

# Jollibee Foods Corp. (JFC)

## SEC Sustainability Report

### Contextual Information

Company Details	
Name of Organization	Jollibee Foods Corporation (JFC)
Location of Headquarters	Jollibee Plaza Building, Don F. Ortigas Jr. Rd., Ortigas, Pasig City, Philippines 1605
Location of Operations	<p>In the Philippines, we have 15 manufacturing plants, 19 distribution centers, and 3,217 stores.</p> <p>The list and locations of the manufacturing plants, distribution centers and stores may be viewed in the 2020 JFC Annual Report.</p>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	<p>Covered in the reporting boundary are Jollibee Foods Corporation and its subsidiaries operating the following brands (hereinafter referred to as the “Group”):</p> <ul style="list-style-type: none"> <li>Jollibee</li> <li>Greenwich</li> <li>Red Ribbon</li> <li>Chowking</li> <li>Mang Inasal</li> <li>Burger King</li> </ul> <p>Some brands have global presence, but we shall limit the boundary of this report to Philippine operations only</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>JFC’s principal business comprises the development, operation and franchising of stores under the Jollibee, Chowking, Greenwich, Red Ribbon Yonghe King, Hong Zhuang Yuan, Mang Inasal, Burger King, Highlands Coffee, PHO24, Hard Rock Cafe, Dunkin’ Donuts, Smashburger, Panda Express and The Coffee Bean and Tea Leaf® (CBTL) brands. JFC is also engaged in the manufacturing of food products, logistics services, and property leasing in support of its operations.</p>
Reporting Period	January 1, 2020 – December 31, 2020
Highest Ranking Person responsible for this report	Mr. Jose Ma. A. Miñana, Jr, Chief Sustainability and Public Affairs Officer

## Materiality Process

We conducted a series of workshops and discussions with key persons in our Group, as facilitated by a partner agency, to help us identify what truly matters to us and our stakeholders. This process helped widen our business perspective and enabled us to recognize our existing approaches on sustainability.

The following specific steps were undertaken:

**1. Understanding the Sustainability Context:** Our Group identified key economic, social, and environmental areas where our business creates value. This process allowed us to identify which impacts are most material considering the three dimensions of sustainability. Furthermore, this identification process guided us in addressing our current and future challenges, and in establishing priorities.

**2. Identifying Material Topics:** Guided by the Sustainability Framework released by the Securities and Exchange Commission (SEC), we were able to cover the following focus areas: corporate governance, resource and impact management, and contribution to sustainable development through our products and services.

Our Group went through a materiality assessment process that consisted of a series of consultations with key representatives from the different business divisions, which brought forth the concerns of their respective stakeholders. We considered the key impacts of each of our activities and relevant risks and opportunities, including the key capitals we rely on to sustain and grow our business. The senior management drew out the Group's sustainability drivers and aspirations.

**3. Measuring Performance and Defining Management Approaches:** In 2019, our Group obtained baseline data on each of the material topics identified, which includes substantial content on impacts, risks, opportunities and the subsequent management approaches. The collected metrics were accurate and comparable to GRI reporting standards. We conducted a data gap assessment on each of the performance areas, and began setting-up procedures to systematically collect more data to better measure our sustainability performance.

We also referred to the UN Sustainable Development Goals (SDGs) to see how our business impacts and value creations are linked to delivering on specific SDG targets.

Identifying materiality is an iterative process for us. We will continue to review how we impact the environment and society, how we measure our performance on these impact areas, and how we can better communicate these impacts to our stakeholders.

**Important Note:** The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. For example, for the topic of Anti-corruption, only one discussion on Impacts, Risks, and Opportunities was made that covered both metrics: a) Training on Anti-corruption Policies, and b) Procedures and Incidents of Corruption. This made the disclosure on the management approach more focused and not repetitive.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
<b>Direct economic value generated:</b>	<b>135.73</b>	B PhP
<b>Direct economic value distributed:</b>	<b>149.79</b>	B PhP
a. Employee wages and benefits	27.92	B PhP
b. Operating costs		
Payments to suppliers of raw materials <sup>1</sup>	39.63	B PhP
Other operating costs <sup>2</sup>	74.85	B PhP
c. Dividends given to stockholders	1.43	B PhP
d. Interest paid to loan providers <sup>3</sup>	1.62	B PhP
e. Taxes paid to the government	0.74	B PhP
f. Investments made to the community		
Donations	0.26	B PhP
Sales Discounts	3.33	B PhP
<b>Direct Economic value retained</b>	<b>(14.06)</b>	B PhP

<sup>1</sup>This only includes payments made to the local suppliers. This is reflected under the Cost of Inventories in the Financial Statement of the JFC Annual Report.

<sup>2</sup>This includes the other items of the Cost of Inventories such as payments to the suppliers of JFC's foreign subsidiaries. This also includes other operating expenses such as stores and manufacturing costs.

<sup>3</sup>This excludes PFRS 16 adjustments, which was previously included in last year's report. We will no longer be including this accounting adjustment in the following reports.

### Procurement Practices

#### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers <sup>1</sup>	55.06	%

<sup>1</sup>Local suppliers were defined as suppliers of raw materials operating in the Philippines.

<sup>2</sup>The decrease from 2019's percentage was due to the drop in volume procured.

## Direct Economic Performance & Procurement Practices

### Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

**Economic drivers and impacts:** Our businesses, which includes 3,217 stores, 15 manufacturing plants, and 19 distribution centers in the Philippines, directly support 11,808 jobs. Other employment opportunities are created from our business operations through our franchising businesses and third-party service providers. We also provide jobs to our suppliers and their employees. Our investors are given their due returns on their investments in our company. We also ensure that our brands comply with the tax payment regulations set by the government, and that our financial gains are distributed to all our other stakeholders.

Moreover, we extend our economic gains to local communities through the Jollibee Group Foundation (JGF). We build capacity in these sectors and involve them in our business operations. Through our Farmer Entrepreneurship and ACE Scholarship Programs, we have enabled and supported over 2,300 farmers since 2008, and assisted over 2,200 scholars across our various programs since 2005. Through our Busog, Lusog, Talino School Feeding Program, we have built 34 in-school kitchens since 2016. This has enhanced our capability to provide nutritious food to public school students nationwide, serving almost 240,000 pupils since the program's inception in 2007.

**Direct Economic Value Distribution:** In 2020, the economic value we generated were distributed to our key stakeholders: Suppliers in the form of payments (43.47%), Employees through wages and benefits (20.57%), Investors for returns on their investments (2.25%), Communities through donations and other CSR initiatives (2.65%), and Government in the form of taxes (0.55%). Our widespread global presence shapes our financial performance and how we contribute to the local areas wherein we operate through the various opportunities we give to our stakeholders.

### COVID-19 Impact

We continue towards recovery from the impacts of the ongoing pandemic to the business. We placed much of our efforts in ensuring the well-being of our stakeholders, particularly our employees, stores and supply network, and local communities as they were some of the most affected. We allocated a Php 1 billion emergency response fund to provide employees in the Philippines with the needed financial support to cope through community quarantine regulations. We also spent close to Php 7 billion for our Business Transformation program to strategically address the various impact caused by the pandemic on our global operations. Additionally, over Php 220 million worth of donations to healthcare and essential frontliners as well as communities in need were coursed through JGF. Food items were distributed to over 4.5 million affected families as well as to medical and uniformed front liners through our FoodAID Program.

## Management Approach for Impacts and Risks

2020 was a year of recovery and resilience. We continued to bounce back and grow amidst the challenges brought about by the pandemic. The following are programs and strategies implemented to mitigate these risks and drive profitability to the business:

### Business Transformation Program

The Business Transformation (BT) program, launched in May 2020, covered the rationalization of worldwide operations. A budget of Php7 billion was allocated to implement significant changes to JFC's global business structure. The changes involved the rationalization of non-performing stores, store network, supply chain facilities and management and support group structure. It also included building drivers of revenue growth for the future, including food delivery-to-home and offices and take out and drive-thru, even as the Group continues to open new stores in prime locations.

Of the Php7.0 billion provision for the Business Transformation made in June 2020, Php6.7 billion or 96% were utilized in 2020, of which Php4.7 billion were in cash spending while Php2.0 billion represented write-off of book value of assets. The unspent portion came mostly from lower-than expected charges for pre-termination of leases mainly in North America. The cash savings payback period for the cash portion of the spending is estimated at less than 2 years with an internal rate of return of 50%+.

As a result, a total of Php2.6 billion in annual savings are now being realized with full impact in 2021 and the years ahead. In addition, in 2020, about Php8.0 billion in capital expenditures were avoided or delayed to future years as part of the program's objective to preserve cash as a precautionary measure in the business downturn at the height of the pandemic.

#### **Issuance of Notes and Securities**

JFC issued US\$600 million guaranteed senior perpetual capital securities in January 2020, representing the first ever bond or perpetual securities issuance from JFC and the first time that JFC has tapped the capital markets since its Initial Public Offering in 1993. The objective of management for this issuance was to further strengthen the balance sheet of JFC to build a stronger foundation for accelerating its growth in order to achieve its vision to become one of the top 5 restaurant companies in the world. Proceeds from the offering were intended primarily to refinance the short-term debt from the acquisition of International Coffee and Tea, LLC (The Coffee Bean & Tea Leaf®), completed on September 24, 2019, as well as to fund initiatives aligned with JFC's general corporate purposes.

In June 2020, JFC issued US\$300 million 5.5-year and US\$300 million 10-year guaranteed senior notes, with a coupon rate of 4.125% and 4.750%, respectively, and payable semi-annually. The offering represented the second international capital markets transaction from JFC, following the successful issuance of its US\$600 million senior perpetual capital securities in January 2020. Proceeds from the contemplated offering will be used for general corporate purposes, intended as a precautionary measure from unforeseen eventualities that caused by the COVID-19 pandemic, as well as fund initiatives of the JFC and its group of companies (the "JFC Group").

#### **Reduction of Capital Expenditures**

In March 2020, JFC postponed about Php9 billion worth of capital expenditures from 2020 to 2021 given the operational constraints to the construction of facilities and to the uncertain volume of demand due to the limited mobility of consumers. The planned capital expenditures for 2020 were reduced by 63% from Php14.2 billion to Php5.2 billion. Operating costs were also significantly reduced at all levels- at the stores, commissaries, support services and main offices in all regions in the world.

#### **Profit Recovery**

Net income attributable to equity holders of the Parent Company for the fourth quarter of 2020 amounted to Php2.0 billion, 34.5% lower compared to the restated net income for the fourth quarter of 2019. The 2019 Audited Consolidated Financial Statements of JFC was restated to reflect the additional gain of Php1.1 billion (Php870.3 million of which was attributable to JFC), resulting from the finalization of the

independent 3<sup>rd</sup> Party Valuation of Intangibles in 2020, relative to the acquisition of CBTL. Basically, the fair market value of the net assets acquired by JFC through its wholly owned subsidiary, JWPL based on the independent 3<sup>rd</sup> Party Valuations were markedly higher than the purchase price of Php17.1 billion (USD327.9 million). The total gain from the acquisition has amounted to Php4.3 billion (USD81.6 million). Excluding this restatement of profit in 2019, JFC's consolidated net income would have declined only by -9.8% in Q4 versus 2019 and by -278.9% for the entire year 2020.

