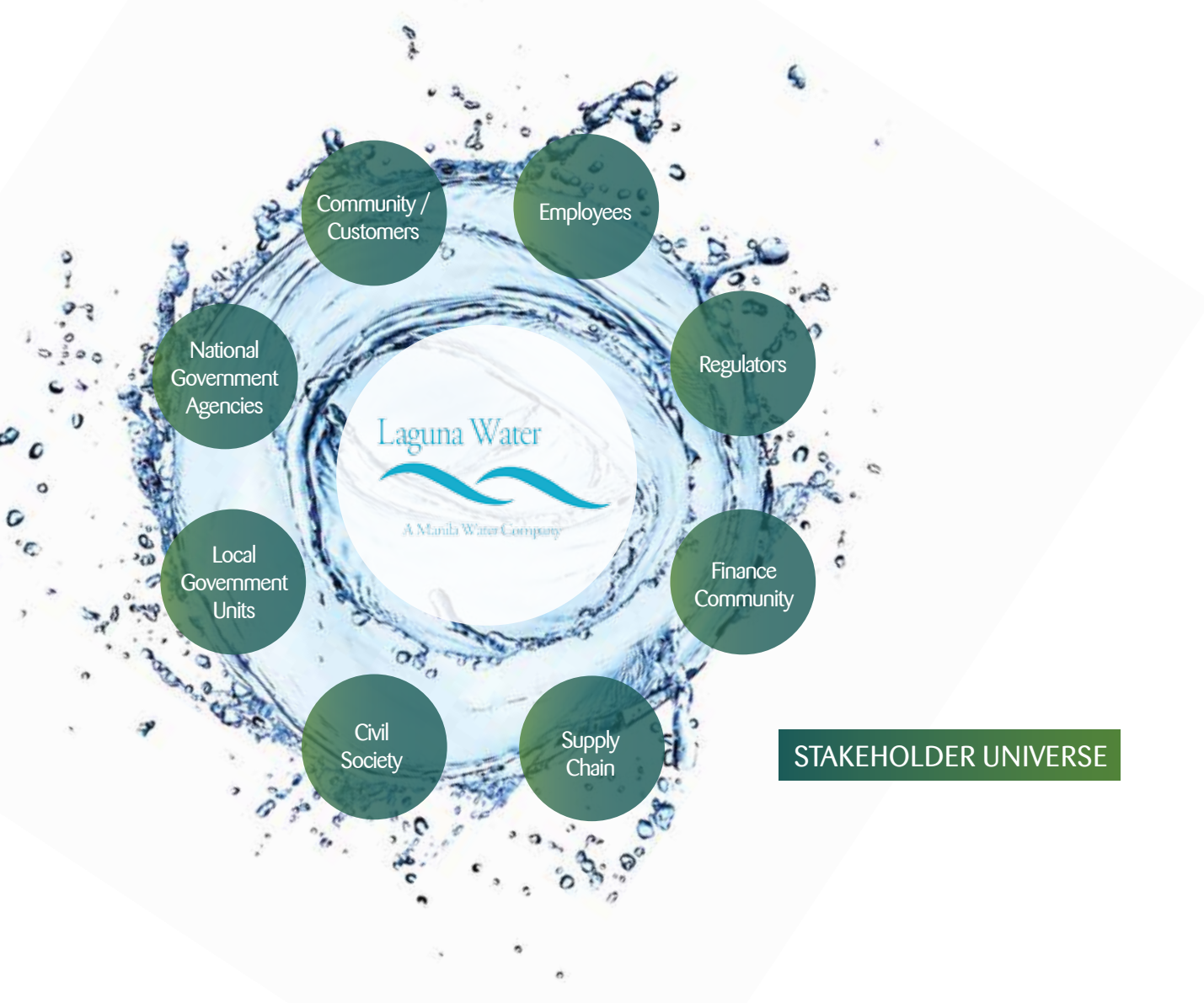
allocation for CAPEX



increase in customer base



customers served via TPSB and PBB



**STAKEHOLDER UNIVERSE**



**2012 Financial Highlights**

Total Revenue	189,533,610
Total Operating Expenditures	94,877,621
Capital Expenditure	191,602,245
Employee Wage and Benefits	14,971,076
Taxes and Licenses	5,892,398
Income Tax	25,455,802
Concession Fees	6,277,536
Donations	10,000
Net Income	56, 478,385

**MELVIN JOHN M. TAN**  
*General Manager and COO  
 Laguna Water*





# INVESTING IN EMPLOYEES

People development takes precedence among the many concerns of Laguna Water as the Company believes that its greatest resource is its employees.


People development takes precedence among the many concerns of Laguna Water as the Company believes that its greatest resource is its employees. It is based on this tenet that the new management did not hesitate to absorb most of the employees of the previous company when it took over the operations of Laguna Water in 2009.

Beginning on day one, Laguna Water has set in motion a re-tooling strategy meant to introduce change in the corporate culture using the territory management concept as its vehicle, and senior employees seconded from the mother company as catalysts. Empowerment, which is at the core of the new mindset, is now in practice and being applied concomitantly with values inculcation, particularly on integrity and responsibility to avoid abuse of authority.

### Territory Management Concept

The territory management training program has proven to be a potent tool in honing aspiring leaders and Laguna Water is making use of it to the hilt to better arm its key personnel in achieving success both in their corporate and personal lives.

