

# **JG Summit Holdings, Inc.**

2020 Sustainability Report in compliance with the SEC  
Sustainability Reporting Guidelines for Publicly Listed  
Companies

## Contextual Information

Company Details	
Name of Organization	JG Summit Holdings, Inc.
Location of Headquarters	Robinsons Equitable Tower
Location of Operations	<p>The parent company and its subsidiaries conduct businesses throughout the Philippines, in and around Metro Manila (where it is based) and in the regions of Luzon, Visayas, and Mindanao. It also has presence in several regions in the Asia Pacific. A more detailed map of the company's geographic presence is available at <a href="https://www.jgsummit.com.ph/annualreport2018/about-the-company.php">https://www.jgsummit.com.ph/annualreport2018/about-the-company.php</a></p> <p>Subsidiaries</p> <ul style="list-style-type: none"> <li>- <b>Universal Robina Corporation (URC)</b> has manufacturing facilities in the Philippines, Myanmar, Thailand, Vietnam, Indonesia, Malaysia, Australia, China and New Zealand; distribution facilities in Laos and Cambodia; and sales offices in Hong Kong and Singapore.</li> <li>- <b>Cebu Pacific</b> and subsidiary <b>Cebgo, Inc.</b> offer flights to Philippine and international destinations, spanning Asia, Australia, and the Middle East. A list of Cebu Pacific sales offices is available at <a href="https://cebuspacifaircorporate.com/Pages/contact-us.aspx">https://cebuspacifaircorporate.com/Pages/contact-us.aspx</a></li> <li>- <b>JG Summit Petrochemicals Group (JGSPG)</b>, headquartered in Pasig City, operates its manufacturing plant in Batangas City.</li> <li>- <b>Robinsons Land Corporation (RLC)</b> has properties distributed in 49 cities and 11 municipalities in 29 provinces.</li> <li>- <b>Robinsons Bank Corporation (RBank)</b> and its subsidiary, Legazpi Savings Bank, have 173 branches in 42 provinces. Robinsons Bank also has 50 banking agents located in seven provinces.</li> </ul>
Report Boundary	<p>Unless otherwise specified in specific sections, this report shall cover JG Summit Holdings, Inc. (JGSHI) including its five strategic business units (or subsidiaries):</p> <p><b>Universal Robina Corporation</b></p> <ul style="list-style-type: none"> <li>● Branded Consumer Foods (BCF) Philippines and International</li> <li>● Agro-Industrial and Commodities (AIC)</li> </ul> <p><b>Cebu Air, Inc.</b></p> <ul style="list-style-type: none"> <li>● Cebgo, Inc.</li> </ul> <p><b>Robinsons Land Corporation</b></p> <ul style="list-style-type: none"> <li>● Robinsons Malls</li> <li>● Robinsons Offices</li> <li>● Robinsons Hotels and Resorts</li> <li>● Robinsons Residential</li> <li>● Robinsons Industrial and Integrated Developments</li> </ul> <p><b>Robinsons Bank Corporation</b></p> <ul style="list-style-type: none"> <li>● Legazpi Savings Bank, Inc.</li> </ul> <p><b>JG Summit Petrochemicals Group</b></p> <ul style="list-style-type: none"> <li>● JG Summit Olefins Corporation</li> <li>● JG Summit Petrochemical Corporation</li> </ul> <p>While our objective is to comprehensively report information, we continue to face challenges in data collection and validation given the multi-industry nature of our group.</p> <p>This report includes additional coverage versus 2019 but note that we continue to face limitations in scope and coverage. For</p>

	<p>transparency and to set the right context we have noted these in each of the sections.</p> <p>As we progress, we hope to add/expand scope and coverage in our succeeding reports</p>
Business Model, including Primary Activities, Brands, Products, and Services	JG Summit Holdings, Inc. is a holdings company for a group of companies with substantial business interests in foods, agro-industrial and commodities, real estate and hotel, air transportation and petrochemicals. It also has core investments in telecommunications, and power generation and distribution.
Reporting Period	January 1, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	<p>Renato Salud Senior Vice President Corporate Affairs and Sustainability</p> <p>Michael P. Liwanag Senior Vice President Investor Relations, Office of the Chief of Staff</p>

## Materiality Process

With the understanding that sustainability is critical for the conglomerate, JGSHI Corporate Affairs and Sustainability started the conglomerate’s sustainability journey through the following steps:

**Setting Objectives.** Sustainability topics are first understood in the context of current societal needs during a GRI Standards Training and a series of Materiality Courses held in 2018 for more than 50 data handlers, supervisors, and managers in the subsidiaries. These sessions helped widen the business perspective in the group across different functions, and identify what truly matters for the company and its stakeholders.

**Identification and Categorization of Sustainability Issues.** Publicly-listed companies in the group released their inaugural sustainability reports in 2018 (URC) and 2019 (RLC and CEB) in order to take an inward look on the issues affecting their respective industries and their business. Through the sustainability reporting exercise, sustainability is taken to management committee discussions. Data collection of non-financial data was also activated alongside the usual yearly financial data collection.

**Stakeholder Engagement.** To engage the group’s internal stakeholders, a Sustainability Leads Team was created in 2018 to coalesce the key people that best understand the needs of the business units’ stakeholders. The same Sustainability Leads drove the business units’ stakeholder engagement for their sustainability reports. Through the Leads Team, the business units are able to exchange best practices and communicate their needs in championing sustainability. JGSHI is also able to directly communicate to the business units its future priority areas around sustainability, and identify possible areas of synergy within the conglomerate’s ecosystem.

To engage JGSHI’s external stakeholders, Corporate Affairs works hand in hand with Investor Relations to capture investor expectations around sustainability.

**Prioritization.** Also in 2019, Corporate Affairs initiated a CEO-level roundtable to exchange priority areas and provide a platform for strategic discussion on the conglomerate sustainability imperatives. In this initial meeting, the business units presented their respective five-year business strategy vis-à-vis their sustainability framework to show how sustainability is integrated in their strategic plans.

In the same forum, the sustainability topics that are common across the group as well as those sought by critical stakeholders were presented to top management for review and prioritization. This was a result of the materiality exercise by each business unit.

**Process Review.** With a complete suite of inputs from the data owners all the way to CEOs, JGSHI started obtaining baseline data for the calendar year 2019 as basis for measuring performance on each of the material topics identified. The GRI Reporting Standards and the SEC Guidelines were closely followed. Aside from data, existing management approaches – from operational targets to corporate policies – are also captured to complete the picture of how JGSHI and its subsidiaries move

to improve the performance in these areas.

An analysis of data gaps in each material topic was also done. With this complete understanding of where the group is, non-financial performance monitoring will be improved, and a more deliberate target setting will be done in the identified priority areas.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	222,873.03	million PhP
Direct economic value distributed:	233,792.78	million PhP
a. Employee wages and benefits	26,405.08	million PhP
b. Payments to suppliers, other operating costs	178,839.54	million PhP
c. Dividends given to stockholders and interest payments to loan providers	22,118.29	million PhP
d. Taxes given to government	6,405.66	million PhP
e. Investments to community (e.g. donations, CSR)	24.21	million PhP

#### Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected

**Impacts.** About PHP 234 billion flows back to society. Of this, 88% is distributed to suppliers and its employees to support livelihood in time of pandemic. Aside from this, our SBUs directly involve the community where we operate. In 2020, PHP 24.21 Million was used to support communities.

**Risks.** JGSHI recognizes that internal gaps in processes such as non-collection of receivables, over/under/unbilled charges, incomplete disbursement documents, and overpayment to suppliers could compromise its capability to equitably flow the economic value to the right stakeholders. Corruption incidence when dealing with external parties could also disrupt the equitable flow of value. Additionally, operational and strategic risks such as fluctuations in prices of raw materials, political, reputational, and competition could affect the company's ability to meet its economic value generation target.

#### Management Approach for Impacts and Risks

The business units have put in place mitigation plans to protect them from the above financial risks. These include operational improvements such as: enhanced processes and regular review and follow up for accounts receivables, retraining of employees, regular audits, ensuring that third party service providers understand the processes regarding billing, mitigating declining market value of assets, managing FOREX impacts, establish risk limits for lending, among many others.

#### Opportunities & Management Approach:

JGSHI also understands that non-financial risks could affect its bottom line, thus affecting its economic value distribution. Based on previously scoped risks, a more comprehensive approach at consolidating and understanding these risks is being done in the short to mid-term horizon. This will include risk identification from a non-financial standpoint of JGSHI as a parent company; development of mitigation plans and testing them; and integration to JGSHI's business continuity plan.

In 2020, as part of the group's Enterprise Transformation Initiative, we have revisited JG Summit's governance and organizational structures to ensure that these are designed to support the achievement of our long-term objectives and effective execution of the strategies we laid out — both at the portfolio level and the four enablers namely Leadership & People Development, Digital Transformation, Customer Centricity and Sustainability.

Specifically, we redefined the role of JG Summit as a holdings company and its parenting style vis a vis the different Strategic Business Units (SBUs). Foremost is to provide access to capital and resourcing. The parent can also add value to the SBUs by (1) becoming a Center of Excellence and providing new unique or expensive expertise that SBUs need but do not have, (2) driving cross-BU synergy by actively fostering cooperation between SBUs to share best practices, data and talent, and (3) providing meaningful oversight on risk and compliance. These are applied in varying degrees across

the SBUs: for our more mature and core businesses, the parent’s role is focused on synergy creation; for growth businesses, it is strategic guidance; and for newly established business units, it includes functional leadership.

With this, we had to consequently evolve our corporate center organization to shift its focus to business results delivery, ecosystem leverage, as well as business and organizational sustainability. The current realities under the new normal also accelerated this transformation, which effectively reduced the JGS CEO’s direct reports from eighteen to only seven corporate center units (CCU) – the integrated Strategy Office, Digital Transformation and Corporate Services, Corporate Human Resources, Finance, Treasury, Corporate Affairs and Sustainability, and the General Counsel Group. Internal Audit remains to be an independent body directly reporting to the Board.

With the above in place, we established appropriate governance structures by forming and redefining teams into committees and councils composed of our senior leadership members across the group. This allows for greater collaboration, exchange of ideas, sharing of best practice and leverage on our thrust to create further value from our ecosystem.

For instance, we formed the Executive Leadership Council which is composed of CCU and SBU heads to facilitate strategic discussions including the oversight and project governance of priority initiatives within the group, creating an environment for collaboration, potential ecosystem synergies and approvals for investments, policies, etc. We have also put together a Strategic Investments Committee, which is tasked to deliberate, screen and endorse investment opportunities to the JG Summit Executive Committee and the Board. Lastly, we have also established a Promotions Committee, which shall instill a deliberate cadence and streamlined process for the advancement and appointment of the top leaders across the CCU and the SBUs.

### Climate-related risks and opportunities

#### **Governance**

JGSHI has identified climate-related risks in its current risk management processes, as mentioned in the Strategy and Risk Management sections below.

As the top management recognizes the importance of further qualifying climate-related risks in its operations, JGSHI Board, through Corporate Affairs and Sustainability, consolidates climate-related impacts of the company in order to identify opportunity areas for mitigation and reduction. Known climate-related impacts such as operational cost implications are managed directly by the business units.

#### **Strategy**

In the conglomerate’s current risk scoping, climate-related risks are recognized under Hazards, Supply Chain, and Procurement. The following risks were recognized: damages to its assets including malls, office buildings, banks, as well as plant equipment due to natural disasters and Acts of God, most of which are brought about by climate change. Ageing material and inventory due to slow movement of goods along the company’s supply chain could be aggravated by limited road access. There could be shortage in raw material supply if agriculture is disrupted, thus causing drastic price fluctuations. Flights and real estate development could increasingly be delayed or cancelled due to typhoons and other calamities. In terms of market risks, JGSHI also recognizes economic downturn and slowing down of demand for its products and services as an important risk that could be brought about by climate change events.

In the business planning of each subsidiary, the results of this scoping are used as inputs to their financial planning.

## Risk Management

The aforementioned climate-related risks are embedded in JGSHI's current risk management process of identification, assessment, and management. These are mostly implicit under Hazards, Supply Chain, and Procurement.

As the group finds that the impacts of climate change are becoming increasingly material in its operations. JGSHI is looking into identifying the risks around it more explicitly, fully understanding the group's exposure to climate-related risks and their financial implications, and developing mitigation plans that are tailored to specifically address them. JGSHI is also looking into taking advantage of opportunities around the topic with the help of its business development team and the strategic business units' operations, while considering synergies across the business units.

## Metrics and Targets

**Metrics.** Metrics to measure JGSHI's performance around climate-related risks and opportunities are found in the Environment > Environmental Impact > Air Emissions section of this report.

**Targets.** JGSHI has started baselining in 2019, and is now looking into defining targets around climate action.

### Procurement Practices

#### Proportion of spending on local suppliers

Disclosure	Quantity	Units	Boundaries
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers <sup>1</sup>	55.04	%	URC, CEB and JGSPG

<sup>1</sup>JGSHI is still in the process of consolidating this data from all subsidiaries. The company aims to provide this data in the next three years.

## Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected

**Impacts.** Supplier Accreditation contributes in achieving JGSHI's sustainability goals as the process helps ensure continuous supply of quality goods and services by reputable and reliable suppliers who are compliant with applicable government rules and regulations like environmental, labor, health and safety, etc. To the extent possible, the company promotes inclusive business in its value chain by getting supply from farmers and cooperatives to provide employment and revenues to low income communities.

Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices to ensure that all companies that JGSHI engages maintain the highest level of ethical standard for transparency as part of good corporate governance.

**Risks.** The accreditation process mitigates the risks of late or non-delivery of products and services resulting to losses in sales and revenues. Moreover, supplier accreditation also helps maintain the integrity of the procurement process thus providing transparency.

## Management Approach for Impacts and Risks

JGSHI's subsidiaries are required to comply with the Enterprise Accreditation Policy. The policy defines the minimum standards to guide the subsidiaries in their supplier selection and accreditation process. In view of the intricacies of JGSHI subsidiaries operating in various industries, subsidiaries may further customize the accreditation criteria and parameters based on their requirements as long as compliant with the minimum standards set by JGSHI. Business units may observe more detailed accreditation criteria on quality, reliability, timeliness, price competitiveness, etc. Moreover, they are responsible for performing the technical evaluations as their technical expertise puts them in the

best position to assess the quality required to deliver their products and services. The subsidiaries also have their own Quality Management Systems to ensure good industry practices are implemented in their facilities. Regular testing is done on raw materials, in-process goods, and finished products to ensure product quality.

JGSHI engages best-in-class suppliers and service providers providing the best quality products and reliable services. These suppliers provide trainings and knowledge transfers to the company's employees, building in-house talents and capabilities.

The business units' Procurement Teams are also trained in Purchasing Ethics, Strategic Purchasing, and Supplier Relationship Management to overcome ethical dilemmas and make sound purchasing decisions without compromising the vendor-buyer relationship.

To ensure that existing suppliers remain compliant to JGSHI's policies, monitoring processes (e.g. audit assessment), random on-site visits and performance evaluations are performed periodically.

#### **Opportunities & Management Approach:**

JGSHI sees an opportunity in tapping the local SME industry to reduce operational cost across the supply chain, without sacrificing the product and service delivery of its business units. JGSHI, in turn, could further boost local economic growth.

Local SMEs are currently subjected to the same JGSHI accreditation policy, and are approved if they meet the set standards, while foreign suppliers that provide specific items such as aircraft are currently subjected to outsourced due diligence processes. There is no policy to preferentially accommodate local SMEs where it is applicable, however, this is something that can be considered by JGSHI.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units	Boundaries
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%	This total accounts for new employees in JGSHI and subsidiaries to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%	This total accounts for suppliers in JGSHI (CCU <sup>1</sup> , URC, RBank and CEB) to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.
Percentage of directors and management that have received anti-corruption training	76	Board members and key officers	The Board of Directors were all on-boarded on the Anti-Corruption Policy of the Group. <sup>2</sup>
Percentage of employees that have received anti-corruption training	97.28	%	RBank <sup>3</sup> and RLC

<sup>1</sup> CCU stands for Corporate Center Unit

<sup>2</sup> The company organized an in-house Corporate Governance Training on December 28, 2020. The Anti-Corruption training session discussed in detail the definition of corruption, the laws, rules and regulations covering the said topic, and the Conflict of Interest Policy of the JG Group. The training session highlighted types of corruption such as Economic Corruption and Political Corruption, explained why anti-corruption compliance is important in the context of the JG Group, and discussed in detail the Conflict of Interest Policy and Code of Business Conduct of the JG Group in relation to the particular acts which are allowed and are not allowed under the said policies. The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Every Director receives an appropriate orientation when he/she is first appointed to the Board of Directors in order to ensure that incoming Directors are appropriately apprised of their duties and responsibilities before beginning their Directorships. The orientation program includes SEC-mandated topics on Corporation Governance and an introduction to the Company's business, Articles of Incorporation, and Code of Business Conduct and Ethics.

<sup>3</sup> All RBank employees are required to take the Anti-Money Laundering Act training annually. URC will also roll-out an E-Module of the Code of Business Conduct where URC employees shall be asked to watch and take the exam to gauge comprehension and retention of the Company policies and guidelines. The Anti-Corruption policies and programs are made available online for all employees for their easy access, reference and guidance.

### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

### **Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** Corruption could compromise JGSHI's ability to equitably distribute economic value to the right stakeholders. If rampant, it could erode a culture of integrity, transparency and trust that is necessary in ensuring collaboration between employees, innovation, and synergy between business units.

**Risks.** Any incidence of corruption could pose a reputational risk to JGSHI. This could affect the company in multiple ways such as reduction in share price and market share.

### Management Approach for Impacts and Risks

JGSHI is committed to promoting fairness, accountability and transparency to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders and these policies and programs are made available in the Company Website and Employee Portal for easy reference. Further, all concerned employees of the Conglomerate are required to comply with the Annual Self-Disclosure Activity.

The Company also has an established suitable framework for whistleblowing and ensures its enforcement to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to any member of the Board or a unit created to handle whistleblowing concerns.

The company also conducts an annual seminar for directors and officers on all our anti-corruption policies and the law, wherein real-life scenario workshops are also exercised.

The anti-corruption programs and procedures of the Company are summarized below:

- **Conflict of Interest** - The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.
- **Conduct of Business and Fair Dealings** - The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.
- **Receipt of Gifts from Third Parties** - The Company discourages the acceptance of gifts. However, gifts like advertising novelties maybe given or accepted during the Christmas season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php2,000.00 must be disclosed to the Conflicts of interest Committee
- **Compliance with Laws and Regulations** - The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.
- **Respect for Trade Secrets/Use of Non-public Information** - The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.
- **Use of Company Funds, Assets and Information** - Employees are required to safeguard the Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.
- **Employment and Labor Laws and Policies** - The Company ensures the observance, strict implementation and compliance with employment and labor laws and policies with regards to recruitment, employment, retention and benefits of the employees.
- **Disciplinary Action** - Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.
- **Whistleblowing** - The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee (CICOM). Reports or disclosures can be made through mail, email, text, and online system. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM. The Company commits to protect those who report in good faith from retaliation, harassment and even

informal pressures. It will take the necessary and appropriate action to do so in enforcing the policy.

- **Conflict Resolution** - The Conflicts of Interest Committee (CICOM) submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee.

#### **Opportunities & Management Approach:**

JGSHI sees an opportunity in developing platforms where updates in anti-corruption policies can be cascaded internally, through retraining and numerous communication channels. There is also an opportunity to evaluate the effectiveness of JGSHI's anti-corruption policy, especially the channels through which complaints may be filed.

The annual seminar was started in 2020, and we are looking to enhance its robustness and frequency to ensure that each employee, officer and director will remain updated on changes and can provide inputs to make the seminars and policies richer.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units	Boundaries
Energy consumption (renewable sources)	86,819.96	GJ	Solar energy consumed by RLC, and solar and biomass energy consumed by URC (BCF-PH, BCF-INT)
Energy consumption (gasoline)	18,583.86	GJ	CEB, JGSPG, RLC and RBank
Energy consumption (LPG)	318,604.72	GJ	URC (BCF-PH, BCF-INT, Flour) and JGSPG
Energy consumption (diesel)	157,936.73	GJ	URC (BCF-PH, BCF-INT, Flour), RLC, CEB, JGSPG and RBank
Energy consumption (bunker)	3,513,621.11	GJ	URC (BCF-PH, BCF-INT, Flour) and JGSPG
Energy consumption (coal)	1,656,299.50	GJ	URC (BCF-PH, BCF-INT, Flour)
Energy consumption (CNG)	817,978.15	GJ	
Energy consumption (LNG)	98,858.77	GJ	
Energy consumption (jet fuel)	7,784,171.11	GJ	
Energy consumption (electricity)	2,753,757.38	GJ	URC (BCF-PH, BCF-INT, Flour), RLC, CEB, JGSPG and RBank

#### Reduction of energy consumption

Disclosure	Quantity	Units	Boundaries
Energy consumption (renewable sources)	(39,261.96)	GJ	Solar energy consumed by RLC and URC (BCF-PH, BCF-INT)
Energy reduction (gasoline)	(6,764.41)	GJ	CEB, JGSPG and RBank
Energy reduction (LPG)	333,057.45	GJ	URC (BCF-PH, BCF-INT, Flour) and JGSPG
Energy reduction (diesel)	423,224.74	GJ	URC (BCF-PH, BCF-INT, Flour), CEB, RLC and RBank
Energy reduction (bunker)	(559,454.27)	GJ	URC (BCF-PH, BCF-INT, Flour) and JGSPG
Energy reduction (coal)	96,867.15	GJ	URC (BCF-PH, BCF-INT, Flour)
Energy reduction (CNG)	23,325.43	GJ	
Energy reduction (LNG)	6,224.85	GJ	
Energy reduction (jet fuel)	19,664,479.90	GJ	
Energy reduction (electricity)	1,878,329.87	GJ	URC (BCF-PH, BCF-INT, Flour), CEB, RLC, JGSPG and RBank

#### **Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** JGSHI recognizes that the use of electricity and other fuels have an impact on the environment in terms of greenhouse gas emissions and air pollutants released as a result of consuming energy.

**Risks.** Energy is critical to the value creation of JGSHI. The company recognizes the risks to energy insecurity due to increased competing demands from energy intensive sectors, including domestic consumption. The company also recognizes that energy generation from traditional sources can create negative impacts to air quality, health, and contributes to climate change. Overdependence on fossil fuels also exposes the country to fluctuations in energy prices, which has financial implications to our business. Hence, in JGSHI, companies may opt to source energy from renewable sources whenever appropriate and viable.

#### **Management Approach for Impacts and Risks**

JGSHI as a conglomerate promotes energy efficiency and improved utilization of energy sources among its subsidiaries. Hence, JGSHI enables its subsidiaries to measure, monitor and implement respective energy reduction targets to address individual operational challenges.

Specifically, CEB manages its operational efficiency and closely tracks its fuel consumption, hence, has put in place a fuel management and fleet expansion plan to increase overall fuel efficiency.

**Opportunities & Management Approach:**

JGSHI's business units take advantage of their facilities and materials to produce and/or consume clean energy whenever possible. JGSHI will also review the possibility of increasing energy reduction targets on a per SBU basis. The company is open to explore opportunities in retail electricity supply agreements as the prices of purchased clean energy becomes more economical.

Water consumption within the organization

Disclosure	Quantity	Units	Boundaries
Water withdrawal	13,168,076.64	m <sup>3</sup>	CEB (AOC, Air Juan, Fuel Depot), RLC, JGSPG, RBank and URC (BCF-PH, BCF-INT, Flour)
Water consumption	8,947,163.49	m <sup>3</sup>	CEB (AOC), RLC, JGSPG, RBank and URC (BCF-PH, BCF-INT, Flour)
Water recycled and reused	240,754.40	m <sup>3</sup>	CEB (based on capacity of rainwater recovery system), RLC (as measured for CCD only), JGSPG (as measured), and URC (BCF-PH, BCF-INT, Flour)

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** Water consumption impacts the water supply of communities adjacent to where some subsidiaries operate. Conserving water is important not only to reduce operational costs but also in being mindful of the company's impact to communities and the local ecosystem, both of which derive their water from the same sources as JGSHI's business units derive theirs.

**Risks.** Water is an essential component in many of JGSHI's operations. The Company recognizes risks to water shortages due to increased competing demand from agriculture, energy, industrial, domestic, and other sectors. El Niño and climate change also play a role. JGSHI's business units may be exposed to these risks as they operate across several regions in the Philippines, a few of which may be located in water stressed areas.

**Management Approach for Impacts and Risks**

Wastewater recycling systems and rainwater harvesting units are running in the facilities of most business units. Monitoring protocols are in place for some business units to track how much water is being saved in order to scale up efforts. Water is withdrawn from different sources wherein the maximum allowable extraction rate is followed. Investments are also made to equip facilities with water saving fixtures and wastewater treatment systems. In JGSPG, a desalination system is used to process seawater which provides the cooling water and potable water for various requirements of the complex.

**Opportunities & Management Approach:**

There is an opportunity to further reduce water consumption for JGSHI's business units by improving monitoring of water usage. Technologies such as rainwater harvesting, water catchment, and impounding can be applied in more areas of operations. Increasing usage of recycled water can allow lesser usage of unrecycled or virgin water. URC, in particular, rolled out LEAN Manufacturing to all Philippine facilities to drive the reduction of their water use ratio. Other business units may opt to follow suit if applicable for their needs.

Materials used by the organization

Disclosure	Quantity	Units	Boundaries
Renewable materials	6,300,838.06	Kg	URC (BCF-PH), RLC, JGSPG and RBank
Non-renewable materials	796,971,068.00	Kg	
Percentage of recycled input materials used to manufacture the organization’s primary products and services <sup>1</sup>	6.21	%	URC (BCF-PH)

<sup>1</sup>Data covers reground PET flakes which are mixed with virgin resin to create new PET bottles. Maximum of 8% reprocessed PET resin is allowed into the mix to maintain the integrity of the bottle

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** Effective use of these materials reduces both costs and the GHG emissions created in their production for all business units.

**Risks.** JGSHI’s subsidiaries are dependent on raw materials to process and deliver its products and services. The company recognizes that the unchecked use of both renewable and non-renewable materials can lead to material scarcity in the long run. Scarce materials become more expensive which could have significant financial implications to our business. Extracting materials is energy intensive. It also impacts biodiversity and disrupt natural biogeochemical cycles. These negatively impact livelihood and quality of life of surrounding communities.