All regions in the JFC Group generated profit in the fourth quarter: Philippines, China, North America (Philippine brands), Europe, Middle East, Africa and other parts of Asia including Highlands Coffee in Vietnam. The operating losses of the CBTL and Smashburger brands for the fourth quarter were substantially lower compared to their operating losses in the fourth quarter of 2019.

While the decline in revenues in the fourth quarter versus year ago was still quite significant at -29.9%, profit recovery was significantly stronger with a decline of only -9.8%. This was made possible by the significant cost reduction and profit and cash flow improvement brought by the Business Transformation program.

In the fourth quarter, EBITDA amounted to Php7.1 billion compared to Php1.4 billion in the third quarter. The substantial portion of the proceeds from the issuance of Senior Perpetual Securities in January 2020 (USD600.0 million) and the Senior Debt Securities in June 2020 (USD300.0 Million maturing in 5.5 years and USD300.0 million maturing in 10 years), net of the payment of USD400.0 million short term debt used primarily for the acquisition of CBTL remained mostly intact in the form of Financial Assets at fair value through profit and loss (FVTPL) in USD-denominated investments worth Php35.7 billion or about USD742.6 million. In 2020, a total of Php1.3 billion was recognized as gain from the investments at FVTPL contributing to JFC's consolidated profit.

JFC also continued to make progress on the opening and reopening of stores. As of December 31, 2020, 96% of the group's worldwide outlets were already operating: 100% of stores in China and EMEAA, 98% in the Philippines, 94% in North America, 95% for SuperFoods and 90% for CBTL. Around 338 stores were also opened globally.

## Opportunities and Management Approach

JFC's vision and mission remain the same. We continue to aspire to be one of the top 5 restaurant companies in the world by serving great tasting food, bringing the joy of eating to everyone. In the coming years, we are looking at sustained recovery and returned growth for the business. To continue delivering economic value equitably to all our stakeholders, we have identified the following opportunities:

1. Strengthen and sustain the major pivots that were started in 2020:
  - a. Continue to strengthen off-premise channels such as delivery, take out and drive thru. Continue to enhance delivery for both in-house and delivery aggregators, and widen the coverage by adding 3<sup>rd</sup> party aggregators and increasing delivery store network.
  - b. Continue to boost take out sales through call and pick up and even curb side pick-up for stores that do not have drive-thru
  - c. Further improve turnaround time of drive thru operations to serve more customers
  - d. Recover/re-build dine-in business
2. Continue to launch new and relevant products for different channels.

3. Invest more in digital technology and upgrade of store POS.
4. Provide capital expenditures of Php12.2 billion for 2021 to fund the opening of about 450 stores (gross) and a commissary in the Visayas region. This amount is 22% higher than the actual spending in 2019 of Php10 billion.
5. Accelerate growth of the foreign business to compensate the slow recovery of the Philippine business. Of the planned new stores (~450) for 2021, ~370 will be opened outside the Philippines.
6. Realize a total of Php2.6 billion in annual savings from the Business Transformation Program in full starting 2021.
7. Enhance operational efficiency and synergies across the entire Jollibee Group; and Partner with our various suppliers and franchisees in transforming the operations of our supply chain into a more sustainable one.

### Procurement Practices

With regards to suppliers, we make sure that our contract agreements are followed diligently by all involved parties. Contracts are standardized to ascertain that the content encompasses all types of transactions with a particular supplier, and that the suppliers are given ample time to review the document before signing. In cases of revisions, a separate document reviewed by our legal division is attached, detailing all agreed revisions as a complementing agreement to the standard contract.

### Climate-related risks and opportunities

We are in the process of understanding the climate-related risk impacts to our business, to where it occurs, and how we can measure these impacts.

### Anti-Corruption<sup>1</sup>

#### Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity (2020)	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to <sup>2</sup>	100.00	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to <sup>3</sup>	100.00	%
Percentage of directors and management that have received anti-corruption training <sup>2</sup>	100.00	%
Percentage of employees that have received anti-corruption training <sup>2</sup>	100.00	%

<sup>1</sup>The Group's anti-corruption approach is part of the Code of Business Ethics (COBE).

<sup>2</sup>All employees are oriented with the Code of Business Ethics (COBE), which includes the anti-corruption policies, as part of the on-boarding process. An annual COBE orientation refresher course is also conducted.

<sup>3</sup>Ethical expectations are embedded in or appended to the standard contracts and agreements with the Organization's business partners itself, for the vendors and suppliers to sign.

#### Incidents of Corruption

Disclosure	Quantity (2020)	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	1	#
Number of incidents in which contracts with business partners were terminated due to incidents of corruption	0	#

**Anti-Corruption**

**Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected**

We prevent any form of corruption<sup>1</sup> across our value chain, as this would go against our ethical and moral principles, and it may significantly affect our ability to generate and equitably distribute economic value to all of our stakeholders. It may also adversely affect our reputation among the public and our customers, which may lead to lower sales and by extension, lower revenue.

**Management Approach for Impacts and Risks**

Our Code of Business Ethics (COBE) provides a value-based framework to guide our decisions as we carry out our business. We hold the COBE in high regard and we expect all our employees and contractors to abide by it. Policies against corruption are stipulated in the COBE.

Formal training for COBE, which includes anti-corruption policies, is annually conducted for all our employees, including directors and managers. For the suppliers, they are reminded of the Gift Policy during the annual supplier summit. Our anti-corruption policy is also included in the standard terms and conditions signed by suppliers during accreditation, supplier performance review, and regular sourcing reports.

The following are COBE policies<sup>2</sup> in place that are aligned with anti-corruption:

**We conduct our business with Integrity.** We earn and maintain the trust of those we deal with, both internally and externally, by conducting ourselves with integrity at all times.

1. We act in good faith, and are upright and fair in our dealings. Whether verbally or in writing, whether to external or internal parties, we communicate honestly and accurately.
2. We honor our commitments and make only commitments that we can deliver. We stand by our commitments and make only those commitments that are within our authority to make and that the company can deliver. In carrying out our commitments, we act fairly and responsibly.
3. We do business, build relationships, and make decisions based on merit. We do not seek to influence others or obtain any advantage, or allow ourselves to be influenced or give to others any advantage, on the basis of gifts or favors. For a better understanding of the applicable gifts and business entertainment policy applicable in your territory, please refer to the Policy on Gifts.

<sup>1</sup>The definition and elements of corrupt practices and bribery of public officers may be found in the relevant laws on Anti-corruption, including Articles 210 and 211 of the Revised Penal Code, The Anti-Graft and Corrupt Practices Act (Republic Act No. 3019), and Presidential Decree 46.

<sup>2</sup>The scope of the policies encompasses the entire corporation and its subsidiaries, and not just the Group.

**We are committed to Lawful Business Practices.** We have the responsibility to know and comply with the laws in the territories where we operate.

4. We comply with laws and regulations in the territories where we operate. The various aspects of our business are governed by multiple laws and regulations, some spanning multiple territories. We ensure that our business practices are in accordance with such law and regulations as they apply to us. Legal issues can be complex; in case of doubt as to the laws applicable to a particular course of action, consultation with the appropriate legal resource is recommended.
5. We comply with legal limitations on the use of non-public information. In the course of carrying out our responsibilities, we may be exposed to material non-public information. We do not use such information for personal gain; this includes a prohibition on insider trading, or dealing in securities on the basis of such material non-public information. For a better understanding of what constitutes insider trading, please refer to our Policy on Insider Trading.

**We Safeguard the Company's Resources and Interests.** We are stewards of the company's resources, and have been entrusted to carry out our professional responsibilities in furtherance of the company's legitimate interests. We do so with diligence and loyalty to the company.

6. We are stewards of all company resources entrusted to us. Company resources include physical assets, intellectual property and business information, documents and records, and company time. We safeguard all company resources entrusted to us, and ensure that these are used responsibly, and only for legitimate business purposes. We avoid any loss, destruction or waste of company resources.
7. We keep confidential all non-public information. In the course of performing our functions, we may be entrusted with or given access to non-public information. We respect and preserve the confidentiality of such information and do not divulge, reproduce, or use such confidential information other than for the purposes intended by the company. We do not use such confidential information for personal gain.
8. We base all decisions on the best interests of the company. We protect and advance the company's business interests. We avoid interests, relationships or activities that may compromise or impair (or appear to compromise or impair) our ability to (i) act in the best interests of the company, (ii) exercise objectivity in the discharge of our functions, or (iii) perform our duties to the best of our physical and mental abilities. We comply with the company's disclosure rules and conflict of interest policies.

We take action on incidents of corruption when we deem it appropriate to investigate and act on violations of the COBE, subject to the employees' rights to due process and the commitment of confidentiality to the informant. Incidents of corruption are handled immediately in accordance with the Labor Code, and the corresponding sanctions as defined in our Code of Discipline are applied. Non-compliance may result in disciplinary action, including termination. Certain violations may result in the filing of a criminal case, if warranted.

Moreover, our suppliers sign the inclusion of standard terms and conditions during accreditation. Buyers or managers are required to report any violations made by suppliers. We rigorously evaluate and investigate the report, and the confirmation of non-compliance leads to immediate delisting. To prevent

the recurrence of such cases, we follow the stipulations indicated in our legal documents regarding non-compliance and the corresponding repercussions of the violation.

We are currently benchmarking and adopting best practices on anti-corruption from different local and international companies in order to strengthen our anti-corruption policy.

### **Opportunities and Management Approach**

Our company's anti-corruption policies are already part of our COBE. We are continuing to conduct a comprehensive and collaborative study to identify the aspects of our business operations that are most vulnerable to corruption. As our company's anti-corruption policies are only part of our COBE, there is also an opportunity to create a standalone policy on preventing corruption in our company at all levels, and across our supply chain.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Units	Stores <sup>3</sup>	Manufacturing	Logistics	Main Office
Energy consumption (renewable sources) <sup>3</sup>	kWh	-	-	-	-
Energy consumption (gasoline) <sup>1,4</sup>	GJ	0	1	236	533
Energy consumption (LPG) <sup>4</sup>	GJ	255,303	80,075	0	0
Energy consumption (diesel) <sup>2,4</sup>	GJ	0	109,313	2,569	169
Energy consumption (electricity)	kWh	130,365,941.67	69,242,386.45	44,810,589.65	2,812,609.87

<sup>1</sup>For logistics, this includes consumption in genset and boiler (15 of 19 distribution centers) and fleet for employees. For Manufacturing, this includes fleet for employees.

<sup>2</sup>For Manufacturing, this includes consumption in genset and boiler, and fleet for employees. For Logistics, this includes 13/19 distribution centers. Systems are being put in place for data gathering.

<sup>3</sup>Stores data includes only company-owned stores. In some of our stores, renewable energy sources such as solar panels are being utilized. However, renewable energy consumption has not been accurately tracked this reporting cycle. Please note that the 2020 table above reflects the energy consumption within the organization. This is to clarify the 2019 renewable sources data should be accounted as part of the non-renewable; this serves as an erratum.

<sup>4</sup>The conversion factor used in converting volume of fuel to energy units is computed using the conversion factors found in the GHG Protocol Emission Factor Cross-sector Calculation Tool (March 2017); for LPG: 1 kg = 1.96L.