Based on the concept of decentralization, the entire concession area was broken down into smaller territories called Demand Monitoring

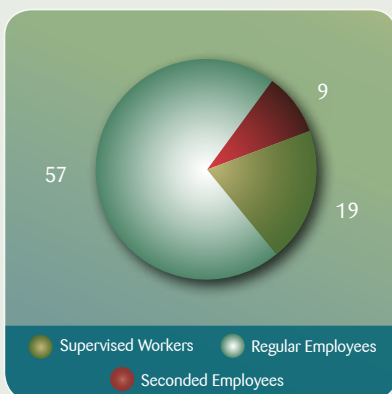


**BERNARD DRIZA**  
Accounting Manager,  
Laguna Water

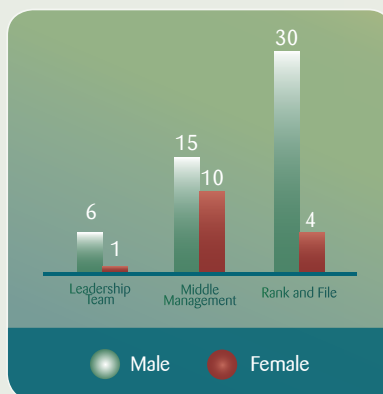
I consider myself as just one of those who were given the chance to prove themselves under the new management of Laguna Water. Even if I started only as rank and file, many opportunities came by way of promotions after I was voted as the model employee in 2010. I realized that through hard work and perseverance, moving up the corporate ladder is not that difficult. I now hold a supervisory position and I would like to thank Laguna Water for trusting me. I foresee my continued growth professionally at Laguna Water considering the Company's sustainable business model.

Zones (DMZ), each one headed by a Business Zone Manager (BZM) who is given a free hand to run the area. As opposed to the previous practice in which managing day-to-day operations is elevated to the General Manager, the introduction of the new concept significantly reduced the supervisory functions of top management, thus enabling the organization to react faster particularly during emergencies. To prepare the

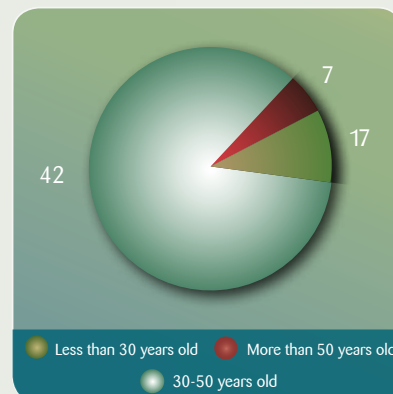
### Summary of Employees



### Employee Levels by Gender\*



### Employee Distribution by Age\*



BZMs for the serious responsibility placed on their shoulders, they went through several months of intense training which focused on leadership and business operation prior to deployment to their posts. Currently, each of the cities of Santa Rosa, Biñan and Cabuyao is being managed by a Business Zone Manager.

To effectively drill down corporate policies and strategies to the lowest level, DMZs were further broken down into much smaller territories called District Monitoring Areas (DMA), each headed by a Territory Manager (TM). The TMs, who report to the BZMs, also underwent training on leadership and business operation but on a smaller scale. TM trainees were evaluated during the course of the training and only those who met the Company's expectations were finally allowed to assume the roles of TMs.

Both the BZMs and TMs are crucial in seeing to it that the TM concept is carried out company-wide. They are tasked to supervise pipelaying contractors, meter readers, inspectors and other service providers. In terms of professional growth, both the BZMs and TMs have a good chance of clinching more senior positions in view of their rich experience in operational matters and people management as the Company becomes more mature.

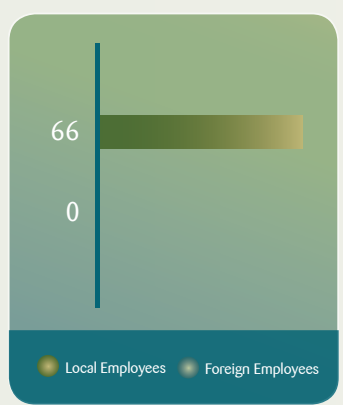


A front liner attends to the concerns of a customer.



Employee volunteers deliver drinking water to victims of Typhoon Ofel.

### Employees by Nationality\*



\*Excludes supervised workers

### New Employees Hired per Level by Age and Gender



### Employee Turnover per Age by Gender



## Rewarding Exemplary Performance

In recognition of exemplary performances, Laguna Water rewards achievers. For rank and file employees, the Company has been religiously holding its yearly search for ‘Huwarang Manggagawa’ (Model Employee) since 2010. For those in the supervisory level, on the other hand, the President’s Pride due to Performance (P3) was launched in 2012. On top of these recognition practices, all personnel are given cash rewards through the Annual Performance-Based Incentives (APBI) when individual targets are attained. Unlike across-the-board bonuses, the APBI excludes free-riders and highlights the value of hard work as the main criterion for entitlement to rewards and accolades. The individual performance of all employees is thus regularly evaluated and matched with quantifiable targets as agreed at the beginning of each year.

Already on its third year, the warm reception relative to the search for model employees has not waned and the awarding ceremony has remained one of the most awaited events each year. It is worth noting that previous winners have been promoted already, and one of them is already doing supervisory work. Now more than ever, rank and file employees strive to give their best knowing that there is hope for recognition and career growth.

## Keeping the Workplace Healthy and Safe

Caring for employees takes many forms in Laguna Water. Among them is the program on occupational health and safety which prevents accidents from happening in the workplace. Through the Company’s champion who trained on the Basic Occupational Safety and Health Training Course conducted by the Department of Labor and Employment, all personnel including contractors are required to comply with safety standards while in the workplace. A Safety and Health Committee, chaired by no less than the General Manager, sees to it that the policy on keeping everyone safe is complied with. From a simple ‘watch your step’ sign on a stairway, the members of the Committee ensure that employees are reminded of the need



Signages are prominently displayed in work areas to ensure safety of all personnel.

## Employee Turnover by Level



## Employee Benefits

	Government-mandated	Company-provided
SSS	Salary Loan Maternity Leave Paternity Leave Sickness Benefits Disability Benefits Death Benefits Employee Compensation Benefits 13th Month Pay	Rice Subsidy HMI Card Group Insurance Vacation Leave Sick Leave Uniform Annual Physical Examination 14th Month Bonus Cellphone Load Subsidy Meal Allowance
HDMF	Multi-Purpose Loan Housing Loan	Performance-based Incentives
PhilHealth	Hospitalization Benefits	



to protect themselves at all times, particularly in construction sites where wearing of protective equipment is a strict requirement.

Laguna Water is likewise very particular in choosing the Health Maintenance Organization (HMO) service provider for its people to maintain a healthy crop of employees. Laguna Water sees to it that only an HMO that can provide the best health plan for its personnel is considered. Over the years, the annual maximum limit for health coverage has been increasing steadily, thus providing comfort and peace of mind to employees during the most trying times. In addition, all personnel are required to undergo annual physical examination.