**Management Approach for Impacts and Risks**

JGSHI’s business units take responsibility in measuring material consumption and intensity to monitor the scale of our activities. The company works with service suppliers and engineers to ensure that facilities and processes are all sustainably optimized in terms of material usage.

For its manufacturing processes, JGSPG uses best-in-class technologies that are known for their safety, environment-friendliness, efficiency, simplicity, operational stability, cost-effectiveness and versatility. For its products, design of products with eco-efficiency as framework, and reduction of raw material usage without compromising safety, quality and performance are guiding principles. And for its waste, responsible management of internal waste, and partnership with various stakeholders to advocate solid waste management are espoused.

URC focused on finding solutions that lead to seamless and efficient operations. The responsible use of natural resources — intrinsic to our business — entails that we minimize our environmental impacts and optimize synergies where possible, whether in the careful sourcing of raw materials from select suppliers, or in the proper use, reuse, or disposal of these same materials and the material by-products generated from our operations.

**Upcycling:** URC’s commitment to quality usually entails rejecting packaging materials that do not pass inspection; however, small the blemish or dent. Added to which, scrap plastics remain after the materials have been cut and folded or shaped into the desired packaging. Rather than dispose of these materials in a landfill, URC has found ways to reincorporate them into new products. For one, URC’s scrap polyethylene terephthalate (PET) material – including bottle rejects – is reground into PET flakes and mixed with virgin PET resin to create new containers. Maximum of 8% reprocessed PET resin is allowed into the mix to maintain the integrity of the bottle. We only upcycle materials within our system to ensure that the products are clean and don’t impose a threat towards safety and quality.

**Opportunities & Management Approach:**

There are opportunities to design better facilities, extract resources using better technology, and incorporate the use of recycled materials that JGSHI can take advantage of by ensuring that the company keeps abreast of the latest information and applying them across business units when ready. Additionally, there are opportunities for circularity in terms of creating and reinforcing material loops within and among business units.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units	Boundaries
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	1	-	JGSPG Batangas plant operates in a city-designated heavy industrial zone along Batangas Bay, along with several other industries such as the Batangas port, a refinery, several power plants, food manufacturing facilities and other similar companies. Batangas Bay is within a Key Biodiversity Area located in the Verde Island Passage
	12.548	Ha	CMC Davao Flour Mill located in Sasa, Davao City, Davao del Sur is situated on the gulf's west coast. Davao City is among the four provinces that surrounds Davao Gulf which is considered as Key Biodiversity Area.
Habitats protected or restored	1.8	Ha	JGSPG Wetland No. 8 in Boracay; and
	312.5	m <sup>2</sup>	Artificial reef in Batangas Bay
	2,730*	Seedlings	BCF Cebu 1 and Cebu 2 conducted the tree planting and nurturing activities in the areas identified to be with high biodiversity value.
IUCN Red List species and national conservation list species with habitats in areas affected by operations	(list)	-	The company has no operations affecting the habitats of species listed in IUCN17 Red list species and national conservation list species.

\*For BCF Cebu 1 and Cebu 2, Phase 1 of the total number of seedlings committed is 36,000. However, due to the pandemic, only 2,730 were planted in 2020. The remaining seedlings will be planted once tree planting activities resume.

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** Any irresponsibility in terms of business operations within or adjacent to high biodiversity areas can lead to a scarcity of food and materials, displacement of indigenous peoples and local communities, and reemergence of diseases due to imbalances in animal populations such as insects or bats. Businesses can influence how key biodiversity areas are managed.

**Risks.** Although located in an industrial zone within the city fronting Batangas Bay, JGSPG recognizes that operations without mitigating controls could have adverse impacts on the marine ecosystem, which could lead to regulatory and social license implications against the Company. As such, JGSPG strictly monitors and maintains all facilities and machinery to ensure compliance to all applicable laws and standards.

URC recognizes that changes in the biodiversity and ecosystems can pose significant threats to the flora and fauna and the people which might result to notable risks such as habitat loss, displacement of species, coral bleaching, and development of diseases in the local communities due to disturbances in ecosystem. This might also affect the business operations in various ways such that day-to-day activities might be delayed and halted.

**Management Approach for Impacts and Risks**

JGSPG has partnered with DENR-BMB to rehabilitate and restore Wetland No. 8, a 1.8-hectare swamp and marshland located in Brgy. Manocmanoc in Boracay Island that is home to 39 species of trees and 20 faunal species of birds, fish, mammals and gastropods. Dubbed as *Para sa Atong Cagban Bobon*, JGSPG launched in July 2019 the initiative aimed to restore the environmental sustainability of Wetland No. 8 and prevent further degradation of its ecosystem, espousing a private-public sector collaborative approach with active involvement of other stakeholder communities.

In addition, for 17 years JGSPG has been maintaining a marine biodiversity project along the Brgy. Simlong coast in Batangas Bay. To date, JGSPG has deployed a total of 683 artificial reef blocks that cover an area of 312.5 square meters. Based on the latest monitoring survey of the faunal communities of the area conducted in January 2019 by the Batangas Coastal Resources Management Foundation (BCRMF), fish species richness of 38 species/20m<sup>2</sup> and fish biomass of 13.9 kg/20m<sup>2</sup> were recorded, proof of remarkable positive changes in diversity and abundance. Total number of fish species is distributed among 19 families, and composed of 24 major species and 14 target species

URC acknowledges that our business has impact on the biodiversity and surrounding ecosystem. Therefore, it is our responsibility to comply with all the environmental laws to ensure that flora and faunas, employees, surrounding communities, and the environment, are not exposed to any unnecessary amount of hazard due to our business operations. In addition, it is our corporate social responsibility to conduct programs and activities that supports conservation efforts, biodiversity preservation, and ecosystems protection.

One component of the Project SAGWAN (**Sustainable Actions and Goals for Water Availability and Neutrality**) is the Watershed Rehabilitation. Through this Project, the company adopts watershed reforestation sites near the area where the manufacturing of C2 and Waterline of URC is located. This will protect the critical watersheds thus enhancing biodiversity in the area, mitigating the adverse impact of our business processes, and promoting environmental stewardship among the employees and local communities.

**Opportunities & Management Approach:**

The management of biodiversity areas provides increased opportunity for business units to share monitoring data to civil and scientific groups and cooperate with indigenous or local communities for community-driven conservation efforts thereby increasing social license to operate. There is also an opportunity to manage biodiversity areas with internationally recognized identifications thus increasing the good reputation among business units.

URC recognizes that there is a need to integrate biodiversity and ecosystems management into the business’ policies, strategies, and operational processes. In addition, there is still a need to expand the company’s conservation efforts and improve the programs and activities that promotes biodiversity and ecosystems protection. These will raise awareness among the employees through shared activities to protect the ecosystems. There is also the chance to build a strong relationship and camaraderie with the local communities, government agencies, and LGUs.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units	Boundaries
<b>GHG Emissions<sup>1</sup></b>			
Direct (Scope 1) GHG Emissions	1,347,717.64	tonnes CO <sub>2</sub> e	URC (BCF-PH, BCF-INT and Flour), RLC, CEB, RBank and JGSPG
Energy indirect (Scope 2) Emissions	308,192.1	tonnes CO <sub>2</sub> e	
<b>Other substances</b>			
Emissions of ozone-depleting substances (ODS) <sup>2</sup>	23.72	tonnes	URC (BCF-PH)

<sup>1</sup> The total greenhouse gas emissions of JGSHI is calculated using the equity approach as recommended by the GHG Protocol Corporate Accounting and Reporting Standard.

<sup>2</sup>ODS data covers refrigerants consumed by plants which include R22/Freon, R134a, R404, R407, R410a, R507

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** GHG emissions from all of JGSHI’s business units contribute to the overall amount of greenhouse gases sourced from anthropogenic activity which is the single most significant driver of climate change.

**Risks.** Tracking GHG emissions helps the company better understand its contribution to climate change. This also affects the company’s assessment of its climate-related risks. The efficient usage of electricity and fuel reduces operational costs for all business units.

**Management Approach for Impacts and Risks**

As an airline company offering both domestic and international flights, a majority of JGSHI’s emission comes from the subsidiary CEB. To manage this, CEB closely tracks its fuel consumption and has set up a fleet expansion plan that would increase CEB’s aircrafts fuel efficiency by transitioning to modern, fuel efficient aircraft that reduces fuel burn of at least 15% per ASK (Available Seat Kilometers). New planes are bigger and fitted with more seats, allowing CEB to grow its customer base without increasing the number of flights. Although for 2020, travel restrictions and low travel demand affected the GHG emissions intensity per passenger kilometer since flights are not filled to full capacity. Average annual gCO2/pk for 2020 is recorded at 98.83 gCO2/pk.

**URC:** The business unit’s imperative towards LEAN Manufacturing under its Supply Chain Transformation strategy aims to lower production, reduce waste, GHG emissions, and optimize the use of our natural resources. In 2019 LEAN manufacturing was piloted in key manufacturing facilities in the Philippine operations under the Branded Foods Business. URC is on the verge of doing a supply network redesign for mobility across the Philippines and some facilities in the region, and this will affect the company’s roadmap towards completing its Scope 1 and Scope 3 carbon footprint.

**RLC:** Since the business unit’s biggest emissions come from indirect emission from purchased electricity, the options for emission reduction is limited to choosing where to buy power while ensuring efficiency is continually improved. One initiative is installation of solar rooftop where impacts are measured to reduce Scope 2 emissions. Most of the emissions that occur in RLC’s facilities are contributed by its suppliers. In 2019, RLC has started collecting consumption data from its suppliers. The same data will be used to map the strategies that will be implemented in partnership with suppliers to reduce overall emissions at the construction stage.

**Opportunities & Management Approach:**

JGSHI subsidiaries such as URC and RLC have identified opportunities where they can use renewable energy in the operations, such as biomass and solar. JGSHI can further explore opportunities to influence power generation facilities to provide more competitive prices for renewably produced energy.

Air pollutants\*

Disclosure	Quantity	Units	Boundaries
NO <sub>x</sub>	470.80	tonnes	Emissions from CEB aircraft, and generator sets from RLC and URC (BCF-PH, BCF-INT, Flour)
SO <sub>x</sub>	125.39	Tonnes	
Persistent organic pollutants	N/A	Tonnes	no available data
Volatile organic pollutants	N/A	Tonnes	
Hazardous Air Pollutants	N/A	Tonnes	
Particulate Matter	26.73	Tonnes	RLC and URC (BCF-PH, BCF-INT, Flour)

\*All stationary, mobile, and vehicular equipment of JGSHI subsidiaries undergo mandatory emission testing as required by DENR and LTO.

The topic on air pollutants is relevant for JGSHI’s business units. JGSHI ensures that the company complies with the standards set forth by the Department of Environment and Natural Resources through the Clean Air Act.

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** Air pollution can impact the health of both employees of all business units and the public thereby decreasing productivity of the population.

**Risks.** Monitoring air pollutants from vehicles is important as it could impact the health of surrounding communities where our employees also live. The company also recognizes that employee productivity could be compromised if affected by health problems due to air pollution. Efforts toward ensuring compliance are currently being implemented so as not to pose risks on the company's social license to operate.

**Management Approach for Impacts and Risks**

JGSHI complies with the standards mandated by the Clean Air Act. Gensets, fuel-burning vehicles, and other machinery used by all business units are regularly maintained and checked to ensure there are no leakages and potential air pollutants are reduced to levels not detrimental to health and the environment.

**Opportunities & Management Approach:**

Improving the efficiency of JGSHI's subsidiaries' processes via better technology and management approaches can provide continuous opportunities to offset our air pollution.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units	Boundaries
Total solid waste generated	165,017,336.30	Kg	
Reusable	131,922.30	Kg	RLC
Recyclable	128,121,930.00	Kg	URC (BCF-PH, BCF-Malaysia and Flour) <sup>1</sup> , RLC, JGSPG, RBANK
Composted/Biodegradable	12,703,206.49	Kg	URC (BCF-PH, BCF-Malaysia and Flour) <sup>1</sup> , RLC and JGSPG
Residuals	24,060,277.50	Kg	URC (BCF-PH, BCF-Malaysia and Flour) <sup>1</sup> , RLC, JGSPG, CEB and RBANK

<sup>1</sup>Covers data from manufacturing facilities of BCF-PH, BCF-INT (Malaysia only) and Flour operations as collected from the SWM. Recyclable (biodegradable and non-biodegradable) wastes are sold as scrap or returned to the recycling stream. Biodegradable wastes like coffee grounds and spent tea leaves are used as fuel for boilers

Hazardous Waste

Disclosure	Quantity	Units	Boundaries
Total weight of hazardous waste generated	2,961,577.37	kg	URC (BCF-PH and Flour) <sup>1</sup> , RLC, CEB, JGSPG, Rbank
Total weight of hazardous waste transported	2,794,327.79	Kg	URC (BCF-PH and Flour) <sup>1</sup> , RLC, CEB, JGSPG, Rbank

<sup>1</sup>2020 data cover information on manufacturing facilities from BCF-PH and Flour. URC follows the definition of hazardous waste as per DENR Administrative Order (DAO) 2013-22 Revised Procedures and Standards for the Management of Hazardous Wastes. It is defined as substance that are without any safe commercial, industrial, agricultural or economic usage and are shipped, transported or brought from the country of origin for dumping or disposal into or in transit through any part of the territory of the Philippines. It includes by-products, side products, process residues, spent reaction media, contaminated plant or equipment or other substances from manufacturing operation sand as consumer discards of manufactured products which present unreasonable risk and/or injury to health and safety and to the environment. Wastes are kept monitored and secured in the facility until such time it is scheduled to be transported for treatment by the licensed transporter and treater of the DENR

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** JGSHI ensures that the waste generated by each of their business units are properly treated or disposed of. The company recognizes that improperly handled waste can result in regulatory sanctions for all business units.