#### 2020 Reduction of energy consumption

Disclosure	Units	Quantity
Energy reduction (gasoline)	GJ	N/A
Energy reduction (LPG)	GJ	N/A
Energy reduction (diesel)	GJ	N/A
Energy reduction (gasoline)	GJ	N/A
Energy reduction (electricity) <sup>1</sup>	kWh	139,540,711.11

<sup>1</sup> This only includes company-owned stores. The reported energy reduction value for electricity is the difference between the 2019 reported value and the 2020 reported value of electricity consumption. Energy reductions for Manufacturing and Logistics divisions will be included in the next reporting cycle.

As one of the top companies in the QSR industry, we recognize our responsibility in lowering our carbon footprint. Hence, we implement several energy-efficiency programs across all our places of work.

In our Stores, we utilize a modern evaporative air-conditioning equipment for fresh air supply which drives energy efficiency. A data management system is also set to effectively track the savings and energy reduction from all our initiatives.

Specific to our manufacturing plants, we prioritize refrigeration efficiency by ensuring that we operate units at optimum conditions and settings. We also reduce operational evaporative condensers and replace older motors with high efficiency and VFD controlled motors. Ultimately, we seek to drive behavioral change towards the control of our resources in all our plants.

Efforts are also made in the reduction of diesel consumption for the transportation of goods across our distribution chain. These efforts include streamlining and proper route planning for product deliveries, using interlocks for conveyors and other motor controls, fully utilizing the load capacities of trucks, and using e-bikes and bicycles for food deliveries to customers. Additionally, we ensure refrigeration efficiency by setting an optimal target of refrigeration suction and discharge pressure, and optimizing use of air coolers for cold storages and freezers. Our employees are made aware of our energy reduction goals and they participate in our energy conservation programs.

Lastly, we prioritize the conversion of fluorescent lights to LED-type lights, and replace non-inverter type air conditioning systems to inverter types in our manufacturing plants, offices and distribution center (DC).

<b>Energy and Reduction of Energy Consumption</b>
<b>Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected</b>

The use of electricity is crucial for our manufacturing plants, distribution centers, offices, and stores to operate. Diesel and gasoline are also critical for energy reserves in establishments, and in the transportation of our goods. Impacts to the environment and people occur during the generation of electricity (i.e. thermal energy). Natural resources are consumed and greenhouse gases (GHG) are emitted through electricity consumption.

We also have a number of stores in Southern Luzon with installations of solar panels which reduce electricity consumption from non-renewable resources. Due to restaurants' high demand in energy consumption, solar PV systems are seen as assets in our stores. These panels have a cumulative capacity of 200 kW and reduce consumption from the grid by 5-7% in each store. On

average, we are able to avoid over 100 tons of carbon emissions and save over 240,000 kWh of energy annually through these installations.

Our manufacturing plants manage these impacts with proper maintenance of equipment, compliance to emission requirements, and daily monitoring of energy consumption. We continue to establish a culture of minimizing our carbon footprint by: 1) Encouraging employees to use bicycle as a means of transportation (majority of employees do so already) 2) Conducting meetings online instead of face-to-face to reduce travel carbon emissions and expenses, and 3) Establishing a Sustainability Energy Conservation Program. In some of our distribution centers, we see full commitment by our top management on lowering our carbon footprint.

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

High consumption of energy affects the environment; therefore, we conduct several measures to reduce our energy consumption within the Group. Aside from the aforementioned general energy efficiency initiatives we do as a company, our different divisions also conduct reduction efforts specific to their function.

In 2020, the COVID-19 pandemic has impacted the operations of our manufacturing plants. This has driven the plants to accelerate energy conservation programs and drive reduction in energy consumption. Some plants initiated a plant-wide energy conservation program which focuses on four aspects: 1) Drive behavioral changes towards control of utilities, 2) Focus on the maintenance of highly critical and large consuming equipment like the boilers and oven, 3) Optimize refrigeration plant operation and cold storage rooms, optimize light in the baking area, and utilize automatic door light switches of cold storages, and 4) Improve manufacturing output through reduction of downtime, better production planning and efficient execution of the manufacturing team. Other plants also piloted an installation of small solar powered equipment that produces hot water.

Our main distribution center, which is ISO 14001 certified, has an internal Energy Conservation Program that targets a 2.00% reduction on electricity and water consumption. An effectiveness evaluation is measured to assess if the desired annual target was met. Construction efforts are made to fulfill the target, such as rectification of the ceilings of cold storages for refrigeration efficiency in our warehouses. While this program is mandatory to our main DC, some of our other DCs practice this as well. Rehabilitation efforts are being exerted in cold storage rooms of our biggest manufacturing plant to ensure efficient and optimum operation.

The transportation unit of our logistics division practices truck route optimization and conducts delivery load efficiency measures to lessen fuel consumption. Combi-trucks are being used to lessen the number of trips needed to be deployed for deliveries. In the event of prolonged road accidents or localized calamities, our logistics unit conducts an inter-DC transfer, wherein the affected DC transports the delivery operations and the product inventory to another DC that is

able to deliver. These practices help to lessen the idle time of transport vehicles on the road and other operations that would cause unwanted fuel consumption.

Our stores are also using other modes of transportation in our delivery channel by using e-bikes and bicycles to further reduce our usage of fuel. Energy efficiency and consumption reduction in our stores are tracked regularly by our Energy Management Team. To curb our energy use further, we implemented Project 24 — a project which aimed to establish the temperature setting at 24 degrees Celsius across all our stores. In addition to providing energy efficiency training to the store managers, the Comprehensive Maintenance Program (CMP) allows our stores to avoid running the operations on inefficient equipment. Included in this maintenance is the monitoring of our refrigerant leaks, if any. Moreover, our store managers attend several trainings on energy conservation and air pollution. Some undergo Basic Pollution Control Training wherein all environmental impacts of human activities are discussed, including activities that contribute to emission of greenhouse gases. We have set initiatives with the goal of reducing our energy consumption for the succeeding years.

### Opportunities and Management Approach

We seek to lessen our environmental impacts by setting reduction initiatives specific to the different energy intensive functions of our Group.

Through our Logistics division, we seek to install more rooftop solar panels in the main distribution center. We also wish to establish a culture of sharing best practices and initiatives among our sites, and increase awareness among our site employees.

For our Manufacturing plants, we are looking into the following initiatives: enhancing the energy tracking methods in measuring the total energy consumed per product line or per group, solar roofing for hot water or power generation, and continuous monitoring on the compliance of air quality and generator set emission test.

#### 2020 consumption within the organization

Disclosure	Units	Stores <sup>2</sup>	Manufacturing	Logistics <sup>1</sup>	Main Offices
Water withdrawal	Cubic meters	2,226,986.70	938,019.36	171,634.00	16,807.87
Water consumption	Cubic meters	445,397.34	No data available yet	No data available yet	No data available yet
Water recycled and reused	Cubic meters	0	0	6.1	0

<sup>1</sup> Includes all 19 distribution centers

<sup>2</sup> Water withdrawal data only includes 1,150 of the 3,217 stores. The reported value of water consumption is an estimate and is computed by subtracting the total water withdrawal (1,150 company-owned stores) from the total water discharge value (only

880 stores has available data for this). This is also to clarify the 2019 total water withdrawal data for stores to be 3,233,013.96 cubic meters (water withdrawal) covering 1,153 company-owned stores; this serves as an erratum.

<sup>3</sup> Although the Stores division has rainwater catchment systems for some stores, the volume of which is still not being monitored accurately. Hence, recycled water is reported as zero and is not factored in the computation of water consumption.

## Water Consumption

### Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

Our manufacturing plants, distribution centers and stores utilize water in three main areas: production processes, utilities operations and food preparation.

In our plants and distribution centers' production processes, cleaning and sanitation are the main sources for water consumption. Intensive use of water usually go to the cleaning and washing of pans, trays, crates, pallets, and other processing equipment. In our stores, water is mostly used for washing activities in the kitchen, such as cleaning equipment pans, utensils, work spaces, etc. Toilet use, restroom cleaning, floor mopping, and other sanitation procedures are also other sources of water consumption in stores.

For our utilities operations in manufacturing plants, water is utilized in evaporative condensers, steam generation and boiler feed water systems. In our distribution centers, water is mostly used in the refrigeration process. Proper wastewater treatment is also ensured. In terms of food preparation, water is used as an ingredient in the manufacturing of our finished goods. Our stores also use water in the final preparation of our products before these reach the consumers.

Generally, our establishments across all value chains utilize city water as a main source. Water waste such as leaks and unattended faucet runs are mitigated, and proper monitoring and segregation of water consumption are being explored. The effluents are being discharged in sewage treatment plants.

Our manufacturing plants and distribution centers are strategically placed in areas which are not under watershed stress. However, some of our stores are located in watershed-stressed parts of Metro Manila and are experiencing less than 24 hours of water supply. Despite this challenge, we are taking the necessary steps in decreasing our water consumption and we are investing in water efficiency initiatives to mitigate the risks on the environment.

### Management Approach for Impacts and Risks

We strive to reduce our water consumption across all areas of work. To this end, our different divisions conduct water reduction efforts specific for their function.

In our manufacturing plants, the reduction of water consumption is targeted towards our cleaning activities. We regulate our water supply pressure for washing and we try to eliminate manual cleaning in most of our plants. The decrease in our consumption is largely driven by our initiatives in reporting and reducing leakages, overhauling and properly maintaining our crates

washers, and improving the efficiency of our manufacturing operations. Our water discharges are also analyzed regularly by the EHS and Engineering Department.

Our distribution centers also undergo daily inspection and monitoring of necessary water sources or outlets to ensure that all utilities are in good conditions. Any captured or reported leaks (including defective utilities) are immediately rectified and/or repaired. Additionally, there is an internal drive on water management that is reflected under the company’s program on Conservation of Resources. For 2020, the target was to reduce water consumption by 2% versus the previous year. All key performance indicators, targets and objectives are on track, within target or completed.

Aside from establishing procedures to minimize water consumption, the kitchen equipment of our stores are continuously reviewed and accordingly upgraded by our Restaurant System group. Outside of the kitchen, the use of water-less urinals and dual-flush toilets are included in our standard store designs. These measures enable the stores to minimize water consumption and consequently, save costs on water bills. In select stores, we also install rainwater collection systems in order to catch rainwater for activities such as the cleaning of premises and watering of plants.

**Opportunities and Management Approach**

We continue to explore water conservation initiatives and projects in our plants, distribution centers and stores. Specific to our Manufacturing division, we are exploring water recycling processes for reuse of water in cleaning perimeters, washing and flushing in restrooms, and watering of plants. We also intend to install a meter per production line to accurately monitor water consumption. For our distribution centers, we are conceptualizing a plan to improve on the existing crate washing processes.

Materials used by the organization

*Note: Materials procured by the Group is reported in this cycle, unless otherwise stated*

Disclosure	Quantity	Units
Materials procured by weight or volume:		
Raw Materials <sup>1</sup>	212,327,000	kg
Packaging <sup>2</sup>		
● renewable	174	SKU Count
● non-renewable	513	SKU Count
Percentage of recycled input materials used to manufacture the organization’s primary products and services <sup>3</sup>	-	%

<sup>1</sup>This only includes the top ten (10) procured raw materials (food) of JFC.

<sup>2</sup>The data is not yet available in volume, but systems are being put in place for data gathering.