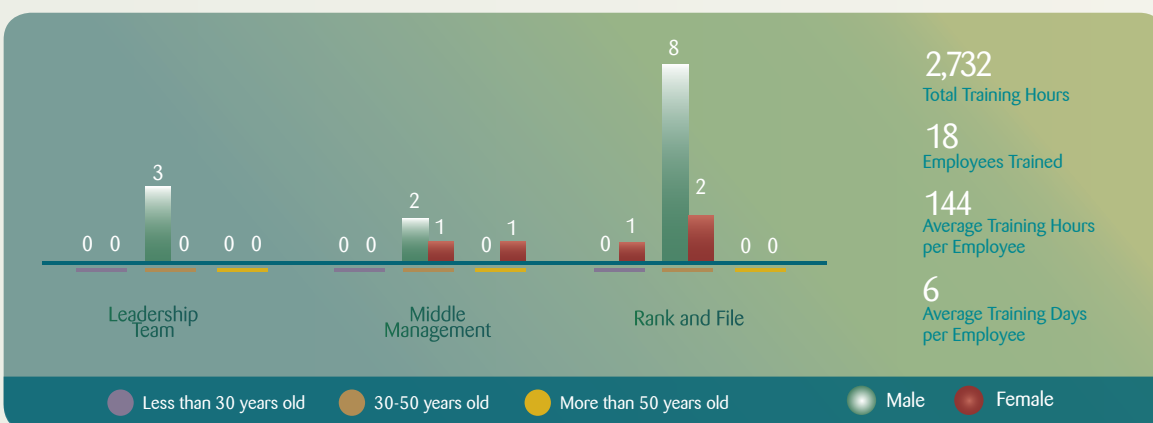
### 2012 Huwarang Manggagawa Awardees

1. Danilo Barundia
2. Michael Soriano
3. Andres Vierneza
4. Criselda Verzosa
5. Bengeber Sison
6. Joie Requina
7. Diosdado Perez
8. Jason Verzosa
9. Jose Antonio Pantig

### 2012 President's Pride due to Performance Awardees

1. Christiane Batallones
2. Angelie Cortero
3. Lorna Cuya
4. Bernard Driza
5. Teodorico Mayuga

Training Hours per Level by Age and Gender





One of the breakthroughs that Laguna Water has achieved so far is the reduction of its Non-Revenue Water (NRW) from a level of 48% in 2009 to 25% as of end of 2012.

# ACHIEVING OPERATIONAL EFFICIENCY





Laguna Water  
Naghahatid ng Malinis, Malinaw  
At Maaasahang Tubig 24/7





Laguna Water regularly tours key stakeholders to its facilities to show and explain the water trail from the source to the taps.

Aside from using common industry practices, Laguna Water introduced home-grown initiatives that befit the local environment to improve the operational efficiency of the circa 1938 antiquated network which the Company inherited. The significant gains in operational efficiency before and three years after the take-over of Laguna Water are shown below:

	2009	2012
<b>Water Pressure</b>	<7 psi	11 psi
<b>Water Availability</b>	<24 hours	24 hours
<b>Water Quality</b>	Non-compliant with PNSDW	Compliant with PNSDW
<b>Non-Revenue Water</b>	48%	25%
<b>Service Coverage</b>	14%	28%

### Water Saving Efficiency

NRW or water lost mainly due to pipe leaks and water pilferages has remained as one of the barometers in assessing the efficiency of water systems because this impacts directly on the bottom line and the level of service to customers. Leaking pipes do not only reduce water pressure but likewise result in water quality problems due to the intrusion of dirty water, which may come from canals among others, in the network. With less water going to the customers' taps, there is a need to spend more for water sourcing and filtration systems.

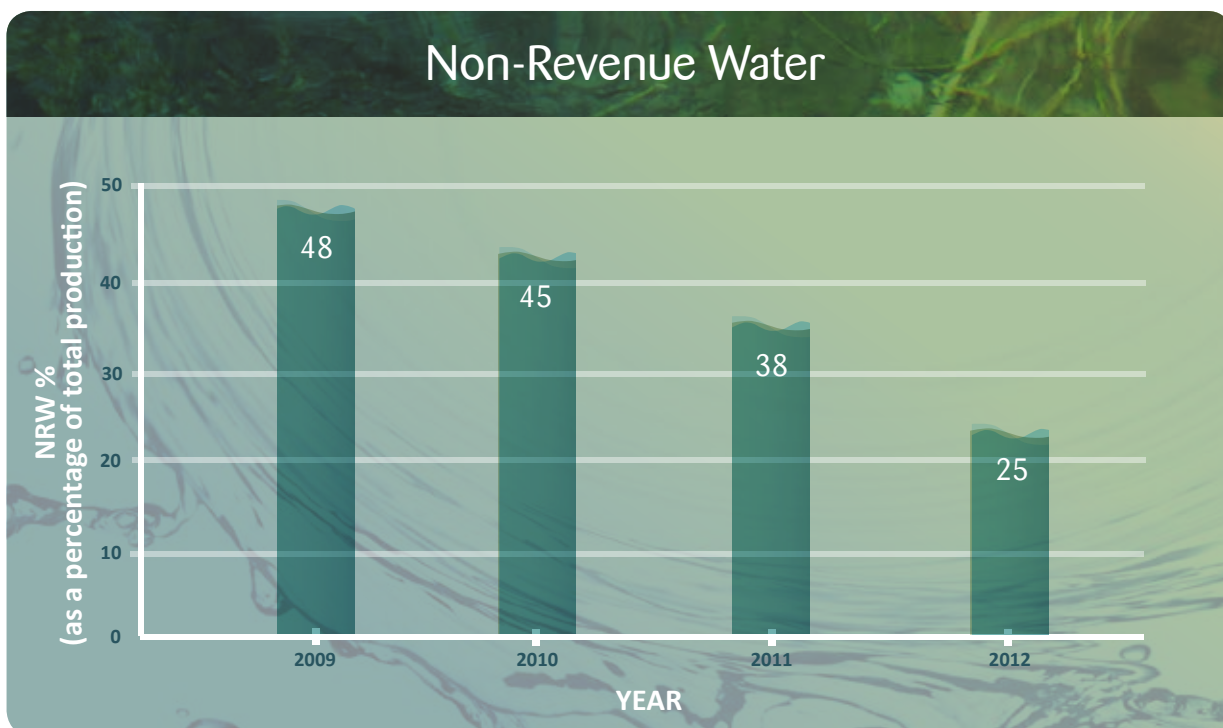
One of the breakthroughs that Laguna Water has achieved so far is the reduction of its Non-Revenue Water (NRW) from a level of 48% in 2009 to 25% as of end of 2012. The Company's serious efforts to finally arrest the rise of its NRW level became apparent with the formation of a dedicated team composed mainly of seasoned employees who know the terrain better. The continuing successes of the team may be attributed to its use of modern equipment and