**Risks.** JGSHI recognizes that leakages in the waste management system could create a variety of hazards, from being a source of odor and aesthetic nuisance to being a source of ecosystem

contamination. There is a need to ensure that third-party contractors do not resort to unlawful discharges of hazardous wastes which could potentially pollute the water table and affect the drinking water supply of many communities living within the vicinity. Moreover, these could result in fines or sanctions for business units. Other stakeholders that may be affected include the government, waste pickers, and the environment.

#### Management Approach for Impacts and Risks

JGSHI's SBU's manage hazardous waste in compliance to local government regulations and their social responsibilities within the communities where they operate. Waste haulers are properly screened to ensure that they are DENR accredited before their services are engaged. Designated staff, pollution control officers, and key employees are trained and tasked to manage waste in all aspects including facilities, equipment, and employee engagement. Hazardous waste is transported and treated by DENR accredited services. Hazardous waste kept on site are ensured to be in proper holding systems.

With increasing awareness on the issue of marine litter, RLC sees an opportunity to be part of the solution and position their properties to have the best waste management system in the country. We are currently improving their waste management system by working with merchants to replace non-recyclables with recyclables to reduce total residual wastes that are more difficult to manage. We are also working with recyclers to link them with their waste collectors to ensure the recyclable waste they generate is recycled. We are also exploring ways to process their biodegradable waste into compost or energy to reduce the total waste sent to landfills. We are piloting the system in their two malls and if proven to be successful it will be scaled-up to all our malls and properties. Moving forward, this will give us an opportunity to collaborate with the LGU, innovate on waste flows, and provide training opportunities to staff and learning opportunities to customers. RLC is continuing to process and will create a property-wide manual for Solid Waste Management in 2021.

URC started waste profiling through Waste Analysis and Characterization Study (WACS) with the aim of pushing zero waste to landfill in the near future as well as extracting more value from waste for circular economy purpose.

For BCFG-PH, we started monitoring the waste to landfill. As a collective unit, we commit to effectively initiate and support efforts to manage waste and reduce its generation waste while ensuring that it does not end up in landfill as well as waterways and oceans which has been a visible issue around the world.

#### Opportunities & Management Approach:

Proper waste management not only encourages cost-efficiency, but also ensures sanitary operations. Ensuring proper waste management affords each SBU the opportunity to maintain high standards in safety as well as ensuring local government and community approval. Furthermore, increasing pressure to clean up marine litter provides JGSHI's business units the opportunity to look at their waste management systems to see how segregation and recovery can be improved. The company can seek out collaborative projects on waste management that include community engagement and linking with local recyclers to seize opportunities in scaling up partnerships with these stakeholders. Some business units have pilot projects that target each component of the solid waste that they produce in order to reduce, recover, or upcycle waste as much as possible.

#### Effluents

Disclosure	Quantity	Units	Boundaries
Total volume of water discharged	4,217,783.15	cubic meters	URC (BCF-PH, BCF-INT and Flour), CEB, RLC and JGSPG
Percent of wastewater recycled	1.83	%	CEB, RLC, JGSPG and URC (BCF-PH, BCF-INT and Flour)

#### Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected

**Impacts.** Effluents can contaminate water supply if ineffectively treated or improperly disposed.

**Risks.** The Company recognizes that discharge of untreated wastewater adversely affects the environment through increased load of Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD), and other water pollutants in receiving bodies of water. This harms the delicate ecosystem balance that fosters biodiversity and productivity. It contributes regulatory and social acceptability risks to the Company.

**Management Approach for Impacts and Risks**

JGSHI’s business units have wastewater treatment facilities to treat effluents before discharging them. Business units also employ the use of recycled water and rainwater harvesting when possible. Conservation efforts by improving employee practices are also practiced within business units.

**Opportunities & Management Approach:**

JGSHI sees an opportunity in upgrading water facilities through more comprehensive water metering.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

*NOTE: The company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings involving fines or non-monetary sanctions that could be expected to have a material adverse effect on the Company’s financial position or results of operations.*

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** Any sanctions can impact JGSHI’s business units if they remain unresolved through fines, litigation, or reputational risks. JGSHI recognizes that environmental compliance is important to ensure that affected stakeholders including employees, surrounding communities, and the environment are not exposed to an unnecessary amount of hazard due to our business operations.

**Risks.** JGSHI acknowledges that environmental compliance should be part of its day-to-day operations. Non-compliance with any environmental law or regulation could have financial implications to the business from fines and stoppage of operations.

**Management Approach for Impacts and Risks**

Compliance to environmental laws is non-negotiable across all business units. Each allegation is thoroughly examined and negotiated. Necessary action points are employed at each stage of the process. Business units monitor and maintain all facilities and machinery to ensure that they are in accordance with standards and laws. Additionally, business units have a dedicated team to ensure compliance.

**Opportunities & Management Approach:**

Improving in-house audits and other internal capabilities can mitigate the risk of non-compliance. Investing in training and monitoring capabilities not only of designated compliance teams but all employees can help correct any issues faced by business units. Employing third-party consultants can also help JGSHI improve their overall compliance system.

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees	22,508	#
a. Number of female employees	8,935	#
b. Number of male employees	13,573	#
Attrition rate <sup>1</sup>	-0.01	Rate
Ratio of lowest paid employee against minimum wage	1:1	Ratio

<sup>1</sup>Attrition rate is calculated using SEC formula:  $\text{Attrition rate} = (\text{No. of new hires} - \text{No. of turnover}) / (\text{Average of total no. of employees of previous and current year})$ . URC data only account for voluntary leavers for 2020.

##### Employee benefits

JGSHI and its subsidiaries provide all mandatory benefits to 100% of its regular employees. Listed below are these mandatory requirements as well as some additional benefits that JGSHI and its subsidiaries offer its employees:

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year	Boundaries
SSS				CCU, RLC, JGSPG and RBank
• Salary Loan	Y	11.47%	9.85%	
• Parental Benefit	Y	2.39%	0.23%	
• Sickness Benefit	Y	1.23%	1.25%	
• Calamity loan <sup>1</sup>	Y	0.00%	0.93%	
PhilHealth	Y	6.86%	2.92%	
Pag-ibig				
• Salary loan	Y	6.83%	3.66%	
• Calamity loan <sup>1</sup>	Y	0.73%	0.93%	
Parental leaves	Y	4.11%	4.61%	CCU, CEB, RLC, JGSPG and RBank
Vacation leaves	Y	97.81%	93.95%	CCU
Sick leaves	Y	97.81%	93.95%	
Emergency leaves	Y	100%	100%	
Medical benefits (aside from PhilHealth)	Y (HMO)	90.91%	90.61%	JGSPG
Housing assistance (aside from Pag-ibig)	Y	20 employees	86 employees	CCU and URC
Retirement fund (aside from SSS)	Y	0.93%	1.11%	RLC, RBank and JGSPG
Further education support	Y	3.87%	3.56%	RBank and RLC
Company stock options	N	N/A	N/A	-
Telecommuting	Y	32.65%	9.79%	URC and RBank
Flexible-working Hours	Y	13.12%	3.29%	URC and CCU
Others:		100%	100%	This covers JGSHI CCU employees only. Benefits not mandated by the government are specifically allocated by the business units based on what is
• Rice Subsidy	Y			
• Medicine Allowance	Y			
• Uniform Allowance	Y			
• Sportsfest Subsidy	Y			
• Summer Outing Subsidy	Y			
• RBank Cash Card or RWallet	Y			
• URC Marketing				

<p>Activations and Sales Promotions</p> <ul style="list-style-type: none"> <li>● Other Employee Perks and Partnerships</li> </ul>	<p>Y</p>			<p>most suitable to their industry and their employees' needs. While JGSHI ensures that 100% of eligible employees are given government-mandated and company benefits-</p>
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<sup>1</sup> Covers CCU only; CCU stands for Corporate Center Unit

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** Through hiring and provision of competitive benefits, JGSHI employees are better able to cover their cost of living, perform their roles outside the workplace, afford a better quality of life, hence, stay longer in the company.

**Risks.** As with any company, there is always a risk of employee attrition which could have some effect on company productivity and ability to retain talents.

**Management Approach for Impacts and Risks**

JGSHI abides by the standards and policies set by the Department of Labor and Employment for hiring and compensation. The parent company and its subsidiaries comply with and go beyond the mandatory benefits as required by the law. Conglomerate-wide Human Resources and Administrative Policies are communicated well to employees through various traditional and digital platforms such as an Employee Handbook, email blast, bulletin boards that includes below benefits:

- **Annual Merit Increase** – one-time annual performance-based salary adjustment given to qualified employees to reward and recognize individual contributions, competencies and performance in the spirit of meritocracy
- **Promotion Increase** – a salary adjustment given to employees who was moved from his current position to another position with a higher job grade and level of responsibility. It may involve change in position title, classification (eg. Rank & File to Supervisor, Supervisor to Manager, etc.)
- **Other form of Salary Adjustment** – given to employees if there's an upgrading, realignment, reclassification of positions, etc. The employees should have shown consistent outstanding performance based on performance evaluation, have the capability and potential to assume more complex duties, have been adequately trained through formal and informal training.
- **Leave Benefits** – including law-mandated benefits such as Service Incentive Leave Paternity & Maternity Leaves and company-provided benefits such as Vacation Leave, Sick Leave, Nuptial Leave, and Emergency/Bereavement Leave and Advanced Leaves for pandemic situations
- **Medicine Allowance**
- **Clothing/Uniform Subsidy or Allowance**
- **Christmas Gift, Retirement and Separation Pay Benefits**
- **Government-Mandated Policies** – including 13<sup>th</sup> month pay, overtime and night differential pay, Holiday pay, Special Leave Benefit for Women, SSS Benefits, HDMF Benefits, and PhilHealth Benefits.

JGSHI uses different approach in our recruitment process to invite candidates to apply to various vacant positions. Qualified candidates are selected according to their competence and skills. The following are recruitment channels we use:

- Referral
- JGSHI Career Site
- Paid recruitment Platforms (LinkedIn & Jobstreet)

- Job Fairs and University Partnerships

Job qualifications and skills are based on the following:

- Professional Designation & Certifications
- Educational Requirements
- Years of Relevant Experience
- Set Skills Relevant to the position

**Opportunities & Management Approach:**

JGSHI sees the opportunity to differentiate itself as an employer from other desirable companies in the country. Grievance mechanisms and numerous communication channels, such as town hall meetings, career conversations and dialogues are made available to employees. This allows the company to capture the other dimensions of employee satisfaction, such as professional development.

Employee Training and Development

Disclosure	Quantity	Units	Boundaries
Total training hours provided to employees	415,882.97	Hours	URC <sup>1</sup> , RLC, CEB, JGSPG and RBank
a. Female employees	50,852.16	Hours	RLC, CEB, JGSPG and RBank
b. Male employees	47,768.21	Hours	
Average training hours provided to employees	18.77	Hours/employee	URC <sup>1</sup> , RLC, CEB, JGSPG and RBank
a. Female employees	12.01	Hours/employee	RLC, CEB, JGSPG and RBank
b. Male employees	13.03	Hours/employee	

<sup>1</sup>URC has no data for breakdown of training hours by gender

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** JGSHI and its subsidiaries improve the competencies of its employees. In turn, competent employees become more productive in the workplace. Additionally, a well-trained workforce also encourages innovation and continuous improvement in the company.

**Risks.** Adequate training drives employee engagement. When employee’s training needs are unmet, productivity and quality of work is compromised. It makes employees feel disempowered which could push them to seek opportunities elsewhere, resulting to higher attrition.

**Management Approach for Impacts and Risks**

JGSHI continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development or JG-ILED, the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

JGSHI’s subsidiaries also have their own training programs that address their need for specific skills. Highly technical industries such as air transportation and petrochemicals provide highly specialized trainings to their employees. This includes the cabin crew and pilot trainings of Cebu Pacific, operations trainings for JGSPG and URC, as well as safety and security trainings across the subsidiaries. The Human Resources of each business unit plans, manages, and facilitates the implementation of programs geared towards the enhancement of its employees’ skills. HR also evaluates and determines the allocation of training slots for a particular training program to ensure equity, fairness and cost effectiveness.

JGSHI also implements its Inter-BU Employee Transfer policy to facilitate the lateral movement of its employees across its subsidiaries and to allow employees to grow professionally and perform better within the conglomerate.

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**Opportunities & Management Approach:**

JGSHI sees the opportunity to differentiate itself as a company that equips its employees with skills and work experience that make them competent, as well as opportunities to practice these skills within the conglomerate.

Labor-Management Relations

Disclosure	Quantity	Units	Boundaries
% of employees covered with Collective Bargaining Agreements	32.77	%	URC and RLC. Data for RLC include rank-and-file employees of two RLC properties.
Number of consultations conducted with employees concerning employee-related policies	804	#	URC, CEB, and JGSPG. This includes CBA negotiation meetings, Union Officers meetings, labor management conference, large townhall meetings, and Kapihan and Salu-salu sessions, involving 20 to 1000 employees.