<sup>3</sup>Amount of recycled input materials used over the total amount of procured raw materials.

## Materials

### Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

The Group's impacts to the environment brought about by the various materials used are mitigated through proper inventory and storage management, demand forecasting, and material sourcing strategies. These processes are crucial in preventing unwanted waste of perishables going to landfill.

Our use of non-perishable materials is primarily to accommodate food and beverage packaging materials for take-out transactions. On the basis of SKU count, the renewable materials that we use is at 25.32%.

In manufacturing our products, a small percentage of the entire raw materials being used accounts as food loss. In the accounted food loss, some portions are resold to accredited third parties who may reprocesses it into animal feed mix. The reselling and reprocessing of the accounted loss makes business sense as these optimize the material's use and reduce waste.

In the restaurant industry, we use and support goods that have inherent effects to the environment, as food production has its own ecological footprint. Therefore, the responsible use of raw materials is imperative to lessen this impact.

### Management Approach for Impacts and Risks

Suppliers are qualified using a specific sourcing criteria that assesses their performance in various areas. Every year, we update our environmental monitoring and specific sourcing criteria for all our product categories to ensure that our procurement strategies are still relevant and aligned with the mission, vision and values of our Group.

We constantly improve on our products in aspects such as food nutrition, taste, shelf life, and packaging. In our production process, we minimize material waste by ensuring our trimmings from our operations can be further re-processed in our manufacturing plant.

To help maintain the reduction of our material production, we promote environmental consciousness to our customers, mainly through our stores. We display "Skip the Straw: Help Save the Environment" standees at our cashier tables to remind our customers to lessen the usage of plastic and other non-biodegradable materials. Where possible, we encourage the prevention of using single-use plastics and offer reusable and renewable alternatives like bamboo stirrers.

### Opportunities and Management Approach

Through our cross-functional Eco-watch team, we continue to innovate and venture into more sustainable packaging. Eco-watch researches and recommends alternatives to provide eco-friendly and sustainable packaging options whilst managing store profitability. Research and recommendations by the team are also guided by local and national government policies.

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

This is considered not material for our company since we do not have operations within or adjacent to biodiversity-rich areas.

**Environmental Impact Management**

Air Emissions

Greenhouse Gas (GHG) <sup>1</sup>

Disclosure	Quantity	Units
Scope 1 <sup>2</sup>	30,749	tCO <sub>2</sub> e
Scope 2	177,445.3	tCO <sub>2</sub> e

<sup>1</sup> The emission factors used is based from the National Grid Emission Factor (NGEF) released by the Philippine Department of Energy. Other unit conversion factors were based from the GHG Protocol Emission Factor Cross-sector Calculation Tool (March 2017). Please note that the 2020 table above reflects the GHG emissions within the organization. This serves as an erratum on the 2019 GHG emissions breakdown within the organization.

<sup>2</sup> This includes LPG consumption in company-owned stores, and gasoline and diesel consumption of company-owned vehicles, 15 manufacturing plants and 19 distribution centers.

Air pollutants

The topic of air pollutants is only relevant to the use of our standby generators across our operations, and air quality in our stores. However, since our generator sets are only used during power interruptions that rarely happen, this topic is not deemed material. Nevertheless, we still ensure that we comply with the clean air standards of the Department of Environment and Natural Resources (DENR). Additionally, these generator sets are included in the Preventive Maintenance program to ensure that they function properly. Specifically for our stores, air pollutants is considered as a parameter at the design stage, targeting that the quality of air is maintained throughout the operations.

<b>Greenhouse Gas (GHG) Emissions</b>
<b>Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected</b>

Our emissions are primarily generated from our thermal energy source, and the fuel used by machines and transportation vehicles. The trucks and other motor vehicles that we use for deliveries during transport and stationary modes, our generator sets during power outages or maintenance checks, and our boilers during our production process, all emit GHG. In general, our Group’s involvement in this impact metric is through our day-to-day transactions and output.

## Management Approach for Impacts and Risks

Our emissions are managed through various internal initiatives. For transportation, we decrease the number of trips by increasing the efficiency of our truck loading capacity, by using combi-trucks, and by practicing strategic planning of delivery routes. Our standby generator sets for manufacturing plants and distribution centers are also assessed periodically and have passed DENR standards for clean air quality.

Our store managers attend several trainings on energy conservation, air pollution and some undergo Basic Pollution Control Training wherein all environmental impacts of human activities are discussed including activities that contribute to emission of greenhouse gases.

For the year 2020, a significant decrease on our Scope 1 and Scope 2 emissions were observed due to the limited operations of our stores, commissaries, and distribution centers.

## Opportunities and Management Approach

Our Group has an ongoing discussion on the shifting of old diesel-engine shuttle services of our commissary employees to Euro 4 emission standards-compliant<sup>3</sup> or electric engine vehicles. This is in response to the Public Utility Vehicle Modernization Program of the government.

For our manufacturing plants, the thrust is improvement on operational efficiency of manufacturing processes and utilities. This will translate to lower energy use for every unit produced. Strategies and action plans are in-place for implementation.

### Solid and Hazardous Wastes

#### Solid Waste

##### Operational waste<sup>1</sup>

Disclosure	Quantity	Unit
Total solid waste generated		
In Stores <sup>1</sup>	26,710,260.50	kg
In Distribution Centers <sup>2</sup>	3,068,665.00	kg
In Manufacturing Plants <sup>3</sup>	12,861,414.80	kg
<i>Reusable<sup>4</sup></i>	12.87	%
<i>Recyclable<sup>5</sup></i>	9.06	%
<i>Composted</i>	0	%
<i>Incinerated</i>	0	%

<sup>3</sup>DENR Administrative Order 2016-23 can be accessed using this link: [https://emb.gov.ph/wp-content/uploads/2019/04/DAO-2016-23\\_ADOPTION-OF-EURO-4.pdf](https://emb.gov.ph/wp-content/uploads/2019/04/DAO-2016-23_ADOPTION-OF-EURO-4.pdf)

<i>Residuals/Landfilled</i> <sup>6</sup>	78.07	%
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<sup>1</sup> The wastes in stores are collected and go to the landfill; This includes 2,272/3,217 stores, inclusive of some franchise stores.

<sup>2</sup> This includes 15/19 distribution centers. Systems are being put in place for data gathering.

<sup>3</sup> This includes inherent waste in the manufacturing plants.

<sup>4</sup> Items here are not waste, but included here nonetheless to show the percent reusable. This includes resold meat trimmings, and materials used as feed mix.

<sup>5</sup> This includes cartons, plastics, and gallons.

<sup>6</sup> This includes meat trimmings, mixed food & liquid waste, and scrap metals.

### 2020 Hazardous Waste

Disclosure	Stores (kg) <sup>1</sup>	Manufacturing (kg)	Logistics (kg) <sup>2</sup>
Total weight of hazardous waste generated	17,799.86	2,746,183.89	29,584.00
Total weight of hazardous waste transported <sup>2</sup>	15,238.26	2,706,992.39	29,584.00

<sup>1</sup> This includes 2,272/3,217 stores.

<sup>2</sup> This includes 15/19 distribution centers. Systems are being put in place for data gathering.

<sup>3</sup> The part of the hazardous waste generated that is not yet transported by end of December 2020 will be hauled in January 2021.

<b>Solid and Hazardous Wastes</b>
<b>Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected</b>

According to the Senate Economic Planning Office (SEPO), there is a projected 165% increase in solid waste production in Philippine cities by 2025. This equates to almost 78,000 tons of waste produced by the major cities alone.

Proper waste management is crucial in any organization, as doing otherwise creates adverse effects on the environment. Our Group complies with all laws regarding waste management. Policies and mechanisms are in place to achieve waste reduction in the form of product recalls, product complaints, delivery rejections, and other product defects.

Our solid waste management program is being implemented as required by Republic Act (RA) No. 9003<sup>4</sup> and subsequent LGU ordinances. The solid wastes that can be recycled or re-used such as paper, newspapers, cartons, boxes and plastic containers from the warehouse are segregated and stored in a material recovery facility (MRF) then sold to LGU-accredited haulers.

Our hazardous wastes are disposed of through a third-party DENR accredited transporter and brought to a treatment facility. Guidelines on manifest systems are strictly implemented. The certificate of treatment that we obtain will be submitted to the Environmental Management

<sup>4</sup> Republic Act No. 9003 can be accessed through this link: <https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/>

Bureau of the DENR once hazardous wastes are disposed of and treated through a third-party accredited transport storage and disposal facility. This complies with RA No. 6969<sup>5</sup>.

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

Our Group's involvement in the impact of solid and hazardous waste disposal is through our day-to-day transactions and outputs. These impacts are primarily managed through both internal initiatives and compliance with the regulatory requirements aforementioned. Internal initiatives are done by the different divisions specific to their function.

For our distribution centers, regular ground and perimeter inspections are being done to ensure the compliance with solid and hazardous waste disposal regulations. Our stores practice their Cleaning and Sanitation (C&S) procedures to ensure that oil and grease from the kitchen are properly collected. To limit the occurrence of clogging of drainage due to traces of oil and grease coming from the store operations, the frequency of cleaning is also monitored, up to the primary wastewater treatment system. Since the early 2000s, our stores have implemented wash facilities and systems<sup>6</sup> which enabled the Group to significantly reduce the residual waste generated from dine-in transactions. Currently, more washable materials are used compared to our single-use packaging.

Typical of a food manufacturing plant, the food loss, which will then turn into food waste if not utilized within the value chain, is one of the business' challenges. In JFC, we reprocess some meat trimmings and utilize the pastry trimmings as feed. We also resell a portion of the meat trimmings to accredited traders and the rest goes through pyrolysis before it reaches the landfill.

Additionally, the proper waste management and disposal in the manufacturing plants and offices are monitored by the Facilities Management team. For checks and balances, our Governance, Risk and Compliance team ensures that our wastes are indeed disposed of appropriately.

### **Opportunities and Management Approach**

Proper waste management and the use of reusable materials has been a management focus for many years. Our Group has been one of the first major QSR companies to use washable wares in our stores. Today, through Eco-watch, we aim to innovate for more sustainable packaging to support the more efficient use of natural resources and to produce less solid waste.

Moving forward, we see opportunities in optimizing meat and pastry trimmings from commissary waste and reprocessing them into by-products within the Jollibee Group. We also plan to reduce

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<sup>5</sup>Republic Act No. 6969 can be accessed through this link: <https://www.officialgazette.gov.ph/1990/10/26/republic-act-no-6969/>

<sup>6</sup>Wash facilities and systems refer to the store facilities that have transitioned to the use of dishwashing machines (or manual washing) for the reusables in dine-in transactions.

our plastic waste used in delivery boxes by using reusable belts instead of plastic stretch film to keep our delivery boxes intact. We aim to recycle all generated used oil and used lead acid batteries from our distribution centers by subjecting them to proper treatment processes and restore their usability. Lastly, we see an opportunity in introducing new disposal processes to reduce solid wastes leading to landfills through bio-remediation.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges <sup>1</sup>	1,834,729.36	Cubic meters
Percent of wastewater recycled <sup>2</sup>	-	%

<sup>1</sup>This includes 8/19 distribution centers and 880 stores. Systems are being put in place to gather and complete data from the logistics and manufacturing divisions, and main offices.