partnership with the locals who provide information on illegal water service connections and pipe leaks. Finally, Laguna Water is winning the fight against water loss after a lull that stretched for several years at the expense of both the customers and the Company's image as a reliable service provider. With its unrelenting efforts to control water loss, it is apparent that the Company is on the right track and it is just a matter of time before its NRW level is further reduced to international standards.

### Power Use Optimization

Laguna Water is keeping a close watch on its use of power not only because of its cost implications, but more importantly, because it is mindful of its carbon footprint. To ensure minimal use of power, the Company adopted a two-pronged approach in conveying water, depending on the raw water source. For the electricity-dependent deepwells, Laguna Water is using power optimally, while for its surface water source, the Company is maximizing the use of the gravity-fed Matang Tubig Spring (MTS) network.

As ground water sourcing requires power to draw water and push the same to reach the customers, Laguna Water sees to it that appropriate measures are put in place to ensure that power is used minimally. Upon take-over by the new management, it was observed that many of the pumps and motors have exceeded their useful life but have remained in use. Thus, one of the strategies employed to reduce power consumption was the replacement of the old pumps and motors which were determined to be using too much power but pushing too little amount of water. Another strategy used was the installation of Variable Frequency Drive, a device which adjusts water flow and volume depending on the prevailing water pressure in the system so that more water is pushed only to the distribution lines every time the water pressure drops below normal. While total power cost over the years has



increased as a consequence of growth in customer base, it is worth noting that on a per cubic meter basis, power consumption dropped from 0.30kwh/cu.m. in 2011 to 0.25kwh/cu.m. in 2012.

To further reduce power consumption relative to water sourcing, Laguna Water pushed for the rehabilitation of the antiquated MTS network, a surface water source that conveys water through gravity. Previously, precious water is lost in the system due to the many cracks along the pipeline and because of the vulnerability of this facility to both natural calamities and human interventions. By fortifying the intake box, encasing the aqueducts located in landslide-prone areas with thick concrete, and replacing the old and leaking pipelines, the MTS network is now a more efficient and reliable source of cheaper spring water.



Employees of Laguna Water wearing protective gears are shown handling powdered chlorine.



Leak detection teams regularly check service connections to prevent water loss resulting from pipe breakages.

### Efficient Use of Chlorine

For disinfection purposes, Laguna Water uses powdered chlorine mixed with water for the Matang Tubing Spring and liquid chlorine for deep wells. Liquid and powdered chlorine are packaged in plastic containers and stocked within the Company's compound outside the building. The stack of chlorine is enclosed with cyclone wires and protected from the sun and rain by a roof. Chlorination takes place in open areas for deep wells and large rooms with wide windows for the Matang Tubig Spring.

Laguna Water has not experienced a chlorine leak incident so far, owing to the careful handling procedures practiced by its personnel and also because in terms of risks, both liquid and powdered chlorine are safer to use and not as lethal as compared with the gaseous form. Also, employees in charge of chlorine dosing wear protective gears such as masks, hard hats and gloves. If by chance chlorine is spilled, the Company does not foresee serious consequences as the employees wear protective gears, plus the good air circulation in the working area will easily dissipate chlorine fumes.

Wary of the need to achieve operational efficiency, particularly on conservation of raw materials, Laguna Water shifted from the use of analog chlorinators to the more cost-effective digital chlorinators for its direct-injection deep wells. Unlike the analog chlorinator which releases chlorine based on volume set manually, the digital chlorinator is sensitive to water pressure and automatically adjusts chlorine injection. Thus, the shift to the pressure-sensitive chlorinator results in an even and standard dosing of chlorine. This is different from before where chlorine level varies depending on water pressure. As a result of the change in strategy, the Company saved on chlorine costs which dropped from



Laguna Water uses the DMI-65 Filtration System, a state-of-the-art device, to reduce manganese content in water.

PhP 0.35/cu.m. to PhP 0.32/cu.m. The Company is currently in the process of making the necessary adjustments to be able to fit the digital chlorinator for its gravity-fed deep wells also.

### Raising the Bar in Water Filtration

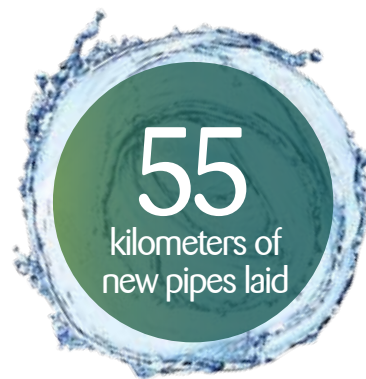
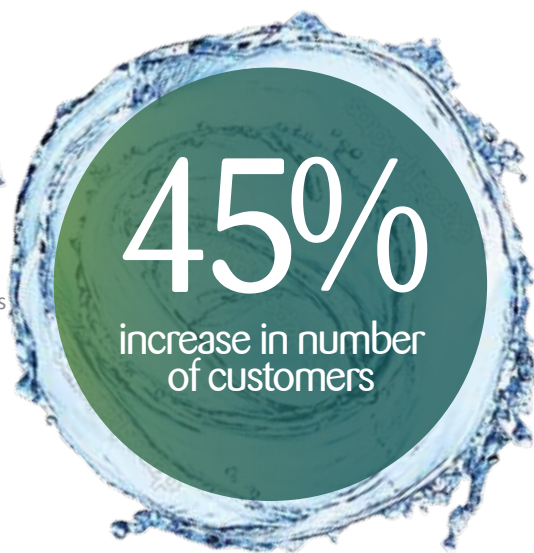
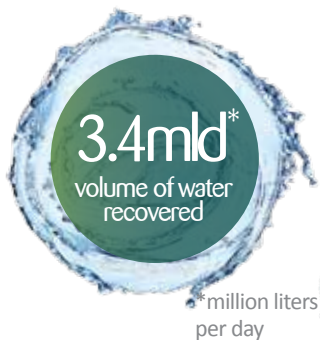
Laguna Water pioneered the use of a modern filtration system that finally addressed the recurring water quality problems in some parts of its concession area. Dubbed as DMI-65, this water filtration device adjusts the iron and manganese content in water to a level that conforms to the Philippine National Standards for Drinking Water (PNSDW).