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** Employee unions allow JGSHI employees to collectively communicate with employees on governance and compensation. JGSHI is also able to effectively gather employee concerns.

**Risks.** JGSHI fosters a safe environment for labor unions to freely communicate their concerns to the management. This is key to arriving at a mutually beneficial Agreement. When disagreements are not addressed immediately, the company runs the risk of labor unrest, which can disrupt the company’s operations and ability to meet its customer’s needs.

**Management Approach for Impacts and Risks**

JGSHI does not limit its employees their right to organization. JGSHI proactively listens to employee concerns during negotiations in order to reach agreements.

**Opportunities & Management Approach:**

JGSHI will continue to develop and evaluate platforms to foster productive communication with our employees through formal and informal meetings. JGSHI will create a more systematic approach to address concerns raised by its employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units	Boundaries
% of female workers in the workforce	39.70	%	URC, RLC, CEB, JGSPG, RBank
% of male workers in the workforce	60.30	%	
Number of employees from indigenous communities and/or vulnerable sector <sup>1</sup>	75	#	RLC

<sup>1</sup>Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** Companies that employ a diverse workforce are beneficial to the success of business. By gathering employees with different backgrounds and experiences, JGSHI also creates a large pool of strengths, ideas, competencies and perspectives that can provide better, innovative solutions which can also cater to a wider range of the market.

**Risks.** A less diverse workforce could result in blind spots in the way the company assesses the needs of its stakeholders. This limits the opportunity to innovate to better serve the needs of its stakeholders. This could lead to exclusion of certain segments of the population and high opportunity cost from untapped markets.

**Management Approach for Impacts and Risks**

JGSHI’s Engagement Philosophy is created such that all the aspects of its employee welfare are promoted, and this is achieved through programs that do not discriminate or differentiate between organized and non-organized groups. JGS CARES, launched in 2008, stands for the five (5) key elements to guide the parent and its subsidiaries in all its initiatives: Communication, Advocacy, Recognition, Engagement and Social Responsibility.

JGSHI, as an equal opportunities employer, hires based on the competencies required of the position, and does not discriminate based on race, color, religion, age, gender, sexual orientation, status or disabilities. To operationalize non-discrimination, JGSHI is also up-to-date on societal and labor trends influencing the workforce demographic, and is positioned to open discussions on complements to hiring based on competencies.

**Opportunities & Management Approach:**

JGSHI sees an opportunity in providing reasonable preferential hiring to the vulnerable sector, staying true to the company commitment to creating shared success. JGSHI can look into developing a policy that enables hiring of competent individuals from vulnerable sectors.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units	Boundaries
Safe Man-Hours	65,924,820.80	hours	URC, RLC, CEB, JGSPG, RBank and CCU.
No. of work-related injuries	381	#	URC, RLC, CEB, JGSPG, RBank and CCU.
No. of work-related fatalities	0	#	
No. of work-related ill-health	8	#	
No. of safety drills	178	#	

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** An effective environmental, health and safety (EHS) system in JGSHI ensures the wellbeing of its employees as well as the productivity of its workforce.

**Risks.** Health and safety culture must become second nature to all of JGSHI’s employees, not just in the workplace but everywhere else. The Company continues to work towards this goal because we understand the risks to life and property if this is not done well. Failure to meet health and safety standards and regulations could cost JGSHI penalties from regulators, suspension of operations, attrition, and damage to reputation.

**Management Approach for Impacts and Risks**

JGSHI established its company-wide EHS management to ensure that safety protocols are in place in the company. Designated EHS managers in the business units lead and ensure that they meet the primary compliance requirements of DOLE, DOH, BFP, DENR-EMB, and LLDA.

JGSHI also established the following health programs to respond to the pandemic. The COVID Care at the Gokongwei Group, is a telemedicine service wherein organic and third party employees can get remote medical assistance for COVID-19 concerns. In partnership with Health Delivery Systems Inc./Reliance United, this handles employee diagnosis, monitoring, e-prescriptions and return to work clearance. For employees, needing RT-PCR testing as this is the gold standard for confirming COVID-19, these were done in our partner hospitals, such as the Lung Center of the Philippines, The

Medical City, HMO partner clinics and other partner facilities through the T3 Consortium of AC Health. The Daily Health Monitoring via the JG Health App, is an online health monitoring tool to check the health status of employees working on-site and off-site. This flags any health concerns and ensures that employees get the help they need in a timely manner. A COVID-19 Dashboard was also created to provide a real-time monitoring of COVID cases Gokongwei Group wide.

**Opportunities & Management Approach:**

JGSHI seeks to improve its EHS system by studying to install additional safety features within its facilities. JGSHI is looking at optimizing the EHS Council, and developing EHS Policy and Programs.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	The Company adopts and complies with the rules and regulations issued by the Department of Labor and Employment. Moreover, the Company ensures that engaged Service Providers comply with the same.
Child labor	Y	The Company adopts and complies with the rules and regulations issued by the Department of Labor and Employment. Moreover, the Company ensures that engaged Service Providers comply with the same.
Human Rights	Y	<ul style="list-style-type: none"> <li>● Policy on Sexual Harassment</li> <li>● Policy on Health, Safety and Welfare</li> <li>● Corporate Environment, Health and Safety Policy</li> <li>● Drug-Free Workplace Policy</li> <li>● Workplace Policy on Prevention Control of HIV and AIDS, Hepatitis B and Tuberculosis</li> <li>● Special Benefits for Women/Magna Carta for Women</li> <li>● Leave Benefits Policy (includes Expanded Maternity Leave, Solo Parent Leave, Vacation Leave, Sick Leave, Service Incentive Leave, Nuptial Leave, Emergency Leave, Bereavement Leave)</li> <li>● Whistleblowing Policy</li> <li>● Data Privacy Policy</li> <li>● Flexible Work Arrangement Policy</li> <li>● Work-From-Home Program</li> <li>● Mental Health and Wellness Policy</li> <li>● Environment Health and Safety Policy</li> <li>● Retirement and Separation Benefits Policy</li> </ul>

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** Human rights compliance in the workplace ensure that JGSHI’s workforce experiences no unlawful activities and that employees can exercise their right to decent work. Compliance or violation of these rights will impact JGSHI’s productivity, employee retention, and employee engagement.

**Risks.** As in any instance, cases of human rights and labor violations could have regulatory

implications against the Company which could further tarnish the Company's reputation and brand.

**Management Approach for Impacts and Risks**

JGSHI implements the aforementioned company-wide policies to ensure that human rights are protected when employees are within the office premises.

**Opportunities & Management Approach:**

JGSHI will continue to adhere to the highest ethical and lawful conduct in the way it handles its employees.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: Yes. See Annex 1.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Procurement employees are trained on Responsible Sourcing to ensure compliance with the Company's Policies as well as government rules and regulations.
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** To ensure delivery of committed goods and services, JGSHI's partners across the supply chain will employ measures on time delivery of suppliers.

**Risks.** The accreditation process mitigates the risks of late or non-delivery of products and services resulting to losses in sales and revenues. Moreover, supplier accreditation also helps maintain the integrity of the procurement process thus promoting transparency and good corporate governance. Moreover, terms and conditions are defined in the Purchase Order to ensure compliance and protection on agreed upon contract terms.

**Management Approach for Impacts and Risks**

JGSHI trains its Procurement employees on Responsible Sourcing that covers procurement ethics like corruption and bribery and government regulations on the environment, child labor, forced labor, and human rights.

**Opportunities & Management Approach:**

JGSHI has in place the necessary accreditation process and procurement policies to ensure fairness, accountability and transparency for the best interest of all stakeholders. This considers both financial and environmental impacts and promotes sustainable shared growth with our suppliers both big and small.

## Relationship with Community

### Significant Impacts on Local Communities

#### 1. Operations with significant impacts on local communities: Transforming places to destinations through low-cost air transport (CEB)

**Location:** Basco, Batanes

**Vulnerable groups:** Ivatan

**Impact on Indigenous peoples:** Additional source of income from boost of tourism in the area

**Community rights and concerns of communities:** After commencement of CEB flights in the area, the local community expressed its concerns about the adequacy of food supply and maintenance of peace and order brought by high volume of tourists.

The NCIP also requested for favorable fares to members of the IP community.

**Mitigating measures:** In response to the community concerns, CEB agreed to the following measures:

- Inflight announcement to remind passengers to respect the culture of the IPs
- Implementation of #JuanEffect sustainable tourism program
- Extension of favorable fares to the Ivatans

#### 2. Operations with significant impacts on local communities: Lingkod Pinoy Centers (RLC)

The Lingkod Pinoy Centers emerged from the RLC's desire to ease the delivery of essential government services to every Filipino. It is a one stop shop where people can access a variety of public services. Started in 2011, the Lingkod Pinoy Center is now present nationwide to provide convenience and comfortable venues to make transactions. The Malls provides the area at no cost to the government, saving the state an estimate of PhP 15.80 million a month. The centers average daily transaction in 2020 is at 31,883. It hosts 19 Government Agencies and offices.

By hosting select government satellite offices RLC reduces the need for people to take multiple trips and in process reduce carbon emissions from vehicle use.

**Location:** Available in 45 malls around the country

**Vulnerable groups:** Everyone including vulnerable groups are served.

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** It allows the citizens to exercise their rights to access government services.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

#### 3. Operations with significant impacts on local communities: Transport Hubs (RLC)

RLC presence in several communities makes it a strategic hub for transport connectivity. By providing terminal spaces for public utility vehicles, the malls improve accessibility to several destinations for commuters. Robinsons Malls host a variety of transport services: from P2P buss, UV Express Services and vans, electric and regular jeepneys and tricycles. Some of the malls also provide loading bays to ensure a safe and systematic way for commuters to board and alight from public transport vehicles. In total, 63,003 sqm of space in Robinsons Malls were allotted for public transport terminals

**Location:** Available in 24 malls around the country

**Vulnerable groups:** Everyone including vulnerable groups are served.

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** It allows the citizens to exercise their rights to access government services.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

#### 4. Operations with significant impacts on local communities: Go Hotels Operations & Children's Rights

**Location:** All Go Hotels in the country

**Vulnerable groups:** Children and Youth

**Impact on Indigenous peoples:** No particular negative impacts unique to indigenous groups.

**Community rights and concerns of communities:** Children's Rights.

**Mitigating Measures:** Go Hotels is committed to implement child protection through our child safety framework, and training of tourism professionals and front liners.

We have set-up a Child Safeguarding and Protection policy and practice in our hotels.

#### 5. Operations with significant impacts on local communities: Financial access to the underserved (RBank)

To promote financial inclusion, Robinsons Bank launched Simplé Savings which has a simpler and easier way of getting a savings account.

**Location:** Available in 154 branches of RBank and accessible online

**Vulnerable groups:** underserved market

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** This service allows the underserved segment to exercise their rights to be served by a financial institution.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

#### 6. Operations with significant impacts on local communities: Financial access to the underserved (RBank)

Robinsons Bank also facilitated the release of the 2<sup>nd</sup> tranche of cash aid of the government's Social Amelioration Program

**Location:** Withdraw in different locations: Laurel Barangay Hall, Tagaytay Br, RSC Tagaytay, RSC Twin Lakes, Sto. Tomas, various Lipa ATM sites, Balayan, Imus, San Pedro, Calamba, Las Pinas, Binondo, Lucena)

**Vulnerable groups:** underserved market

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** This service allows the underserved segment to exercise their rights to be served by a financial institution.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

**7. Operations with significant impacts on local communities: Financing small businesses through Legazpi Savings Bank, Inc. (RBank)**

Legazpi Savings Bank, Inc. provides financial assistance to programs associated with SDGs. About 20% of our loans were disseminated to micro and small-scale businesses. LSB distributed its other loans to various programs such as food and agriculture, education, electrification, water and sanitation systems, among others. In 2020, LSB gave loans amounting to Php 929.7 million to about 13,839 micro, small farm and businesses loans.

In addition, Robinsons Bank gave loans amounting to Php 861.9 million to about 332 MSME borrowers.

**Location:** Available in all branches of Robinsons Bank and Legazpi Savings Bank, Inc. Nationwide

**Vulnerable groups:** underserved market

**Impact on Indigenous peoples:** No identified negative impacts to indigenous groups.

**Community rights and concerns of communities:** This initiative allows to start up SDG programs to be able to meet the rights of those in the underserved sectors in the country.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

**8. Operations with significant impacts on local communities: Financing small businesses through Robinsons Bank (RBank)**

Robinsons Bank also provides loans to the underserved individuals, such as motorcycle borrowers (motorcycle drivers, TODA) and teachers. In 2020, Robinsons Bank granted loans amounting to Php 5.9 billion to about 119,750 motorcycle borrowers, and Php 1.9 billion to about 14,910 teachers.

**Location:** Available in all branches of Robinsons Bank nationwide

**Vulnerable groups:** underserved market

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** This service allows the underserved segment to exercise their rights to be served by a financial institution.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

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Robinsons Bank also supported the education sector and countryside development in 2020. Loans provided to these sectors amounted to Php 12.4 billion.

**9. Operations with significant impacts on local communities: Sustainable Potato Farming (URC)**

URC partnered with the Department of Agriculture to implement Sustainable Potato Program to help the local farmers increase their yield and scale-up productivity. URC provided high quality Granola potato seeds from Canada as farm inputs to selected potato farming communities.