<sup>2</sup>The amount of wastewater recycled is currently being tracked by the Logistics division, however a percentage value cannot be reported in this cycle due to lack of water discharge volume data.

<b>Effluents</b>
<b>Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected</b>

Improper wastewater discharge may have detrimental effects on the environment as it may lead to water pollution and contamination. As such, we are placing our best efforts in treating our wastewater before disposal.

For our stores, wastewater is discharged to sewer and combined systems if available, or to the city drainage. In some stores, an accredited hauler collects our wastewater. Although we are currently not able to reuse our water, some stores have already explored and taken initiatives to recycle it.

<b>Management Approach for Impacts and Risks</b>
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Wastewater from our manufacturing plants go through Wastewater Treatment Facilities to ensure that our effluent wastewater discharges are meeting DENR general effluent standards. These facilities process and remove contaminants from the effluents to ensure quality-compliant discharge. In 2020, all manufacturing plants were in compliance with DENR mandated effluent standards.

Our stores are equipped with Primary Treatment Systems to remove pollutants in our wastewater through physical separation. At the minimum, the majority of our stores have floor-mounted grease traps installed. For some stores, on top of the floor-mounted grease traps, Central Grease Traps (CGT) are also installed. CGTs enable us to further remove pollutants in our wastewater. In select stores, we also install rainwater collection systems to collect rainwater for later use in activities such as the cleaning of premises and watering of plants.

## Opportunities and Management Approach

There is an opportunity for us to recycle more wastewater to decrease the volume of water discharged to sewer and drainage systems, to lessen our impact on the environment. We aim to further utilize our waste water treatment facilities for water recycling processes in all our sites, and install rainwater collection systems in more stores. Additionally, we continue to explore new ways to reuse our wastewater.

### Non-compliance with Environmental Laws and Regulations<sup>1</sup>

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations <sup>2</sup>	10,000	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	174	cases

<sup>1</sup>All reported values are specific to the non-compliance of our store operations only

<sup>2</sup>All the monetary fines reported are paid penalties from Notices of Violation issued by the DENR

## Environmental Compliance

### Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

We understand that non-compliance with regulations further exposes us to reputational, financial and operational risks. These risks include increased capital expenditures and/or increased operating expenses to meet more stringent regulations, potential delays in production and operations due to varying requirements and standards between local regulators with respect to licenses and permits, and environmental damage to the areas which may affect nearby communities. Non-compliance may also result in fines and/or non-monetary sanctions.

Therefore, we heavily invest in various interventions to ensure that we meet the necessary standards and regulations to mitigate the aforementioned negative financial, social and environmental impacts.

## Management Approach for Impacts and Risks

The Corporate Affairs office of the Group handles all environmental violations and complaints. Once a Notice is received from a government office, the Case Management Team under Corporate Affairs investigates by meeting with the branch personnel who can shed light on the issue. The goal is to unearth the root cause of the complaint and identify a permanent fix. After the initial recommendations are arrived at, these are discussed with other pertinent departments

in JFC. This discussion may validate the initial recommendations or may result in new proposals, depending on which course of action can better address the concern. Once a final decision is made, Corporate Affairs then meets with the government office or private complainant to discuss the violation, its findings and a proposal to address the complaint.

Additionally, we appoint Pollution Control Officers across our operational facilities who monitor our environmental compliance. Through our Corporate Affairs unit, we secure all the permits needed to comply with environmental standards set by our law, as well as the submission of self-monitoring reports from our facilities.

We attend the Technical Conferences required to resolve Notices of Violation. We discuss with the environmental regulatory bodies the corrective measures we will undertake to further improve our compliance.

### **Opportunities and Management Approach**

We recognize our responsibility in complying with environmental regulations that seek to safeguard our natural resources. Jollibee Foods Corporation takes seriously its environmental compliance, and the constant review of its processes is a testament to this commitment. We work closely with the government and private organizations in protecting our environment

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity (2020)	Units
Total number of employees <sup>1</sup>	11,808	#
a. Number of female employees	5661	#
b. Number of male employees	6147	#
Attrition rate <sup>2</sup>	9.39%	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

<sup>1</sup>The scope of the reported value reflects the organic JFC employees under Philippine operations.

<sup>2</sup>New Hires in 2020 = 1,381; 2019 average employee count = 16,690. Reported value only reflects voluntary attrition.

##### Employee benefits

Note: All organic employees in the Philippine operations are covered by the benefits indicated below. See footnote for specific remarks.

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS <sup>2</sup>	Y	61%	66%
PhilHealth	Y	9%	1%
Pag-ibig	Y	19%	20%
Parental leaves <sup>1</sup>	Y	2%	1%
<i>Magna Carta</i>		0.11%	NA
<i>Solo Parent</i>		1%	0.02%
VAWC		NA	NA
Vacation leaves <sup>1</sup>	Y	27%	24%
Sick leaves <sup>1</sup>	Y	10%	8%
Medical benefits ( <i>aside from PhilHealth</i> )	Y	No data available yet	No data available yet
Housing assistance ( <i>aside from Pag-ibig</i> )	N	-	-
Retirement fund ( <i>aside from SSS</i> )	Y	3%	2%
Further education support	Y	2%	1%
Company stock options	Y	2%	2%
Telecommuting <sup>3</sup>	Y	23%	13%
Flexible-working Hours <sup>3</sup>	Y	23%	13%

<sup>1</sup>Based on the total number of regular employees who are entitled to leaves and the actual number of employees who availed the leaves. Our employees are required to go on five (5) vacation leaves per year. All unused vacation leaves are monetized.

<sup>2</sup>Values reported are the number of loan benefits availed only. The use of the maternity benefit is 9%, of sickness benefit 1% for females and 1% for males (the SSS sickness benefit only gets filed when an employee is on a prolonged sick leave).

<sup>3</sup>The percentages reflected herein are based on the percentage of employees who are eligible to telecommute or use flexible working hours based on the guidelines vs total JFC headcount.

### Diversity and Equal Opportunity

Disclosure	Quantity	Units
Percentage of female workers in the workforce	47.94	%
Percentage of male workers in the workforce	52.06	%
Percentage of female in management positions <sup>1</sup>	60%	%
Number of employees from indigenous communities and/or vulnerable sector <sup>2</sup>	Not tracked for 2020	#

<sup>1</sup>This includes management positions and up.

<sup>2</sup>Vulnerable sector includes the 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).

<b>Employee Hiring and Benefits, Diversity and Equal Opportunity</b>
<b>Impacts and Risks: Where it occurs, JFC's involvement, Stakeholders affected</b>

#### **Employee Hiring:**

Our Group continues to be committed in providing equal opportunities across diverse sets of people, regardless of gender, ethnicity, age, and vulnerability. Our hiring policies and practices are shaped by our desire to remove the bias in the process of acquiring talents, where the focus is on determining skills and capabilities to ensure compatibility with the requirements of the job.

As part of our goal to reach out to the most vulnerable sectors of society, we started to forge partnerships with LGUs across the country to provide employment opportunities to Senior Citizens and Persons with Disability in 2019. However, given the risks posed by COVID-19, we had to pause this initiative until the situation becomes more manageable.

#### **Employee Benefits:**

The compensation package we provide to our employees is benchmarked against the market. As a result, for every region encompassing our operations, our entry-level salary packages are above the minimum wage rate as set by the National Wages Productivity Commission. Furthermore, our employees are also given benefits to improve their quality of life, which include vacation and sick leaves, medical subsidy for employees and health plan coverage for their dependents, as well as company stock options.

For the statutory benefits, the still fairly low uptake of SSS loans and PhilHealth benefits emphasizes the effectiveness of the collective benefits that we offer to our employees. Our employees also enjoy benefits that are beyond what is mandated by law. For instance, our maternity benefit covers more than what the government provides through SSS. The difference in the 105 days of salary is paid for by JFC. We also support stillborn cases by providing the same benefits as to those who delivered. Of the number of pregnant employees in 2020, all of them

availed of the leave and took the full term option. Employees that availed of the maternity leaves but were unable to work were given allowances outside of their leave period.

Lastly, we also continue to champion the importance of wellbeing. JFC provides support to ensure the safety of our employees by offering alternative work arrangements (Work From Home, Work On Field and Work On Site) as applicable. For those who needed to work on site, shuttle services, PPEs, vitamins and other additional support were provided.

## Management Approach for Impacts and Risks

### **Diversity and Equal Opportunity:**

The Group creates and provides jobs that cater to a wide segment of the population. Hence, we ensure that we hire a diverse talent pool. The Human Resources Department-institutionalized Diversity and Inclusion function which started in 2017 is still intact and operating. This function surfaces and eliminates unconscious biases in the employee lifecycle (which includes hiring processes), and even in the customer experience journey. In 2020, we were a member of the Diversity and Inclusion in Asia Network (DIAN), supporting initiatives that promote Diversity and Inclusion in the Philippines and in Asia.

### **Hiring, Compensation, and Benefits:**

We benchmark our benefit structure with the industry standards and adjust accordingly to stay within the industry average. On top of government-mandated benefits, perks such as healthcare coverage (HMOs), monetization of unused leaves, retirement fund, company stock options, further education opportunities, telecommuting and flexible working hours, are also provided.

In 2020, Wellness Webinars and Articles were regularly provided to employees. The focus on employee wellbeing was further highlighted by the launch of our online Wellness Portal, which contains articles, videos and challenges that will help employees achieve holistic wellbeing.

When the COVID-19 pandemic struck and impacted the Group, we ensured that the compensation of our employees were protected to the best of our ability. We allocated 1B pesos in the early part of the year to pay out salaries and allowances as applicable, and we were able to support our employees in a very tangible manner. The Group also made an impactful decision to advance the 13th month pay of our employees as part of our COVID-19 response. Additionally, we extended financial assistance to those who were affected by the typhoons which devastated parts of the country in the last quarter of the year.

### **Attrition:**

In 2020, we were awarded the Gallup Exceptional Workplace Award (JFC being the first Filipino company to win this award) and we were listed as one of Forbes' Best Employers of 2020. These recognitions highlight the excellent workplace conditions that our Group offers and is reflected

by our low voluntary attrition rate of 9.39% in 2020. This low attrition rate reflects our efforts on keeping human capital at the center of our business strategy.

**Opportunities and Management Approach**

As the concept of hybrid workforces becomes more mainstream, this presents us with wide opportunities to expand our reach and open up career opportunities for people in far-flung areas. As we continue with our hybrid work arrangement until further notice, we have an opportunity to assess whether this can be done permanently in the coming years.

Moreover, we are looking into expanding partnerships with LGUs and the government to provide employment to the vulnerable (marginalized) sectors through various employment programs.

Employee Training and Development

*Mainstream (Leadership and Technical) Program<sup>1</sup>*

Disclosure	Quantity	Units
Total training hours provided to employees	87378	hours
a. Female employees	43260	hours
b. Male employees	44118	hours
Average training hours provided to employees	7.40	hours/employee
a. Female employees	7.64	hours/employee
b. Male employees	7.18	hours/employee

<sup>1</sup> This includes all employees from all brands of the Group. Note that the 2019 employee headcount and training hours for Mainstream Program training did not cover all brands of the Group.