Laguna Water is keeping a close watch on its use of power not only because of its cost implications, but more importantly, because it is mindful of its carbon footprint.

As required by the PNSDW, iron and manganese levels should not exceed 1mg/l and 0.4mg/l, respectively. Excessive amounts of iron and manganese cause water to have yellowish colors, and fishy smell, and leave brownish stains on tiles, pails and other non-metallic kitchen wares.

The use of DMI-65 is limited only to companies that are technically and financially equipped to maintain the system. This is proof that the Company continues to uphold its commitments of quality water for all of its stakeholders regardless of the cost implications.

About 30,000 residents currently benefit from this innovation.



### Innovative Solutions

In consideration of the uniqueness of the area where best practices in the industry or commonly used gadgets are not applicable, Laguna Water encourages its personnel to think out of the box. Relative to ensuring water quality and supply reliability, Laguna Water is proud to have developed and introduced the following ingenious ideas:

- In areas where pipe replacement is not applicable in solving problems related to low water pressure and/or dirty water, Laguna Water developed pipe cleaning, or the process of cleaning the inner lining of pipes, as a faster and cheaper alternative. Simply put, pipe cleaning is a process that de-clogs pipes through the combined use of brushing and the application of chemicals to soften and disentangle the dirt and grime which have accumulated over the years. The process has become one of the best practices of Laguna Water and this has resulted to enormous savings and further improvement of the Company's image in terms of reliability. As a result of this resourcefulness, 10 kilometres of pipes have been 'cleaned' so far, resulting in improved service levels that benefit about 6,500 people.
- Laguna Water is likewise proud to have developed a water alert level notification system that sends a text message (SMS) to the facility operator when the water level in a deep well facility has reached critical level. Through the use of a sensor linked to a cellular phone, a drop in the desired water level triggers text message sending. The notification system eases the work load of each facility operator, who oversees the operation of several deep well facilities. The approach is proactive in nature because supply problems are detected and fixed before the customers run out of water.



**MARK ANTHONY VILLACAMPA**  
HOA President, Mabuhay City Subdivision  
Phase 1 and 2, Cabuyao, Laguna

Laguna Water has been very sensitive to the water needs of our community and I reciprocate that by bringing the Company closer to our people. Specifically, I assist Laguna Water during meetings with the Homeowners or in disseminating information, like when they announced the new payment facilities recently. The improvement on water quality, pressure and even in customer contact is reflective of their drive to continually uplift the level of service that they render. The personnel of Laguna Water are very easy to reach- even during weekends, and their reaction time is really fast.

I am sure that even if I'm no longer the President of our Homeowners' Association, our relationship with Laguna Water will not deteriorate because their people are easy to get along with. (Translated)





A graphic of water splashing, rendered in a dark green color, located on the left side of the page, partially overlapping the dark green banner.

# STEWARD OF ENVIRONMENTAL PROTECTION

Laguna Water commits to remain steadfast in environmental protection, sensitive to tell-tale signs of environmental stress and compliant with all of the requirements of the law.

Environmental protection will always be akin to Laguna Water’s business operations as the Company is fully aware that its sustainability depends on a healthy environment. In particular, the Company sees to it that ground water sourcing is not abused and its carbon emission, minimized.

### Wise Use of Wells

As part of its environmental protection initiatives, Laguna Water seeks the advice of experts relative to water sourcing. The green light to construct more deep wells was given only after a study conducted by the University of the Philippines Hydraulics Research Center showed that drawing more ground water is still within the extraction limits in the area. Said study, which covered the three cities of Cabuyao, Biñan and Santa Rosa, was commissioned by the Company after another study showed that the development of a surface water source will take longer to finish.

As a parallel activity related to wise use of ground water, Laguna Water partnered with the LGUs and community leaders in convincing the public to avoid the use of contamination-prone shallow wells in areas already being supplied by the Company to avoid waterborne diseases.

### Protecting Matang Tubig Spring

In a way, Laguna Water owes its existence to the development of its raw water source, the Matang Tubig Spring, located at the uplands of Barangay Casile, City of Cabuyao. Based on records, the Spring was tapped as a source of potable water about 80 years ago for the inhabitants of the municipalities (now cities) of Cabuyao, Biñan and Santa Rosa because of its pristine water quality and sufficient yield. The concrete upper and lower intake boxes at the mouth of the Spring were the first to be constructed in 1938. After that, the main distribution lines were laid, traversing the municipalities of Cabuyao, Santa Rosa and finally ending at the municipality of Biñan.

Water distribution covered by the Matang Tubig influence area was initially a function of the National Waterworks and Sewerage System but was later on transferred to the Provincial Capitol of Laguna when the former was dissolved in the 1980s. The

Cabuyao, Santa Rosa, Biñan Waterworks Division under the office of the Provincial Engineer continued the work of its predecessor and attempted, but failed, to improve further the delivery of service to its customer due to lack of funds. The private sector, through a public-private partnership, was thus invited to assist the Province in obtaining the desired level of service to its growing customer base. The synergy gave birth to Laguna Water, a subsidiary of the Ayala-led Manila Water Company, which started the Matang Tubig upgrade.