URC distributed 135 metric tons (MT) of potato seeds to at least 600 farmers and harvested an average yield of 8-10 kilograms (kgs) of potato per 1 kilogram (kg) of potato seeds. The high-quality potato seeds were distributed to select cooperatives in the Cordillera Administrative Region, Davao del Sur and Bukidnon.

To maximize harvest, farmers sold a certain percentage of their harvest to the market and the remaining are kept as seeds for the next farming cycle. In the Cordillera Administrative Region, a farmer earns P250000 (gross sales) per 500 kilos of seeds planted when it is sold at P50 per kilo to market. In their estimate, net profit per farmer is P125000.

**Location:** Benguet, Mt. Province, Bukidnon and Davao del Sur

**Vulnerable groups:** local small-scale farmers

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups

**Community rights and concerns of communities:** The program allows the stakeholders to exercise their rights to have access to a means of livelihood. It delivers long-term impact to the lives of our local Potato farmers in different regions. The Program put into action the Conglomerate's mission of "making the Filipino lives better".

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

#### 10. Operations with significant impacts on local communities: Bike for Good Project (URC)

Baker John, Universal Robina Corporation's (URC) brand of bread, teamed up with GMA Kapuso Foundation for the "Bike for Good" project in December 2020. Through this partnership, 30 beneficiaries from Metro Manila and Rizal, who lost their livelihood or source of income due to COVID-19 pandemic or typhoons, received a Negosyo starter package (bike and bread products from Baker John) for them to start a community selling business. The chosen beneficiaries are physically able, have the can do spirit, and are willing to use the bicycle to sell Baker John's bread in their community as a source of alternative livelihood for their family.

**Location:** Metro Manila and Rizal

**Vulnerable groups:** People who lost their livelihood due to the COVID-19 pandemic, as well as residents of Metro Manila and Rizal who have lost their source of income due to Typhoons Rolly and/or Ulysses

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups

**Community rights and concerns of communities:** The program assists stakeholders to kick off a community selling business which can help them with their livelihood. The project put into action the Conglomerate's mission of "making the Filipino lives better".

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

#### 11. Operations with significant impacts on local communities: Project Salig (URC)

Project Salig is a program of the URC SURE to develop partnership with sugarcane planters in the sugarcane milling district where the URC sugarmill operates. "Salig" is a Visayan word for "trust"; hence, the program aims to create partnership based on trust. In order to gain the trust of the planters and make URC sugarmills their "mill of choice", the mill endeavors to address the major areas of concern of the planters – sugar recovery (Lkgtc) and farm yield (tons cane per hectare), turn-around of hauling trucks during the milling season and customer service provision.

The Project Salig is composed of the following programs:

1. Planter Partnership - entering into a partnership with sugarcane planters. Under this program, the mill will assist the planters improve the over-all sugarcane farming practices so that the end result is an improved farm productivity and income. The program includes educating planters on the correct farming practices, use of high yielding sugarcane varieties, access to farming resources that includes farm equipment, hauling logistics, fertilizer, etc. In return, the planter commits to support URC by delivering his canes to the mill.
2. Customer-Centric Culture - planters were, in the past, considered as supplier of canes only; hence, the mindset is to treat planters the way we would treat all suppliers. In the culture of partnership, the planters are considered partners in the industry; hence, the program aims to redirect the mindset towards this.

3. Plant Efficiency and Sugar Recovery - one of the measures of a good sugar miller is the high LKgTC or the high sugar recovery of the mill. Planters will patronize the mill that gives high recovery. The program is about improving plant efficiency and recovery by undergoing good off-season repair of the equipment and machinery, investing on equipment that will deliver high performance, producing high quality product that can command good price
4. Truck Turn-around - faster turn-around means more canes delivered to the mill, faster harvesting, lower cost in transporting canes, and high utilization of cane hauling trucks. Slow turn-around is caused by a lot of factors such as: mill breakdown/stoppages, slow milling rate. The program looks into ways and means of improving turn-around of trucks during milling season by ensuring good off-season repair, elimination on redundancies in the system of receiving and accepting cane deliveries that can slow down, increasing milling rate by installing new equipment.
5. One Stop Shop (OSS) - this program is designed to create a hassle-free and friendly systems when planters transact with the mill. This includes eliminating systems and procedures that are not value-adding, eliminate redundancies, friendly and comfortable customer services

All of the above leads to one thing - making URC mills the mill of choice of the planter.

**Location:** The project was implemented in all URC sugarmills across the country – Negros Occidental, Negros Oriental, Iloilo, Batangas and Cagayan Valley

**Vulnerable groups:** local small/marginal sugarcane farmers, especially the agrarian reform beneficiaries

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups

**Community rights and concerns of communities:** The project provides technical and, at times, financial assistance to the sugarcane planters to improve their farm productivity, increase sugar recovery, and enhanced customer service provision. This delivers a long-term impact to the lives of the sugarcane farmers. By partnering with the Mill, the planter will have access to the various assistance programs such as technical seminars on good farming, access to high yielding variety sugarcane, farm equipment and hauling services, and financial loans.

**Mitigating Measures:** The program and its execution have no significant negative impact; hence, requires no mitigating measures.

## 12. Operations with significant impacts on local communities: Relief aid distribution for host communities and neighboring localities (JGSPG)

2020 marked the 20th year of JGSPG's **Abot Kamay** community outreach program. Through **Abot Kamay**, JGSPG responds to help alleviate the impacts of natural calamities by providing relief aid assistance to its host communities and neighboring localities. Throughout 2020, JGSPG led and co-organized multiple relief distribution drives for families and individuals affected by major natural disasters and other emergency situations, allocating Php6.27 million for such community outreach efforts. In January, the Group in support of the Batangas City government, donated Php590,000 worth of food and emergency provisions for evacuees being cared for in the city's evacuation centers after being displaced from their homes due to the eruption of Taal Volcano. Between March and August, at the height of quarantine restrictions imposed due to the COVID-19 pandemic, JGSPG in partnership with the Gokongwei Brothers Foundation, distributed five tranches of food aid for barangays in Batangas City, and for other neighboring municipalities. Assistance to front liners was also distributed. In total, Php3.24 million worth of food aid and other forms of support were dispensed for these COVID-19 related initiatives. In November, answering the call of the Batangas City government for *bayanihan*, JGSPG again in partnership with the Gokongwei Brothers Foundation, donated Php2.44 million worth of food aid for residents impacted by major typhoons Rolly and Quinta that hit Batangas, which brought devastation and caused disruptions in the lives of many of the city's residents.

**Location:** Batangas

**Vulnerable groups:** evacuees, families and displaced residents

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** These programs provided goods and services to the affected communities.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

### 13. Operations with significant impacts on local communities: One Million Trees Project (JGSPG)

Care for the environment has always been one of JGSPG's key foci in the area of sustainability and corporate social responsibility. The Group's **One Million Trees Project**, launched in 2016 in support of the government's National Greening Project, aims to plant one million indigenous and fruit-bearing trees between 2016 and 2023. In 2020 alone, a total of 86,594 seedlings were distributed and planted, benefitting many local communities in the province of Batangas. The seedlings included fruit-bearing trees cacao, *dalanghita*, *calamansi*, *rambutan* and *guyabano*, and forest trees narra, molave and caballero. These seedlings were grown in JGSPG's own Biodiversity Center located in one of the host communities surrounding the JGSPG complex in Batangas City. Among the recipient communities were six barangays in Batangas City, including JGSPG's three host communities Barangays Simlong, Pinamucan Ibaba and Pinamucan Proper, and twelve other municipalities in Batangas province. Other local government agencies and civic organizations in the province also received seedlings.

Additionally, communities and schools in Barangay Manocmanoc in Boracay Island also requested for seedlings from JGSPG's tree nursery located in Wetland No. 8, which was adopted by JGSPG in 2019 for rehabilitation, in partnership with the Department of Environment and Natural Resources. As of December 2020, 407,944 seedlings had been donated under the program since its launch in 2016.

**Location:** Batangas

**Vulnerable groups:** local communities

**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.

**Community rights and concerns of communities:** The program benefitted reforestation and greening initiatives in the province.

**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

Free and Prior Informed Consent (FPIC) and Certification Preconditions (CPs) for operations affecting Indigenous People (IP):

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

Note: As of February 2020, Cebu Pacific decided to stop operations in Batanes due to commercial non-viability. FPIC process was not continued and CP was not secured anymore.

### Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected

**Impacts.** JGSHI's operations impact to the communities could be positive or negative and may range from physical to social and economic. Delivering positive benefits to the community strengthen JGSHI's partnerships such as improving accessibility and mobility of public services, and transportation.

**Risks.** JGSHI follows a strict protocol in obtaining social license to operate whenever it enters a certain community. Communities are important stakeholders who help the company succeed. JGSHI recognizes risks related to poor community engagement, where communities' concerns are not properly addressed, could push the community to act against the company's interest. It is crucial for

JGSHI that the community understands the value that it brings to the community, and that the company is open to hearing their feedback and doing what is best to address their concerns.

**Management Approach for Impacts and Risks**

To manage the impact to the community, JGSHI ensures that it conducts its business while complying to all the necessary regulatory bodies.

**Opportunities & Management Approach:**

A social or community impact and risk assessment will aide JGSHI in managing its subsidiaries' operations. This will help the company identify current and potential impacts/risks within a particular community. Such information will help develop a more structured and coherent approach to managing the identified risks.

Customer Management

Customer Satisfaction

JGSHI'S customer-centricity is essential in achieving the group's purpose to provide better choices. While some of the business units have already been doing customer satisfaction studies and have invested in digital systems to capture customer perception, JGSHI is in the process of coordinating with the whole group to fully operationalize its approach to customer centricity.

Health and Safety, Marketing and Labelling, and Customer Privacy

The focus on customer health and safety, marketing and labelling, and customer privacy is managed directly by the business units. Due to the specificity of concerns on product and service delivery of each JGSHI's business unit, the subsidiaries define, manage, and evaluate their own communication channels to capture customer concerns; process and resolve customer complaints by feeding these into their corporate decision making; and engage more closely its most important stakeholders to develop and improve their products and services.

**Impacts and Risks: Where they occur, JGSHI's involvement, stakeholders affected**

**Impacts.** JGSHI, being a parent company, has no direct customers. However, customer satisfaction of the subsidiaries affects JGSHI's reputation. When customers are satisfied with the subsidiaries' products and services, subsidiaries are assured of customer loyalty and retention. Otherwise, when customers' needs are not met or are dissatisfied with the quality of the products or services, customers would easily explore other options from other brands.

**Risks.** JGSHI recognizes that unresolved customer complaints, especially when these reach digital platforms, could negatively influence wider customer perception on the quality of our product and service. Issues surrounding product safety and quality, customer privacy and advertising if remained unresolved could lead to a decrease in customer satisfaction. Unmet customer satisfaction could result in decline in sales, and eventual loss of market share.

**Management Approach for Impacts and Risks**

Customer management is fundamental to corporate success and sustainability. JGSHI's subsidiaries' ability to keep its customers satisfied is at the core of its performance. Ensuring their health and safety in the use of the business units' products, and protecting their information are ways to deliver customer satisfaction.

The subsidiaries employ different strategies that ensure customer satisfaction are met and managed.

URC monitors and improves operational efficiency to ensure timely delivery of goods (for fast moving consumer goods). There is a customer care group dedicated to communicating directly with

its consumers, and a sales account management team dedicated to respond to the needs and concerns of its accounts. For Health and Safety, URC consumer feedback regularly provides input on product and process improvements. The company is continuously upgrading its Quality and Food Safety Standards based on updated global guidelines while LEAN manufacturing will be scaled across our facilities in the Philippines this year. For Marketing and Labeling, URC ensures that it fully complies with regulatory labeling and product information requirements and implement the required analysis for nutritional facts and claims.

RLC conducts a periodic market research to gauge customer expectations and build the right products and services to meet their expectations, needs, and capabilities. The customer satisfaction surveys tell the company whether the products and services as designed have indeed met their requirements. RLC continually iterates and improves its performance through these processes. For Health and Safety, RLC adheres to the highest building standards from construction to operation to ensure properties are resilient to any structural threats. Periodic audits are done to ensure compliance to the standards. For Customer Privacy, RLC ensures customer details from its transactions are accessed by limited, duly authorized personnel only.

CEB uses a mixture of digital and traditional channels to communicate with customers. These tools are used to listen to customers’ feedback and concerns, resolve their complaints, and identify pain points in the whole customer experience. CEB is among the first airline companies to Asia to invest in an integrated facility with technology for social intelligence and customer engagement.

CEB also administers CSAT satisfactions survey regarding all its customer touchpoints. Other surveys include Call Center Booking Survey, Customer Care, Ticketing Office Booking Survey, Web Booking Survey, Mobile App Booking Survey, Mobile App Check-in survey. CEB is still determining the best way to present this data and will do so in the next 1-2 years 713,304 post flight surveys out of the 1,271,935 total surveys administered.

All of JGSPG’s EVALENE® polyethylene and polypropylene grades have been Philippine FDA-certified since 1999 and Halal-certified since 2014. Likewise, EVALENE® PE and PP is compliant with Model Toxics in Packaging Legislation (since Sept 2003), ROHS Directive (since January 2007), and EU 10/2011 Overall Migration (October 2012).