*Accelerated Development Program*

Disclosure	Quantity	Units
Total training hours provided to employees <sup>1</sup>	587.69	hours
a. Female employees	410.41	hours
b. Male employees	177.27	hours
Average training hours provided to employees <sup>1</sup>	11.09	hours/employee
a. Female employees	10.80	hours/employee
b. Male employees	11.82	hours/employee

<sup>1</sup> Training hours reported are for employees under the Accelerated Development Program (covers 141 employees).

**Employee Training and Development**

**Impacts and Risks: Where it occurs, JFC’s involvement, Stakeholders affected**

Training and development empowers employees to perform well in their tasks and achieve milestones in their career, thereby positively impacting morale and engagement. These trainings

have also kept employees abreast with the knowledge and skills required to safely navigate through the next normal.

Our Talent Philosophy focuses on five main areas:

- a. We believe that all of our talents are important, and that each talent contributes differently to JFC;
- b. All of our talents are expected to deliver sustained high performance for the Group's continued success;
- c. We provide differentiated development opportunities for everyone to support their current needs and prepare them for their future roles;
- d. HR and Line Managers partner with our employees to ensure the achievement of talent outcomes; and
- e. We support our talents' career through regular and transparent communication.

Aligned with our Talent Philosophy, we provide standard Learning and Development programs to all our employees for them to become fully competent in delivering quality business results and prepare them for future roles. We also regularly incorporate training programs that address emerging needs based on the industry's new trends and the world's most pressing issues that affect JFC and its employees.

In 2020, our Mainstream Leadership and Technical training programs provided a total of 43,260 training hours to female employees, and 44,118 training hours to male employees. Both the community quarantines and restrictions and the rise of remote and alternative learning platforms allowed the Group the opportunity to drive training and development among its employees. On top of the regular training programs, we integrated programs that address health, safety, and best practices in the context of a pandemic. The average training hours for male and female employees do not significantly deviate from the other— consistent with our commitment to provide equal opportunities for everyone. However, these figures do not include all the training hours logged for technical and functional training.

The HICAP program or the Holistic Integrated Career Advancement Program is a fast-track developmental program for our key talents—employees who exhibit high potential and high performance. This program was designed to give our key talents the opportunities to develop and demonstrate priority leadership competencies that are two levels higher than their current level.

Specific to the Accelerated Development Program, an average training time of 10.80 hours per female employee and 11.82 hours per male employee were recorded. The Future Leaders Program (for high potential fresh graduates; FLP) courses were taken online, while Emerging Leaders Program (ELP) for Officers or Restaurant Managers, Leap Advancement Program (Leap) for Managers and Area Managers, and Leadership Enrichment through Accelerated Development (LEAD) for Senior Managers and Directors were rescheduled to give way to urgent leadership and technical programs that would respond to the emerging needs brought about by the COVID-19 pandemic.

## Management Approach for Impacts and Risks

JFC understands the significance of career development in its employees' overall welfare. Our Group provides resources and access to a diverse range of training programs for our employees. In 2020, we invested a total of Php 105 million on training and development<sup>7</sup>.

We streamlined our training process and policies across global, regional, and business units to ensure that all levels of the group are updated with the most recent knowledge and skills. The implementation of a Global Learning and Development branding drives consistency across the enterprise while Regional Learning and Development ensures that nuanced learning needs of the different regions are met. These are on top of our business unit Learning and Development teams that bring the learning and development closer to our front-liners.

JFC's experience in online training proved to be useful in 2020. The alternative platforms to traditional face-to-face learning allowed us to continuously provide development to our employees at a time when physical distancing was the norm. With this continuity, we drive the business acumen and operational excellence across our employees. We also conduct follow-through training programs for knowledge reinforcement.

To prevent and mitigate the identified risks on poor adherence to quality of productivity and efficiency standards of employees, we conduct targeted high-investment training for employees which are supported by licenses and certifications. We also aim for the Accelerated Development Program to be deployed across all levels of the organization.

## Opportunities and Management Approach

We wish to sustain the pooling of subject matter experts and content experts within the organization and business units to bring in knowledge and skill-sets training from external sources.

We have reimagined the Learning and Development within the organization by establishing and transforming key Learning and Development capabilities with focus on training administration, training delivery and training data analytics. Streamlining of training curricula is currently done to maximize training resources and drive training effectiveness. Our vision is to replicate this transformation across all global regions and maintain a JFC L&D brand that will become the benchmark in the quick service restaurant industry.

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<sup>7</sup> The 2020 data includes training and development investment of Corporate HR and the Business Units; 2019 data only covers Corporate HR.

## Labor-Management Relations

Disclosure	Quantity	Units
Percentage of employees covered with Collective Bargaining Agreements (CBA) <sup>1</sup>	9.76%	%
Number of consultations conducted with employees concerning employee-related policies <sup>2</sup>	18	#

<sup>1</sup>Covered here are rank-and-file employees in Jollibee (1,061 employees) and in Red Ribbon (149 employees).

<sup>2</sup>Included here are the monthly meetings and dialogues.

### **Labor-Management Relations**

#### **Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected**

Our Group maintains a stable relationship between labor and management. All regular employees enjoy benefits that are favorable to themselves and their families. Adherence to fair negotiation practices and proper administration of the collective bargaining agreement (CBA) by both management and union allowed our Group to maintain industrial stability. However, just like any other labor-management relationships, the potential tumult of labor arising from unresolved disputes or issues from the interpretation or implementation of the CBA provisions still pose risks to our social and financial performance.

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

The Group maintains open and direct communication channels to address questions and concerns by conducting regular dialogues with the employee representatives. This is conducted through monthly meetings between the Human Resources Department and union officers which discuss plant-level concerns and open consultations on policies or programs that may affect the labor's working conditions and general welfare.

The Group also invested in technical and soft-skills education and training of union members. Trainings included the Basic Trade Union training and the Capability Building for Union Officers. As a testament to good labor-management relations, there has been no apparent labor unrest at JFC.

#### **Opportunities and Management Approach**

We see an opportunity in increasing the competence of line managers in addressing concerns of union members. Developing a quick reference guide on CBA benefits and labor standards for line managers may help the Group in materializing this opportunity.

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity*	Units
Safe Man-Hours <sup>1</sup>	1,924,216	Man-hours
No. of work-related injuries <sup>2</sup>	5	#
No. of work-related fatalities	0	#
No. of work-related ill-health <sup>3</sup>	121	#
No. of safety drills <sup>4</sup>	364	#

<sup>1</sup>Disclosed value covers safe man hours for organic employees of manufacturing and logistics divisions only.

<sup>2</sup>Tagged as total number of disabling injuries, which was based on the filing of EC claims for disabling injuries in 2020. Disclosed value covers stores, manufacturing, and logistics division.

<sup>3</sup>Data is relevant to stores, manufacturing, and logistics divisions concurrent to DOLE 184 submission<sup>8</sup>. This includes sudden injuries, such as a slip or trip, or slow injuries, and positive COVID-19 cases.

<sup>4</sup>Disclosed value covers number of safety drills conducted for stores and the logistics division only.

### **Occupational Health and Safety**

#### **Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected**

The Occupational Health and Safety (OHS) protocols cover all our direct employees and the indirect hires in the supply chain. Through strong OHS protocols and proper implementation, there were fewer incidents of disabling injuries as compared to 2019, and no cases of fatalities for 2020. Because we keep our hires informed and equipped, our employees have a full understanding of the importance of safety and adhere to this mindset and behavior at work. However, a COVID-19 safety issue may still arise for those employees required to work on site, as well as mental health risks for telecommuting employees.

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

Our management created a high-level committee of heads from various units tasked to assess risks and draft emergency response plans. Likewise, there is an on-going project looking at the overall safety and health program, which includes the management of large-scale calamities among other scenarios.

Furthermore, we comply with the Department of Labor and Employment's (DOLE) standards on Safety and Health<sup>9</sup>. Everyone is provided with an 8-hour safety training and Personal Protective Equipment (PPE) to ensure the safety of all individuals when they are at work. Emergency drills are done at least once a year at each office and store unit to simulate the evacuation protocols

<sup>8</sup>More information on the Department of Labor and Employment's Department Order 184 may be found here: <https://blr.dole.gov.ph/news/department-order-no-184-series-of-2017-safety-and-health-measures-for-workers-who-by-the-nature-of-their-work-have-to-spend-long-hours-sitting/>

<sup>9</sup>More information on the Department of Labor and Employment's standards on Health and Safety may be found here: <http://www.oshc.dole.gov.ph/images/OSH-Standards-2019-Edition.pdf>

in the event of an earthquake or fire. This overall health and safety program covers all employees across the Group.

When managing employee health, we implement various policies to prevent the spread of certain diseases (most especially COVID-19) and encourage a healthy lifestyle among our employees.

We comply to the government guidelines on the management of COVID-19 in the Workplace (DOLE-DTI Guidelines). We conduct a Daily Health Checklist for our employees, practice physical distancing, install physical barriers to prevent spread of virus, and provide temporary shuttle for employees.

#### **OHS Structure and Management: Stores**

Each store branch has its own committee and Safety Officer. All Safety Officers have undergone certifications on the Basic Occupational Safety and Health training—a 40-hour mandatory training by DOLE. The appointed Safety Officer, which is the Restaurant Manager, ensures that safety is prioritized and is given the utmost importance at the store. Each store unit also has its own certified first aiders, who are responsible for responding to accidents that may occur at the restaurant.

#### **OHS Structure and Management: Manufacturing and Logistics Divisions**

Beyond the standards set by DOLE, we also follow our own internal Health and Safety program for our distribution centers and manufacturing plants. In these sites, all employees are expected to maintain proper hygiene and wear the respective PPE. Heavy machineries are also well-maintained and guarded to prevent injuries.

Periodic risk assessments are conducted regularly through our Hazard Identification and Risk Assessment Control (HIRAC) team. We evaluate risks such as possible injuries caused by vehicular accidents, moving heavy loads, and exposure to hazardous chemicals, among others.

### **Opportunities and Management Approach**

The Group remains to be supportive and vigilant in ensuring the safety and well-being of our employees in and out of the workplace, especially during the COVID-19 pandemic. Hence we have acquired ample COVID-19 vaccines for our employees. We also see an opportunity to synergize safety and health initiatives across units and locations to improve OHS management in JFC by creating a Central Safety and Health Committee to oversee safety and health programs in the organization.

In our manufacturing plants and distribution centers, we see opportunities in increasing employee awareness and engagement through mandatory and refresher courses, consistent drills and exercises, implementations of ID or Badge systems, and regular emergency equipment

inspections. We are also looking into expanding the Occupational Health and Safety network through memberships in local and national safety organizations.

Labor Laws and Human Rights

Disclosure	Quantity	Units
Incidents of discrimination	8	#
<i>Resolved incidents</i>	7	
<i>Under investigation</i>	1	
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	N	No policies on these that are explicitly written, but we follow what the law mandates.
Child labor	N	
Human Rights	N	

Our Code of Business Ethics highlights the following:

- We conduct our business with integrity
- We treat everyone with respect
- We are committed to lawful business practices
- We safeguard the company’s resources and interests

<b>Labor Laws and Human Rights</b>
<b>Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected</b>

Because of our strong culture of respect in JFC, we ensure the provision of a safe environment by upholding labor laws and human rights, as reflected in our Group’s Code of Business Ethics (COBE)<sup>10</sup>.