The previously neglected Matang Tubig facilities exposed to various elements were made impregnable to withstand falling rocks, landslides, and even intrusion by unauthorized persons upon take-over of Laguna Water. The lower intake box is now fenced and the previously exposed pipes near the source now encased in cement. Access to the area, particularly during emergency repairs, is now easier due to the concreting of the foot path. Trees were also planted at the periphery of the Matang Tubig spring to keep the area green and protected from soil erosion. For the community to have a stake in protecting the MTS area, Laguna Water tapped the services of the residents in maintaining the plantlets. Laguna Water shall continue to plant trees yearly, to be timed at the onset of the rainy season, until the area becomes adequately covered.



Matang Tubig Spring



Laguna Water was recognized by the Save Silang Santa Rosa River Foundation (S<sup>3</sup>R<sup>2</sup>) for raising awareness on environmental protection. Picture shows Laguna Water employees with officials of the Local Government of Santa Rosa join a Fun Run sponsored by S<sup>3</sup>R<sup>2</sup>.

The remaining work to be done to optimize the yield of the Matang Tubig Spring is the total replacement of the original cast iron pipes that extend from the source all the way to the City of Biñan. So far, about 50% of these pipes have been replaced, while the replacement of the remaining 50% is included in Laguna Water's medium-term plans.

As a way of giving back to Mother Nature, and consistent with its commitment of using current resources sparingly in consideration of the future generations, Laguna Water shall continue its work of protecting the Matang Tubig Spring.

### Reduction of Carbon Emission

With about 140 square kilometers of roads to cover and 50 field personnel who need to be on the road at all times, Laguna Water is still keeping the number of its vehicles to a minimum to ensure that its environmental footprint remains minimal. Rather than adding more vehicles, Laguna Water had ingeniously designed a scheme where people are dropped and then fetched, if there are available vehicles, or are asked to take public transportation on the way back to the office. Management sees to it, however, that service level agreements are met and emergencies are attended to with dispatch. On top of the effective vehicle allocation, Laguna Water also makes sure that all vehicles remain in good condition by following the factory designed maintenance schedule. Thus, fuel efficiency of all vehicles is within the desired limits regardless of the number of years that they have been in use. The current efficiency in handling vehicle allocation and maintenance is accomplished easily as the number of service vehicles is still few. With the continuing growth of customer base and the corresponding increase in personnel, however, it will just be a matter of time before Laguna Water sets up a dedicated unit to handle fleet management.

The members of the Board likewise serve as exemplars of a breed that practice carbon emission reduction by conducting meetings via teleconferencing whenever possible. Three members of the Board are from Santa Cruz,

## Expenditures on Environmental Protection

120 M

Rehabilitation of Matang Tubig Spring

2 M

Ground water study

0.25 M

Tree planting, vehicle maintenance, etc.

Laguna while the remaining members are from Quezon City, or about 150 kilometers away. When matters for discussion could be resolved without the need for the members of the Board to be in the same venue, teleconferencing is being practiced to save both on gasoline and travel time. In 2012, the members of the Board met twice via teleconferencing, thus reducing gasoline consumption equivalent to about five hours of driving.

Laguna Water commits to remain steadfast in environmental protection, be sensitive to tell-tale signs of environmental stress and continue to comply with all of the requirements of the law. The success of Laguna Water in handling environmental concerns is manifested by the fact that the Company has never been fined nor sanctioned as a result of non-compliance with any of the environmental laws and regulations in the country.



In the years ahead, Laguna Water shall continue to reach out to more unserved and underserved areas in a manner that protects the environment and uplifts the quality of life of all its stakeholders.

# SUSTAINING GROWTH





PHILIPPINE WATER WORKS ASSOCIATION  
INCORPORATED  
1958  
MEMBERSHIP LIST  
2018-2019



In the years ahead, Laguna Water shall continue to reach out to more unserved and underserved areas in a manner that protects the environment and uplifts the quality of life of all its stakeholders. Laguna Water shall tirelessly challenge itself to become more responsive to the needs of its customers and likewise position itself as a better option to contamination-prone shallow wells and other unreliable water sources.

For the immediate future, extending up to the medium-term, the Company shall interconnect its patches of water networks until access to a water service connection is made available to all parts of the service area. Laguna Water shall also continue to entice private water system operators to turn over their water systems to the Company having had a vast and proven expertise in managing water systems, to give them more time to be more productive by focusing on their fields of expertise. This forms part of the long-term plan of developing a centralized water system in the Province of Laguna that will finally result in water sustainability for decades.

For its community engagements, the network expansion over the next few years will further improve water supply and thus enable the Company to provide water connections to public institutions like schools, hospitals and markets through its expanded Lingap programs. Laguna Water envisions a type

**The long term plan of Laguna Water is to develop a centralized water system that will finally result in water sustainability for decades.**

of relationship where concerned stakeholders involved in providing public service benefit from assistance meant to reduce water-borne diseases and other maladies resulting from lack of clean and affordable water supply. Water education for both children and decision makers shall also form part of the strategy that Laguna Water shall initiate in the near future to inculcate the importance of wise water use



Laguna Water hopes to help revive Laguna Lake, a dying raw water source, upon the implementation of its wastewater management plan.

and to float the serious efforts involved in ensuring the provision of potable water to the populace.

The commitment of Laguna Water towards environmental protection will be pushed to the next level with the Company's venture into wastewater management within a decade from now. It is hoped that Laguna Water's venture into wastewater management will significantly result in cleaner water ways and ultimately contribute to saving the dying Laguna de Bay.

The sustained growth and continuing maturity of the Company will work positively for it to become more familiar with the local environment and acquire more skills in greening the planet, building more communities, and improving the lives of people that it touches.

# Stakeholders' Commentaries



**HON. ARLENE  
ARCILLAS**  
*City Mayor,  
Santa Rosa, Laguna*

Laguna Water's release of its first Sustainability Report is something that did not come as a surprise for me as I have always known that among the priorities of the Company are community development and environmental protection.

When we were crafting our Environmental Code in 2010, Laguna Water representatives shared with us their ideas on sustainable water source development and wastewater management. The Company is also an active member of the Save Silang Santa Rosa River Foundation (S3R2) and had participated in many of our activities like tree planting. Most importantly, its water projects are being implemented massively-even in relocations sites, and I believe that it is just a matter of time before all of the residents in our 18 barangays will have access to clean drinking water.