**Opportunities & Management Approach:**

At the parent level, JGSHI puts focus on digitalization activities that will help subsidiaries improve customer experience, from building closer relationship with its business-to-business customers, to stronger customer insighting to find ways to understand changing customer expectations.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

**Impacts and Risks: Where they occur, JGSHI’s involvement, stakeholders affected**

**Impacts.** As JGSHI increasingly adapts digitalization to improve customer experience and increase efficiency in internal operations, there is greater need to invest in securing our network from cyberattacks.

**Risks.** Notwithstanding the regulatory impacts, instances of data breaches could place the Company’s sensitive or confidential information at risk of being used against it or used to gain unfair advantage over it. Leaks of personal information (e.g. employees and customers) could also pose threats on the person’s safety and security.

## Management Approach for Impacts and Risks

JGSHI implements cyber-security capability increase and preventive measures to ensure the security of confidential company data. As of to date, the Data Privacy Policy and Information Security (InfoSec) Policies applicable to the whole conglomerate are in place.

The Company established the Information Security Management Systems (ISMS) Policies that institutionalized information security as part of the Conglomerate's enterprise risk management, protect the Company's information assets and reputation, and to comply with relevant laws and regulations.

The ISMS consists of the following:

1. **Core Information Security Policies** drive the primary objectives of the ISMS: establish, maintain, and improve information security
  - 1.1. **Information Security Policy** aims to establish, maintain, and continuously improve the ISMS to protect information assets, maintaining competitive advantage and increasing stakeholders' confidence.
  - 1.2. **Information Asset Management Policy** aims to define and classify information assets in both physical and electronic formats and provide guidance on how to appropriately handle information assets according to classification.
  - 1.3. **Information Security Incident Management Policy** aims to mandate a structured approach in managing incidents that compromise corporate information and personal data of the business units' customers.
  - 1.4. **Compliance Policy** aims to ensure that Business Units comply with applicable legal, regulatory requirements and contractual obligations, when conducting business activities.
2. **Organizational Policies** aim to establish Information Security organization, roles and responsibilities as well as accountability of those who have access to corporate information
  - 2.1. **Information Security Internal Organization Policy** aims to establish the appropriate internal organization that ensure security of information assets
  - 2.2. **Human Resource Security Policy** aims to protect the company's business interests by ensuring that employees and contractors understand and fulfill their roles and responsibilities to preserve information security before, during, and after employment
  - 2.1. **Supplier Relations Policy** aims to mandate controls that protect information assets exposed to suppliers and preserve the integrity of supplier selection activities
3. **Access and Use Policies** enforce controls for access and authorization, as well as acceptable use of information assets
  - 3.1. **Access Control Policy** aims to Implement adequate measures to regulate access to different information assets and facilities, ensuring that facilities and equipment are only accessed by authorized personnel
  - 3.2. **Acceptable Use of Assets** Policy aims to ensure that employees understand how corporate assets should and should not be used, ensuring that the BU gets the most value out of its corporate assets and networks to avoid unintended security breaches.
  - 3.3. **Physical and Environmental Security Policy** aims to protect corporate assets and information by mandating controls that prevent unauthorized physical access to company premises, as well as equipment that support business operations
  - 3.4. **Mobile Device and Teleworking Policy** aims to establish rules for the use, management and security of all mobile devices that process company information and establish rules for conducting official business outside the work premises

4. **Operational Security Policies** refer to the implementation of technical controls to maintain the target level of security

4.1. **Cryptographic Controls Policy** aims to apply cryptographic controls (i.e. encryption) on confidential electronic information (e.g. files, databases), to add another layer of protection and prevent unauthorized use or disclosure.

4.2. **Operations Security Policy** aims to apply appropriate controls to ensure that day to day operations are carried out in a controlled and a secure manner.

4.3. **Communications Security Policy** aims to implement measures that will protect information as it moves both within the corporate network and outward.

4.4. **Data Security Policy** aims to implement measures to protect corporate information from possible loss and leakage, avoiding breaches to legal, statutory or contractual obligations.

4.5. **Secure Development Policy** aims to protect corporate information and minimize breaches by ensuring that information security is taken into consideration when developing or acquiring systems and services.

Regular and ad hoc exercises ensure the relevant teams practice cyber incident response and breach management procedures.

A 24/7 Security Operations Center was established in January 2020 to continuously monitor JGS' information assets and help protect the enterprise security baseline.

Corporate IT Audit conducts year-on-year assessments on JGS Information Security Office's programs and activities ensuring alignment to corporate policies, statutory and regulatory requirements and enterprise risk management.

#### **Opportunities & Management Approach:**

JGSHI aims to continue improving information security and data privacy protection through continuous development of technology solutions, conduct of periodic risk assessment and personnel trainings in the future.

## U.N. SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs Key products and services and its contribution to sustainable development

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Office Space	<p>RLC provides a suitable location where businesses can operate and grow contributing to job creation and increased economic activity in the areas where we locate.</p> <p>To date RLC have 666,448 square meters of gross floor area.</p>	<p>Apart from the environmental, social, and economic impacts identified above, RLC sees no further material negative impacts of this product to SDGs.</p>	<p>Nothing material that RLC could identify</p>
Mall Space	<p>RLC provides a space where its customers (merchants) benefit from the foot traffic to the malls. It allows foreign and local enterprises to access key markets and scale their businesses. People around RLC's locations can access quality products that meets their needs from food, medicine, clothing, and other needs that improve their quality of life.</p> <p>To date, RLC has a total of 2,989,931 square meters of gross floor area. In addition, 21 of our malls offer low-carbon malls spaces, as they're fitted with solar panels that meets a significant part of their power requirement.</p>	<p>Current businesses could be negatively affected through reduced customers. Increased consumerism could reduce savings of citizens. It may also cause traffic congestion that reduces productivity of the population.</p>	<p>When RLC enters a location, the company maps which local enterprises could be negatively affected by our entry. RLC assesses the impact and provides opportunities for the affected parties to locate in its mall, or their household members to be given employment opportunities.</p>
Hotel Rooms	<p>RLC provides affordable, quality accommodation options for tourists who contribute economic value to the local areas where RLC's hotels</p>	<p>Apart from the environmental, social, and economic impacts identified above, we see no further material impacts of this product to SDGs.</p>	<p>Nothing material that RLC could identify</p>

	<p>operate. People who travel to offsite locations on business are also able to access quality rooms that meet their budget.</p> <p>Currently, RLC has 2,368 rooms in the Go Hotels and Summit Hotels Brands.</p>		
Vertical and Residential Products	<p>RLC help families achieve their dreams of owning a home. We have a deep understanding of the needs of our customers and build for them a house that meets their needs wherever they are in their journey towards financial freedom.</p> <p>In 2020, we have a total of 5,272 residential units.</p>	Apart from the environmental, social, and economic impacts identified above, RLC sees no further material impacts of this product to SDGs.	Nothing material that RLC could identify
Logistics (Storage)	<p>RLC provides storage space that helps product-based businesses make their distribution system more efficient, ensuring that their goods are well secured.</p> <p>To date RLC has 93,000 square meters of warehouse space.</p>	Apart from the environmental, social, and economic impacts identified above, RLC sees no further material impacts of this product to SDGs.	Nothing material that RLC could identify
Master planned mixed-use developments and townships	<p>RLC's master-planned properties are designed to foster resilience, mobility, security, connectivity, and comfort. With well-designed combination of office space, commercial and residential areas, RLC creates an urban environment that supports economic growth in a manner that protects the environment and puts people's needs at the heart of it.</p> <p>With efficient master-planning, innovative designs, and quality construction, the townships</p>	Apart from the environmental, social, and economic impacts identified above, RLC sees no further material impacts of this product to SDGs.	Nothing material that RLC could identify

	<p>will raise the standard of mixed-use developments in the country. Overall, the locations and design will attract foreign investments that will increase the country's overall economic pool.</p> <p>The compact communities built by RLC also help reduce the need to travel by car, foster walkability, creating long-term benefits to air quality, health, and climate change mitigation.</p> <p>Currently, RLC has a total of 256 hectares of township developments.</p>		
<p>Provider of low-cost air transport</p>	<p>CEB's commitment to provide an accessible network, safe and reliable travel, best value flight experience contributes to improved connectivity, which helps build economic development, which in turn lifts standards of living. Greater mobility also creates more job opportunities, expands business reach, and encourages tourism.</p> <p>CEB is also able to extend free flights to those who need support on a case-to-case basis.</p> <p>Air travel is an economic enabler and equalizer. The low-cost carrier business model has made travel more accessible to more people.</p> <p>CEB continues to provide the lowest airfares in the market with its Piso Fares to enable everyJuan to fly.</p> <p>CEB opened 2020 with 114 routes. Operations were hampered by the Covid-19 pandemic, with</p>	<p>Low cost travel has also increased the demand and ability of people to fly. This also means:</p> <p>Increased GHG emissions from flights</p> <p>Increased exposure to safety and health risks while flying</p> <p>Increased volume of flights and passengers may increase probability of transmission of viruses and disease</p>	<p>CEB operates one of the youngest fleets in the world. The company implements our Safety Management System through an integrated Quality, Safety, and Security policy – a company-wide commitment to ensure that flying and all its support operations are conducted in a manner that meets aviation regulations and industry standards.</p> <p>Aircraft are equipped with HEPA filter for air filtration to ensure safety of air quality within the aircraft. Aircraft interiors are cleaned regularly.</p> <p>CEB has maintained air safety certification by IATA through the Operational Safety Audit (IOSA) program. CEB is subject to a comprehensive audit twice a year to assess our safety programs and performance.</p> <p>CEB has implemented strict measures to prevent infection risks for COVID-19 for both staff and passengers.</p>

	<p>CEB route network shrinking to 57 routes by end of December 2020 due to travel restrictions imposed by local governments.</p> <p>With 74 aircraft in service, CEB transported a total of 5,026,112 passengers, gaining 47% market share against key competitors in the air travel industry.</p>		
Provider of cargo services (CEB Cargo)	<p>CEB provides support for urgent medical shipments (medicines, including organs and blood)</p> <p>10.6% of cargo carried in 2020 were for medical use. CEB supports the Philippine Red Cross by transporting blood donations for free. Total blood donations transported in 2020 was 797 kg across 9 destinations.</p> <p>CEB transports perishable agriculture products and supports transport of humanitarian aid during natural disasters or war. In 2020, 33.1% of cargo transported were food and agriculture items. Over 107 tonnes of relief goods to support typhoon affected areas were covered for free.</p>	<p>Risks in handling and contamination of special cargo</p> <p>Increased probability of transmission of agricultural pests and diseases.</p>	CEB Cargo services practices standard safety, segregation, and handling guidelines to ensure that cargos are stored and transported well.
Branded snack foods and beverage	<p>For more than 60 years, URC produces high-quality snack foods &amp; beverages with exceptional value. Currently, our portfolio is driven by convenience, on-the-go, ready-to-eat, ready-to-drink, indulgence, and play.</p> <p><b>Snack foods:</b> URC provided access to high quality and western snacks like real potato chips at a</p>	<p><b>Regulatory concerns towards wellness:</b></p> <p>As a food and beverage manufacturer, we believe that consumers are changing fast due to emerging trends brought by the growing middle-class population in the region.</p> <p>At this point, some of us may think that wellness will be 5 to 10 years from now, but it's already</p>	<p><b>Portfolio:</b></p> <ul style="list-style-type: none"> <li>• Nutrition is part of our Product Materiality</li> <li>• Our 2030 commitment states that “we will improve the nutrition &amp; wellness profile of our product portfolio aligned to the URC Wellness Criteria”</li> </ul>