Allegations of discrimination are reported to management and are properly investigated. These allegations follow due process as provided by law. Those who commit acts of discrimination are subject to the appropriate disciplinary action which ranges from suspension to dismissal.

<sup>10</sup>More information on our COBE may be found here: <https://bucketeer-db71ed0b-178e-4a82-bfd6-d68a68e0de55.s3.amazonaws.com/public/uploads/COBE-Booklet-March-2017.pdf>

## Management Approach for Impacts and Risks

Our Group's approach to managing discrimination is mainly anchored on our COBE. As part of the on-boarding process, we orient our newly hired employees with the COBE to ensure that the importance of such policies is given emphasis. Aside from the annual COBE orientation refresher course, an Annual Performance Evaluation is also conducted. The latter measures how well the JFC Core Values are exemplified employees.

All employees are then expected to uphold the principle of treating everyone with respect. We encourage our employees to report any deviation from the COBE standards through the "Ethics Hotline," an anonymous feedback or complaint mechanism wherein the identity or any details of the informant are kept confidential.

We have numerous policies regarding health conditions, sexual harassment, drug use, and violence against women and children that are currently in place. These policies have relevant provisions to eliminate discrimination in the workplace and ensures the safety and protection of our employees. The aforementioned policies and relevant stipulations <sup>11</sup> are listed below:

1. **Tuberculosis (TB) Control and Prevention in the Workplace Policy and Guidelines** – "Part of JFC's commitment in maintaining a healthy and safe environment to ensure the well-being of its employees, the Company commits to increase the employees' level of awareness on TB, reduce the risk of its transmission in the workplace, and eliminate discrimination against TB-positive employees."
2. **Policy on HIV/AIDS Prevention and Control Program** – "HIV/AIDS screening/testing shall not be used as a pre-condition to hiring/employment. Utmost confidentiality of the HIV test results is the company's responsibility. The company must see to it that integrity in the workplace is maintained especially among the management representatives handling such cases".
3. **Leave for Victims of Violence Against Women and their Children** – "The Company recognizes the family unit as central to nation-building and therefore each of its family members, particularly women and children, must be protected from violence and threats to their personal safety. In line with this, the Company shall provide female employees under the JFC Group of Companies, regardless of rank, position and employment status, paid leave benefit to attending to medical and legal concerns related to violence committed against them in accordance with the provisions of Republic Act 9262 otherwise known as "Anti-Violence against Women and Their Children Act of 2004".
4. **Hepatitis B Workplace Policy and Guidelines** – "JFC recognizes that Hepatitis B continues to be a major public health concern globally. While the spread of the Hepatitis B disease

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<sup>11</sup>The scope of the following policies encompasses not only Group, but the entire corporation.

is not transmissible through the usual workplace activities, considering that it’s spread or transmission is mainly through blood or exchange of bodily fluids, JFC is fully committed to maintaining a healthy and safe environment to ensure the well-being of its employees. In this regard, the Company commits to increase employees’ level of understanding and awareness on Hepatitis B. Furthermore, in compliance to DOLE Department Advisory No. 05, Series of 2010 (Guidelines for the Implementation of a Workplace Policy and Program on Hepatitis B), JFC is committed to ensuring that employees’ right against discrimination and their right to confidentiality is protected”.

5. **Policy on Drug-free Jollibee Program** – “Utmost confidentiality of the ‘client’s’ case is the company’s responsibility. The company must see to it that integrity in the workplace, especially amongst the management representative handling the case, is observed and implemented”.
  
6. **Sexual Harassment Policy and Procedure**<sup>12</sup> – “JFC is committed to maintaining a work environment that is free of sexual harassment and all forms of sexual intimidation and exploitation. In keeping with this commitment, we will not tolerate the harassment of Jollibee employees by anyone, including any of its supervisors and co-workers. JFC considers as a violation of its sexual harassment policy retaliation/reprisal in any way against everyone who has articulated any concern about sexual harassment, whether that concern directly relates to sexual harassment or results to discrimination against the individual raising the concern or against another individual”.

Complaints of sexual harassment are investigated and resolved by a dedicated Committee on Decorum and Investigation (CoDI). Our Employee Assistance Program was developed to support those who went through traumatic experiences.

**Supply Chain Management**

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: **Yes**  
 Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	<p><b><i>Standard Terms and Conditions of Purchase of the Jollibee Group of Companies</i></b></p> <p><b>14. COMPLIANCE WITH LAW.</b>  <b>14.1</b> “Supplier represents and warrants to Buyer that the Goods will and have been designed, manufactured and delivered and/or the Services will and have been performed in compliance with all applicable laws and regulations (including,</p>

<sup>12</sup> Sexual Harassment Policy in the workplace in accordance with R.A. 7877

		without limitation, environmental, health and safety laws and regulations) and Buyer’s policies or guidelines on the environment and banned substances, as may be from time to time informed to the Supplier, and all applicable industry standards.”
Forced labor	Y	<b>Service Agreement</b>  “It is and will be throughout the Term, in full compliance with all law, regulations, ordinances, and other governmental issuances and applicable to it and its business, including without limitation those related to labor and labor standards, the protection of minors, occupational health and safety, environmental protection, and anti-corruption. Without limiting the generality of the foregoing, the Contractor confirms that is and shall continue to be throughout the Term, in compliance with all the requirements of DOLE 18-A and DOLE 174, and that it shall not commit any acts prohibited thereunder throughout the Term.”
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

<b>Supply Chain Management</b>
<b>Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected</b>

About 55.07% of our generated economic value flows to our suppliers—both local and foreign. All of our food products and non-food items are garnered from our suppliers, and some of our operational services are being carried out by them. Their impacts to the environment, society, and economy (ESE) are, by extension, our impact as well. Our supplier’s success and best practices in delivering their output determine our own success. Hence, we hold our supplier performance management in very high regard.

To ensure that we uphold a consistent procurement process, the suppliers follow a comprehensive supplier lifecycle management (SLM) flow that allows us to track and monitor their accreditation, action plans, overall performance, and their possible phaseout. In general, the SLM is done to achieve and maintain a pool of high-performing, market-best-in-class (MBIC) suppliers. We invested in a software that currently manages the SLM to make it more accessible and transparent to our suppliers.

Following the SLM flow, we anchor all decisions on our structured and comprehensive Purchasing Value Matrix (PVM). The PVM serves as our decision-making backbone for a fair, transparent,

consistent, and objective supplier evaluation. It is also used as a basis for our sourcing criteria and supplier scorecard, which are used to determine the status of suppliers' MBIC status and performance. In effect, from the qualitative and quantitative measures brought about by the PVM, we are able to continuously optimize our supplier pool and award allocation to high-performing MBIC suppliers.

In order to be thorough, we also conduct paper and ground validation as part of the accreditation process. Subsequently, once the supplier is accredited, the following activities are scheduled to ensure that they abide by JFC standards. Our vendors are regularly assessed against the sourcing criteria to ensure that they are MBIC. Meanwhile, their performance is quantified in the supplier scorecard, which measures account management, quality, supplier delivery performance, risk management, and invoicing. This is a combined performance assessment scored by different divisions (i.e., purchasing, technical evaluators and users, quality management and order management groups) using an internally developed rating scheme.

### Management Approach for Impacts and Risks

Our supply chain consists of food suppliers, non-food and packaging suppliers, logistics, and other service providers. These supplier groups are managed under the supplier lifecycle and are consistently measured against our PVM. Throughout their supplier lifecycle, we have identified risks and are implementing mitigating measures to minimize them, in order to safeguard business continuity and uphold high standards.

#### **Environmental Impacts:**

Our sourcing criteria for some product categories (i.e. chicken, rice, and eggs) evaluates the waste management and material recycling facilities of our suppliers. We also assess our packaging suppliers for installed wastewater facilities, reverse logistics capabilities (i.e. policies and programs on remanufacturing/recycling activities to generate additional value from waste), as well as the availability of sustainable packaging-related innovations.

We are continuously improving on our methods of assessing the environmental impacts of our suppliers, and are working to integrate them into the supplier scorecards and criteria in all our product categories.

#### **Social Impacts:**

We compare different suppliers within the industry in terms of the management of their labor relations, and the ratio of their regular employees and contractual employees. We partner with suppliers that have well-managed labor relations systems to ensure that they value and respect the rights of their workforce.

We protect the rights of our suppliers' personnel, whatever their employee engagement is. It is stipulated in our service agreement that all our suppliers' personnel should enjoy the following:

1. All statutory rights and benefits under the Labor Code<sup>13</sup>, DO 18-A<sup>14</sup>, and DO 174<sup>15</sup>
2. Safe and healthy working conditions
3. Labor standards such as but not limited to, premium pay in cases required by law, service incentive leave, rest days, overtime pay, 13th-month pay, and separation pay
4. Retirement benefits under the Social Security System or retirement plan of the Contractor, if there are any
5. Contribution and remittance of SSS, PhilHealth, Pag-ibig Fund, Employees' Compensation Commission and other applicable welfare benefits
6. Right to self-organization, collective bargaining, and peaceful concerted action
7. Security of tenure

The Group assesses and monitors the emergency preparedness and fire safety protocol of our suppliers, as well as their anti-corruption policies through our supplier performance management scorecards. Moreover, we are considering and putting systems in place to measure our suppliers against how they manage the working hours and respectful treatment of their employees in an effort to further uphold our Group's core values.

#### **Economic impacts:**

We prioritize partnering with local suppliers by considering the availability of commodities in the Philippines, which is why 80.67% of our current supplier pool is local. We only source outside the Philippines for commodities where our requirements cannot be met or sourced locally and for risk mitigation purposes. We mitigate these limitations by securing or listing at least two suppliers for each product category and at least two country sources if the need to partner with a non-local supplier arises.

#### **Supplier performance assessment:**

As mentioned, our suppliers go through paper and ground validation throughout the supplier lifecycle management. We normally assess, monitor, and validate our suppliers through plant visits. We currently conduct plant visits virtually over video calling to avoid risks brought about by the COVID-19 pandemic.

Rejected suppliers can re-apply after a year to give them time to improve on the items that did not meet our standards. If suppliers get classified as non-performing or non-MBIC, they will be required to devise an improvement plan to cater to the needs of both vendor and buyer. If the timelines are met, then the buyer reassesses if the supplier has met the sourcing criteria and required scores. If the non-performance of the supplier persists, we phase them out. The volume allocation of goods we acquire from non-performing and/or non-MBIC suppliers would hence be

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<sup>13</sup>More information on the DOLE Labor Code may be found here: <https://www.dole.gov.ph/wp-content/uploads/2017/11/LaborCodeofthePhilippines20171.pdf>

<sup>14</sup>More information on the DOLE Department Order 18-A may be found here: <https://blr.dole.gov.ph/news/department-order-no-18-a-series-of-2011-rules-implementing-articles-106-to-109-of-the-labor-code-as-amended/>

<sup>15</sup>More information on the DOLE Department Order 17 may be found here: <https://blr.dole.gov.ph/news/department-order-no-174-series-of-2017-rules-implementing-articles-106-to-109-of-the-labor-code-as-amended/>

reduced.