For a first timer, it is good to know that the Sustainability Report of Laguna Water is already compliant with the internationally-known GRI reporting system. Doing charity work is challenging enough, but to adopt a structured reporting method raises the bar a notch higher.

I wish Laguna Water a pleasant trip in its sustainable development journey. I am confident that despite the bumpy ride ahead, the Company will do very well considering its rich experience in community development and its passion for caring for others.



**HON. DR. MARLYN  
"LEN" B. ALONTE**  
*City Mayor,  
Biñan, Laguna*

I would like to convey my warmest congratulations to Laguna Water for coming up with its first Sustainability Report.

For some reasons, there was skepticism from my part concerning the company's plan of servicing the City of Biñan. However, the much-needed improvements in our city's water supply situation brought about by the Laguna Water's committed and continuing efforts to upgrade the water quality are truly satisfying.

It is gladdening to learn that the water connections we had several years ago had increased immensely, helping reduce the water borne diseases in some areas. From a mere hundreds of users of the artesian and private wells, there is a 9,500 hike in the service connections and maximum access of about 16 barangays to a gainful piped water supply that ensures a more comfortable life. Today, more residents are availing of the services offered by the Laguna Water. It feels comforting to see that the company is helping my administration address one of its major concerns and basic necessities of the people which is quality water. And aside from the pipes connecting to the homes for the necessary water supply, fire hydrants are built to augment and strengthen the service due the people.

Giving back to the community and caring for the environment are essential elements of responsible entrepreneurship and I am indeed glad that the Laguna Water is taking this to heart. The Sustainability Report is a product of a serious effort meant to highlight and define clearly the position of the company to do business and gain profit in parallel with its corporate social and environmental responsibilities.

On behalf of my beloved City of Biñan, I wish Laguna Water well in its effort towards sustainable development and look forward to a fruitful partnership with it.





**HON. CARLO M. ALMORO**  
*Board Member, 1st District,  
Province of Laguna*

Among the provincial districts in the Province of Laguna, the First District of Laguna in terms of urban development may be said to have been doing its level best to be at par with its neighboring cities in Metro Manila. However, we are faced with many challenges, one of which is the absence of surface water sources unlike the towns in the southern tip of the province, say, Majayjay and Pagsanjan.

It is thus comforting to know that the Ayala Group of Companies, a renowned conglomerate in the country, has ventured into piped water supply through its subsidiary, the Laguna AAA Water Corporation. Through Laguna Water's 2012 Sustainability Report, the detailed accomplishment and future plans of the Company related to water sufficiency are made public and could thus be used by the Local Government Units and other decision makers to marry their development plans in the area. But more than just the provision of water supply, the Sustainability Report demonstrates the Company's philanthropic nature and environment-friendly stance, which is a rarity these days.

I particularly like the discussions in the section Wise Use of Wells, where it was made clear that deep wells are safer to use than the commonly used artesian wells as far as water quality is concerned. It is also very professional and responsible for the Company to have conducted a study first on the ground water in the area before deciding to use deep wells extensively. I also appreciate the idea of hiring local labor for the Company's expansion projects as it lightens our load of providing income for our constituents. I am very excited however to see the realization of the Hanapbuhay Para sa Barangay Program where Laguna Water shall provide seed capital, help set-up cooperatives and patronize the products and services of said beneficiaries.

Overall, I wish to congratulate Laguna Water for developing its Sustainability Report, its a light-read in terms of presentation, but quite heavy on its contents. I also hope that the Company continue to partner with us in providing piped water supply and in developing this corridor to the south into becoming a pleasant and comfortable niche for urban living.

# GRI Index

## Profile Disclosure

	Items	Page	Section
<b>1</b>	<b>Strategies and Analysis</b>		
<b>1.1</b>	Statement from the most senior decision-maker of the Company	2	Message from the Chairman
<b>2</b>	<b>Organization Profile</b>		
<b>2.1</b>	Name of the organization	Front Cover	
<b>2.2</b>	Primary brands, products and/or services	6	Company Profile
<b>2.3</b>	Organizational structure and main division	7	Organizational Structure
<b>2.4</b>	Location of organization's headquarters	Back Cover	
<b>2.5</b>	Countries / areas of operations	6	Company Profile
<b>2.6</b>	Nature of ownership and legal form	6	Board of Directors
<b>2.7</b>	Markets served	12	Cornerstone of Community Development
<b>2.8</b>	Scale of the reporting organization	19	Investing in Employees
<b>2.9</b>	Significant changes during the reporting period	2 4	Message from the Chairman Message from the President
<b>2.10</b>	Awards received during the reporting period	33	Steward of Environment Protection
<b>3</b>	<b>Report Parameters</b>		
<b>3.1</b>	Reporting period for information provided	1	About this Report
<b>3.2</b>	Date of mosts recent previous report	1	About this Report
<b>3.3</b>	Reporting cycle	1	About this Report
<b>3.4</b>	Contact point for questions regarding the report or its contents	1	About this Report
<b>3.5</b>	Process of defining report content	1	About this Report
<b>3.6</b>	Boundary of the Report	1	About this Report
<b>3.7</b>	Specific limitations on the scope or boundary of the report	1	About this Report
<b>3.8</b>	Basis for reporting on joint ventures / subsidiaries	1	About this Report
<b>3.10</b>	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statements	1	About this Report
<b>3.11</b>	Significant changes from previous reporting period in the scope, boundary, or measurement methods applied in the report	1	About this Report
<b>3.12</b>	Table identifying the location of Standard Disclosures in the report	1	About this Report
<b>3.13</b>	Current policy and practice dealing with external verification		GRI Index
<b>4</b>	<b>Governance, Commitments and Engagement</b>		
<b>4.1</b>	Governance structure of the organization	6	Board of Directors
<b>4.2</b>	Chair of the highest governance body	6	Board of Directors
<b>4.3</b>	Members of the highest governance body	6	Board of Directors
<b>4.4</b>	Mechanisms for shareholders to provide recommendations and directions	6 6	Board of Directors Executive Committee
<b>4.14</b>	List of Stakeholder group engaged	17	Cornerstone of Community Development
<b>4.15</b>	Basis for identification and selection of stakeholders with whom to engage	17	Cornerstone of Community Development