	<p>more competitive price. Today, Jack n Jill is a household brand that Filipinos continue to love.</p> <p><b>Coffee:</b> URC revolutionized the coffee mix market when URC launched Great Taste White Coffee and shifted the market significantly from instant to coffee mixes. Today, the coffee mix category has become an integral part of Filipinos lives, especially to the working class, and white coffee is the most significant sub-segment.</p> <p><b>Ready-to-drink Tea:</b> C2 has been thriving against sodas/carbonated beverages when it was introduced as an alternative to consumers, given that consumers have already started to shift towards better-for-you choices. C2 is made from real tea leaves that are brewed and bottle the same day.</p> <p><b>Noodles:</b> Our noodles business is a joint venture with Nissin of Japan, and it's currently the #1 cup noodles brand in the market. It provided the working-class meal substitute on-the go, especially workers and millennials in tier 1 cities. We also have noodles in pouches from our Payless brand, and we believe that addressed social issues in hunger, especially in times of calamities, emergencies, pandemic, and financial crisis.</p>	<p>happening. As you can see in 2018, the government previously imposed an excise tax on a sweetened beverage while some schools started to ban snacks and some types of beverages that did not pass the nutrition standards of DepED.</p> <p><b>Issues concerning Single-Use Packaging</b> Issues towards single-use plastics and ocean waste have been very visible in the last 2-3 years. The public has turned their eyes towards FMCG manufacturers as a source of the problem.</p>	<ul style="list-style-type: none"> <li>• Our KPI is that we have to make 70% of our portfolio in the Philippines meet the URC wellness criteria as we renovate our existing products and launching new products in wellness</li> </ul> <p>In 2020, we have established our URC wellness criteria that tackles the following areas of product renovation:</p> <ol style="list-style-type: none"> <li>1) All green or yellow rated products per Department of Education (DepEd) Order #13-2017</li> <li>2) Less than 6% added-sugars (e.g. sucrose, glucose, and fructose) in beverages</li> <li>3) Less than 100 calories in consumer packs</li> <li>4) 100% All Natural</li> <li>5) Existing products where sodium is reduced by 25% or more</li> <li>6) No PHO &amp; SaFa less than 1.5g/serving &amp; Zero TraFa &amp; Zero cholesterol</li> <li>7) Products addressing micronutrient deficiency (Sangkap Pinoy Qualified, at risk nutrients e.g. Zn)</li> <li>8) 100% Plant-based protein</li> <li>9) Clean Label (e.g. No Artificial colors, No Antibiotics/No Hormones, etc.)</li> <li>10) Products using functional quality ingredients to improve wellness (e.g. source of fiber, etc.)</li> </ol>
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	<p><b>Bottled Water:</b> Our bottled water brand Refresh is tagged as one of the basic goods by DTI. Through refresh, URC provides an additional supply of clean drinking water on-the-go, which is essential in times of calamities and emergencies.</p>		<p>To-date, more than 85% of products passed 1 URC Wellness Criteria, more than 65% passed 2 URC Wellness Criteria and more than 30% passed 3 URC Wellness Criteria.</p> <p>In terms of products, we've launched the following:</p> <ol style="list-style-type: none"><li>1) Vitasoy - a plant-based nutrition made from sustainable sourced soy without GMOs promoting healthier lifestyle and better protein delivery</li><li>2) Nova - URC ensures that we fully comply with regulatory labeling and product information requirements, and also implement the required analysis for nutritional facts and claims.</li><li>3) C2 Fiber - Functional beverage that aids better digestive function. One variant has zero added sucrose.</li><li>4) Maxx Fresh - NAFNAC Candy (No artificial flavours, no artificial colors)</li><li>5) In Oceania, we are pushing more products to address the growing trends in healthier snacking in developed markets through NAFNAC (No artificial flavors, no artificial colors) as we launched products like Natural Chip Co. and Veggie Chips in Australia.</li></ol>
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			<p><b>Packaging:</b> Packaging is part of our Product Materiality. Our 2030 commitment states that “we will reduce our packaging footprint &amp; make 60% of our packaging recycle-ready”.</p> <p><b>1. Reduction of Packaging footprint</b> - we look for opportunities in renovating our packaging materials especially in snack foods. We are looking into using monomaterial laminates in packaging while optimizing schemes for packaging and logistics efficiency. The 6% laminate footprint reduction in Snacks has eliminated in elimination of 1,473 tons of packaging material on an annualized constant volume basis.</p> <p><b>2. Increase the proportion of our packaging materials that’s recyclable</b> - as technologies become available and feasible, we continue to look for opportunities in making our packaging as recyclable as possible. Adopting a single material type for packaging will promote closed loop systems, especially in areas where recycling facilities exist. This is part of our efforts to help encourage viable recycling ecosystems. As part of our 2020 review, we had an increase of 10% in the percentage of recycle ready packaging from our baseline in 2018.</p>
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<p>Polyethylene (PE) and Polypropylene (PP)</p>	<p>UNSDG 2: Zero hunger</p> <ol style="list-style-type: none"> <li>1. PE and PP food storage and packaging reduce food waste. Examples are plastic films which can extend the shelf-life of cucumbers from 3 days to up to 14 days, sealed trays which can reduce up to 20% of waste for grapes, and crates which can minimize losses during transport of farm produce.</li> <li>2. PE and PP increase yields in agriculture. Examples are protective films used to avoid losses due to pest infestation and harsh weather elements, mulch films used to prevent water evaporation, heat loss and weed growth, HDPE irrigation and drainage pipes and geomembranes.</li> </ol>	<p>No negative Impact of Contribution</p>	<p>Not applicable</p>
<p>Polyethylene</p>	<p>UNSDG 6: Clean water and sanitation</p> <p>HDPE pipes, valves, storage tanks, reservoirs and fittings are used in water supply and distribution infrastructure.</p> <p>UNSDG 7: Affordable and clean energy</p> <ol style="list-style-type: none"> <li>1. HDPE pipes are used in gas supply.</li> <li>2. PE is used for wire and cable insulation.</li> <li>3. HDPE and LLDPE packaging save energy by being lightweight and reducing the number of delivery trips.</li> </ol> <p>UNSDG 13: Climate action</p> <ol style="list-style-type: none"> <li>1. Being lightweight, water-resistant and</li> </ol>	<p>No negative Impact of Contribution</p>	<p>Not applicable</p>

	<p>FDA-compliant, HDPE bags are used as packaging in relief operations.</p> <p>2. LLDPE-containing tents are used as temporary shelters.</p> <p>3. HDPE boats are used during rescue operations.</p> <p>4. HDPE rainwater filtration tanks for clean water</p>		
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	<b>SUPPLIER ACCREDITATION POLICY</b>	Page 1 of 5
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<b>POLICY STATEMENT</b>	The Company shall purchase only from duly accredited suppliers endorsed by the Business Unit Supplier Accreditation Team (BUSAT) and approved for accreditation by the Corporate Supplier Accreditation Team (CORPSAT).
<b>OBJECTIVES</b>	<ol style="list-style-type: none"> <li>1. To manage and administer a common system for the accreditation of suppliers.</li> <li>2. To ensure that the Company’s suppliers are capable of providing the highest quality products or services and possess other important measures such as reliability of products and services, competitive prices, financial and technical capabilities.</li> <li>3. To establish a system of disciplinary action, whether suspension or debarment of suppliers, to protect the Company’s interest, to discourage unethical business practices, and to encourage expected performance by the suppliers.</li> </ol>
<b>SCOPE AND COVERAGE</b>	<ol style="list-style-type: none"> <li>1. This document defines the policies and procedures on accreditation and maintenance of suppliers particularly on:                         <ol style="list-style-type: none"> <li>1.1. Supplier Application</li> <li>1.2. Supplier Appraisal</li> <li>1.3. Accreditation Approval</li> <li>1.4. Supplier Maintenance</li> <li>1.5. Supplier Review and Evaluation</li> <li>1.6. Suspension</li> <li>1.7. Debarment</li> <li>1.8. Appeal Process</li> <li>1.9. Reinstatement</li> </ol> </li> <li>2. The policy is applicable to suppliers of JG Summit Holdings, Inc. (JGSHI), its subsidiaries and affiliates.</li> </ol>
<b>GENERAL POLIIES</b>	<ol style="list-style-type: none"> <li>1. Only accredited suppliers can provide the goods and service requirements of the company. Only those products or services that received accreditation shall be supplied by an accredited supplier.</li> <li>2. All potential suppliers shall undergo the accreditation process to ensure that only qualified suppliers are selected to supply the goods and services requirements of the company. Inclusion of additional commodity/ies from an existing supplier shall require accreditation.</li> <li>3. Inspection, evaluation and accreditation of potential suppliers shall be carried out by two (2) Supplier Accreditation Teams, (i.e., the BUSAT and the CORPSAT).The SATs shall be composed of individuals who have the qualifications and capabilities to evaluate the eligibility of the suppliers to be accredited.</li> </ol>

4. The BUSAT and CORPSAT shall appraise all suppliers applying for accreditation using a rating system  
  
The rating system shall include both product and company evaluation.
  - 4.1. Supplier rating shall be documented through the Supplier Accreditation Rating Sheet (SARS).
  - 4.2. Supplier with Overall rating equal or above seventy-five (75%) shall qualify for accreditation approval.
  - 4.3. In cases when certain criteria for accreditation is deemed not applicable, the passing requirement of 75% shall be computed based on the **total applicable criteria**.
  - 4.4. A premium or additional five (5%) points shall be added to the rating of supplier who are Sole Distributors of products provided that the Sole Distributorship Certification has been obtained and verified.
  - 4.5. An additional three (3%) points shall be added to the rating of supplier if distributorship of the product is limited to two (2) suppliers only. Certification from the manufacturer on the limited distributorship has to be obtained and verified.
  - 4.6. The Rating System for each accreditation criteria may vary by commodity group and may be customized by the BU according to strategic importance.
  - 4.7. Supplier with a total rating below seventy five percent (75%) may still be recommended for accreditation provided:
    - 4.7.1. The product or service is needed to comply with regulatory requirements
    - 4.7.2. Supplier is a sole distributor; and
    - 4.7.3. Other justified reasons.
5. The Supplier Accreditation Evaluation Sheet (SAES) shall be accomplished to document the results of the rating and assessment of the supplier's capability to deliver the required products or services.
6. The SAES shall be approved by the following authorized approvers:
  - 6.1. BU GM or the Group BU GM for BUSAT
  - 6.2. CORPSAT Chairman for CORPSAT
7. CORPSAT shall inform all BU Purchasing Heads, Treasury Heads, Bills Processing Heads and IT Heads of the suppliers who have been granted accreditation through the CORPSAT Bulletin. The CORPSAT Bulletin shall include all changes in the supplier's accreditation status.
8. All accredited suppliers shall be included and maintained in the supplier information database for easy access and management of supplier information.

The supplier information database shall contain the contact information and product listings of all accredited suppliers where all purchases will be sourced.

9. CORPSAT and BUSAT shall update the Accredited Suppliers List (ASL) based on the weekly bulletins issued/received.
  - 9.1. BUSAT shall maintain the BU ASL. Certain suppliers may be present in two or more BU ASL.
  - 9.2. CORPSAT shall maintain the Corporate ASL.
  - 9.3. The ASL shall be used to determine suppliers for the solicitation of Invitations to Bid, Requests for Proposal, and Invitations to Negotiate.
  - 9.4. The ASL shall be made available to the BU Procurement and Treasury Departments.
10. An updated Accredited Suppliers Masterlist (ASM) shall be provided by CORPSAT to the BUSAT thirty days after the end of each quarter.
  - 10.1. The ASM shall have a version number and revision date to guide users in determining most recent updates.
  - 10.2. Accredited suppliers in the ASM shall be categorized by products and services, and then by supplier groups.
11. CORPSAT shall maintain and provide the BUSAT with the Open List that contains the commodity groups or services that are not required to undergo accreditation.
  - 11.1. CORPSAT has the prerogative to add or delete commodity/ies, commodity groups, or services in the Open List. BUSAT may recommend the addition or deletions of commodity/ies, commodity groups, or services in the Open List.
  - 11.2. CORPSAT shall distribute to all BUSATs an updated Open List in case of any approved changes.
  - 11.3. The Open List shall always have a version number or date/time of update to guide copy distribution lists of the most recent listing implemented.
12. On a periodic basis, the BUSAT and CORPSAT shall conduct a complete re-assessment of the supplier similar to the initial accreditation conducted or based on a supplier performance evaluation system.
  - 12.1. Key performance metrics may be used to evaluate the performance of an accredited supplier
  - 12.2. CORPSAT may impose re-assessment of certain suppliers as the need arises
13. BUSAT has the primary responsibility for tracking supplier performance for the BU. BUSAT shall inform CORPSAT through a complaint report of any problem encountered by the BU with the accredited suppliers and recommend disposition of suppliers who failed to deliver as required and/or comply with the standards.
14. The BUSAT shall inform all accredited suppliers of company's Code of Business Conduct, the policy on Conflict of Interest (COI) and the Policy on Supplier Conduct.

15. In cases of violations by the supplier, the BU concerned shall prepare an Incident Report and submit to the BUSAT for initial investigation.
16. If a case is warranted based on the initial investigation, the BUSAT shall prepare a Case Report to be noted by the BU GM and submitted to CORPSAT for deliberation and disposition.
  - 16.1. The CORPSAT shall form an Investigation Team that shall assess the Case Report filed by the BU.
  - 16.2. CORPSAT may use the assistance of other departments (e.g., Corporate Audit Department, Corporate Legal Department, etc.) who will act as experts and consultants to the case being presented.
  - 16.3. Administrative hearing shall be called by CORPSAT if duly warranted, to assess the explanations of the parties concerned.
17. CORPSAT shall inform the BUs regarding its decision. Application of suspension of a particular supplier shall cover enterprise-wide.
  - 17.1. A suspended supplier shall be duly categorized in the ASM and shall not be given any procurement transactions by the BU.
  - 17.2. The suspension of the supplier shall be for an indefinite period of time until the suspended supplier formally requests reinstatement through the BUSAT.
18. CORPSAT may reinstate a suspended supplier only when it has demonstrated that the cause for the suspension has been resolved, subject to the required documentation and processes for accreditation.
19. The BUSAT shall request for debarment of a particular supplier if such have not met the required standards during evaluation.
  - 19.1. The debarred supplier shall also be delisted in the ASM and shall not be included in all solicitation mailing lists and any bid proposals by the supplier shall not be considered.
  - 19.2. The debarment of a supplier shall be for an indefinite period of time. It shall be the responsibility of the supplier to apply for re-accreditation, provided that the cause of debarment has been sufficiently resolved.
20. Suppliers may request for reinstatement coursed through the BUSAT, if they have already satisfactorily resolve the cause of the initial suspension.
21. The supplier shall submit an explanation for the request, indicate the cause of suspension and the actions rendered in order to resolve the incident.
22. The supplier shall be required to submit necessary documents to substantiate resolution. BUSAT shall conduct an initial assessment of the request prior to endorsement to CORPSAT.
23. CORPSAT shall set a date for the conduct of a deliberation conference after the supplier's request has been received.



## SUPPLIER ACCREDITATION POLICY

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24. Based on the submitted documents, CORPSAT may rescind the suspension and reinstate the supplier or affirm the suspension.

This Policy shall take effect and shall continue to be in full force unless superseded by new policies and guidelines.

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