## Performance Indicators

Performance Indicator	Description	Page	Page and Section
<b>Society Indicators</b>			
<b>SO1</b>	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	15	Local Job Generation
<b>Labor Practices and Decent Work Indicators</b>			
<b>Employment</b>			
<b>LA1</b>	Total workforce by employment type, employment contract and region	18	Investing in Employees
<b>LA2</b>	Total number and rate of employee turn-over by age group, gender and region	18	Investing in Employees
<b>LA3</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	18	Investing in Employees
<b>Occupational Health and Safety</b>			
<b>LA6</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	23	Keeping the Workplace Healthy and Safe
<b>Training and Education</b>			
<b>LA10</b>	Average hours of training per year per employee by employee category	18	Investing in Employees
<b>LA12</b>	Percentage of employees receiving regular performance and career development reviews	18	Investing in Employees
<b>Environmental Performance Indicators</b>			
<b>Materials</b>			
<b>EN1</b>	Materials used by weight or volume	28	Efficient use of chlorine
<b>Energy</b>			
<b>EN3</b>	Direct energy consumption by primary energy source	26	Power Use Optimization
<b>EN5</b>	Energy saved due to consideration and efficiency improvement	24	Achieving Operational Efficiency
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved	33	Reduction of Carbon Emission

## Emissions, Effluents and Waste

<b>EN 23</b>	Total number and volume of significant spills	28	Efficient Use of Chlorine
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## Compliance

<b>EN 28</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	33	Reduction of Carbon Emission
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## Transport

<b>EN 29</b>	Significant environmental impacts or transporting products and other goods and materials used for the organization's operations and transporting members of workforce	33	Reduction of Carbon Emission
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## Overall

<b>EN 30</b>	Total environmental protection expenditures and investments by type	33	Expenditures on Environmental Protection
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## Economic Performance Indicator

<b>EC1</b>	Direct economic value generated and distributed	17	Cornerstone of Community Development
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## GRI Application Levels

# Application Level Criteria

Report Application Level

**C**

C+

B

B+

A

A+

Standard Disclosures

Report Application Level	C	C+	B	B+	A	A+
Profile Disclosures <b>OUTPUT</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4. - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16-4.17		Same as requirement for Level B	
Disclosures on Management Approach <b>OUTPUT</b>	Not required	<b>Report Externally Assured</b>	Management Approach Disclosures for each Indicator Category	<b>Report Externally Assured</b>	Management Approach disclosed for each Indicator Category	<b>Report Externally Assured</b>
Performance Indicators & Sector Supplement Performance Indicators <b>OUTPUT</b>	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**	<b>Report Externally Assured</b>	Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***	<b>Report Externally Assured</b>	Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either a) reporting on the indicator or b) explaining the reason for its omission.	<b>Report Externally Assured</b>

\* Sector supplement in final version

\*\* Performance indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

\*\*\* Performance indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

## ACKNOWLEDGEMENTS

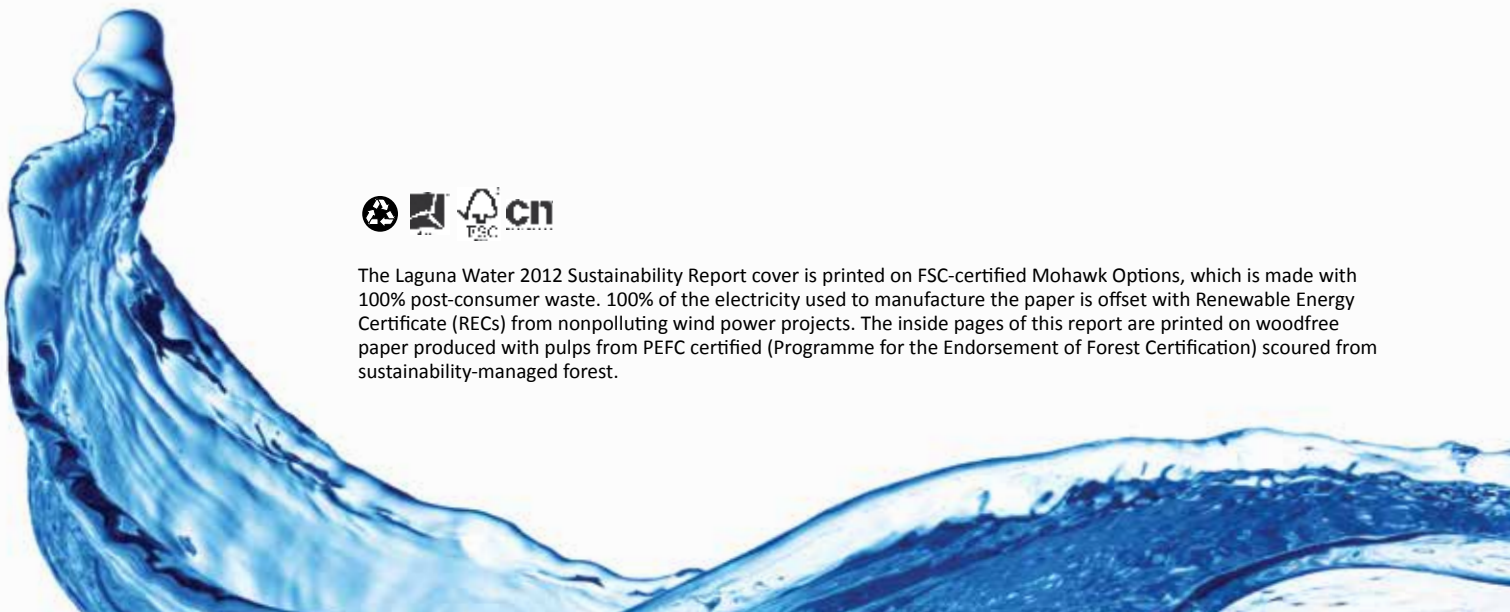
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