### Opportunities and Management Approach

Our Group continues to practice good housekeeping in terms of tracking our impact to ESE and implement efficient mitigating measures to minimize risks and negative impacts. It is our goal to influence our suppliers to adapt to our good procurement practices. We have identified opportunities to develop feasible methods to measure the suppliers' capacities towards their:

1. Environmental impacts
  - Identifying the type of energy use or resource use and assessing their efforts in lowering their carbon footprint
  - Measuring the percentage of harvest recovered not only for chicken suppliers but to other food item suppliers (where it can apply)
2. Impacts on labor affairs
  - Assessing fair wages and benefits beyond mere plant visits and supplier-employee interviews
  - Assessing employment policies involving indigenous peoples and other members of vulnerable groups, and corresponding anti-discriminatory policies
  - Implementing other statutory labor rights and privileges
3. Sourcing practices of suppliers
4. Anti-corruption training
5. Occupational health and safety of employees, and training thereof

### Relationship with the Community

#### Significant Impacts on Local Communities

##### 1. Operations with significant impacts on local communities: Farmer Entrepreneurship Program

Through our Farmer Entrepreneurship Program (FEP), we helped uplift the lives of smallholder farmers by equipping them with the necessary agro-entrepreneurship and collective marketing capacities to become viable suppliers for corporate buyers including Jollibee Foods Corporation (JFC). For several years now, these farmers' produce have been sold to JFC at fair market prices, with more than 300 million php in total sales. In turn, we have seen trends in local economic growth in some of our communities, as local market prices are pulled up by our farmer groups' operations thereby enabling other local farmers to receive better prices from traders.

**Location:** Facilities of 17 farming groups across provincial towns in Luzon, Cebu and Davao del Norte

**Vulnerable groups:** Smallholder farmers

**Impact on Indigenous Peoples:** No negative impacts to indigenous groups

**Community rights and concerns of communities:** Living wages and food security; Food safety

**Mitigating Measures:** Typical of our other fresh produce suppliers, farmers cooperatives under the Farmer Entrepreneurship Program are required to be compliant and have certification on Philippine Good Agricultural Practices (PhilGAP)<sup>16</sup>. This certification enables the farmer groups to meet our food safety standards. Together with our multisectoral partners such as Local Government Units (LGU), financing institutions, and non-governmental organizations, we assist the farmer groups in securing these PhilGAP certifications. We also implement multiple interventions to help capacitate the agriculture extension staff of local partners and the farmer groups that they organize for FEP.

## **2. Operations with significant impacts on local communities: Access, Curriculum, Employability (ACE) Program on Quick Service Restaurant Operations**

JFC's ACE Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO) seeks to enhance the capacities and skills of underprivileged senior high school completers who finished the Food Service track. The one-year program provides students the necessary technical skills and on-the-job training (OJT) that are aligned with the needs of the food service industry. This program has aided over 100 QSRO scholars since 2018.

**Location:** Anihan Technical School in Calamba, Laguna

**Vulnerable groups:** Underprivileged youth

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

**Community rights and concerns of communities:** Employment opportunities upon graduation

**Mitigating Measures:** The ACE-QSRO program provides training opportunities and other employment-readiness training to our scholars. The training that the scholars undergo will be TESDA-certified once the registration of the program is done. The scholars will also receive training from different food-related courses from TESDA. Our partner, the Anihan Technical School is planning to register the QSRO curriculum with TESDA

**Disclosure on Free and Prior Informed Consent (FPIC)** is not material given that there are no operations that are within or adjacent to ancestral domains of indigenous peoples.

<sup>16</sup> More information on the GAP certification may be found here: <http://rfo3.da.gov.ph/good-agricultural-practice-gap-certification/>

## Relationship with Communities

### Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

In 2020, the highest rate of hunger in the country was recorded since 2012, with around 30.7% (7.6 million) of Filipino families experienced involuntary hunger, lacking access to sufficient food.<sup>17</sup> This year, much of our efforts were geared towards addressing this pressing need of our countrymen amid the COVID-19 pandemic through the Jollibee Group Foundation's (JGF) Jollibee Group FoodAID Program for disaster response. We also ensured the continuation of our Farmer Entrepreneurship Program (FEP) and Access, Curriculum, Employability Scholarship Program (ACE) initiatives to provide more families with better opportunities to earn income during the pandemic.

#### **Farmer Entrepreneurship Program (FEP)**

We remained aware of the challenges our farmer groups experienced exacerbated by COVID-19, and we continued to provide support in addressing these difficulties. Proper trucking services were made available to them to ensure on-time delivery of goods and services despite hindrances from varying lockdown and quarantine protocols. We also focused on coaching partners to help sustain their agro-enterprises. In 2020, 4 coaching activities were conducted for local partners and farmer groups.

Furthermore, we were able to continually support agro-entrepreneurship facilitators from local implementing partners, who directly work with 550 farmers. 14 out of 17 farmer groups were able to supply JFC with their products. Since 2008, 17 farmer groups have regularly supplied JFC with more than 7,800 metric tons of various vegetables since the establishment of the program.

#### **Access, Curriculum, Employability Program - Quick Service Restaurant Operations (ACE - QSRO)**

In 2020, in partnership with Anihan Technical school, a total of 66 ACE-QSRO scholars were able to graduate, bringing the total number of graduates to 93 since the program started in 2018 while 22 new scholars were able to start their training.

## Management Approach for Impacts and Risks

### **Adapting to the New Normal and Continuous Enhancements**

#### **FEP**

Jollibee Group Foundation (JGF) made sure that FEP groups would still be able to deliver to JFC and to new markets despite the challenges posed by the strict lockdown. Our FEP groups delivered over 800MT to JFC, and over half of which was delivered during the quarantine. With support from JGF, the groups were able to adapt to the new processes and requirements. The

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<sup>17</sup> <https://www.rappler.com/nation/record-hunger-philippines-covid-19-restrictions>

program also opened the groups to institutional markets like Waltermart and online markets which increased their potential sources of income.

JGF also tested new innovations that led to farmers' increased volume and savings, educating them on new practices that would help them improve. This 2020, we helped them access cold storage facilities which allowed them to store their produce under controlled conditions and temperatures for a long period of time without affecting the quality. Two FEP groups delivered 39 MT of onion to JFC by accessing cold storage for the first time through JGF grants. This led to a net income of PhP 741,000, which they would otherwise have lost.

Additionally, JGF opened the door for farmers to adopt new modes of learning by utilizing online platforms. Under the Online Learning Session for Onion (OLSO) Program, 11 facilitators from 5 local implementing partners (LIP) trained on Facilitating Online Training. 11 farmers and 5 LIPs were also trained in better onion production practices through the Online Learning Session on Onion Production. Our partners expressed appreciation of JGF's continuous support through these coaching and learning programs.

#### **ACE-QSRO**

Anihan Technical School shifted to blended learning instruction to facilitate the continuity of student learning while complying with the suspension of face-to-face classes. Modules were produced and handouts were provided to aid students while attending classes from home. Currently, Anihan is undergoing certification from TESDA to comply with new guidelines in offering online Technical and Vocational Education and Training.

Furthermore, the school year 2019-2020 scholars were almost half-way through their OJT placement when the lockdown started. To address this, Anihan credited the work that the students had already rendered during their in-school training to facilitate the completion of the required training hours. However, the on-the-job training of school year 2020 scholars was put on hold and Anihan is working on alternative means by which this requirement can be completed.

### **Opportunities and Management Approach**

#### **FEP: Gearing up for Digitalization**

To adapt to the current needs of online learning in the agricultural sector due to the pandemic, we are placing our efforts in digitalizing our training and coaching activities for the coming year. When field work can be done again, we will continue to adopt this dual approach to maximize resources. Our progress so far is as follows:

- Content for the Agro-Enterprise Competency Course for farmers and farmer leaders are being finalized for roll-out to both school-based and community-based participants before end of 2021
- The FEP Agro-enterprise Training (AgentT) which have been conducted for two (2) batches of agricultural extension workers in the past will be offered online starting 2021 in partnership with an academic institution

- Online training on onion production and coaching of farmer groups will continue and be systematized further

**ACE-QSRO: Adapting the Curriculum**

Given the heightened need to ensure food safety due to COVID-19 on the industry, the current curriculum will be reviewed and aligned with the foreseen food service trends post-pandemic. This is to ensure that our scholars remain up-to-date with the new standards shaping the food service business.

**Customer Management**

Customer Satisfaction

Disclosure	Score	Did a third-party conduct the customer satisfaction study (Y/N)?
Customer satisfaction <sup>18</sup>	83	N

<sup>18</sup>The Customer Satisfaction Surveys resulting to NPS which estimates the percentage of customers in a given market who are likely to recommend the brand to others.

**Net Promoter Score**

The net promoter score (NPS) is the customer satisfaction, customer experience and loyalty indicator that measures the likelihood of customers to recommend the brand its product or services to a friend or colleague. This also serves as an indicator of the possibility of repeat business. In 2020, JFC Philippines’ average NPS was 83 (based on 638376 respondents). Benchmarking to the industry NPS average score of 50, our average score across brands proves to be highly competitive.

The NPS is derived from the Customer Satisfaction Survey where the customer respondents rate their overall restaurant experience using a 10-pt scale (1 being the lowest, 10 being the highest). Having a score closer to 10 suggests that the respondent would highly recommend the brand, while a score closer to 1 suggests otherwise.

For the calculation, the scores 0 to 6 are considered Detractors, 7 to 8 are known as Switchers, and 9 to 10 are the promoters. Results from this exercise serve as the basis for business decisions not only in the SBU Level but also at the Executive Com Level.

<b>Customer Satisfaction</b>
<b>Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected</b>

With our mission of bringing the joy of eating to everyone, we always strive to ensure the satisfaction of our customers. The circumstances of 2020 has shifted consumer behavior to in-

<sup>18</sup>NPS is derived in a survey as follows:  $NPS = \%PROMOTERS - \%DETRACTORS$

home dining, thereby increasing takeout and delivery transactions. Thus, we conducted several studies to set standards in delivering consistent high-quality products Gold Standard for off-premise consumption. Our brands launched party trays to cater to group and family meals, and Ready-to-Cook (RTC) products to enjoy our food anytime.

In obtaining the voice of the customer, we have two main channels: 1) the Customer Satisfaction Survey, and 2) the Feedback Management System. As it is crucial in monitoring our customer's experience, we disseminate the customer satisfaction surveys and subsequently, calculate the net promoter scores every month. Feedback in the form of complaints, inquiries and commendations is captured from the customer satisfaction surveys or customer reports through e-mails, calls or SMS.

All stores are encouraged to have the Customer Satisfaction Survey. Data from CSAT surveys are included in the business reviews and reported to management for systemic correction or business decisions. In 2019, we set the CSAT Survey to run at specified dates and required sampling size in-store. However, due to the changes brought about by the pandemic, the goal now was to ensure that there are various channels where a customer can answer a CSAT survey anytime they wish to. This is why the development of these platforms was done in 2020. It was launched in Quarter 4 in International Operations particularly EMEA (since US and China have an existing platform), and is planned to be launched in the Philippines in 2021.

Our Feedback Management System covers various types of complaint and processes are generally similar across various complaint types. For the year 2020, we received a total of 63210 complaints. Around 152 complaints per 1 million transactions were received, or 0.0152% complaints in 100 transactions. 70% of these complaints were service-related, while 18% were product-related.

**Risks**

Like all survey types, accuracy of results is highly dependent on the proper execution of the customer satisfaction survey process. Risks such as data loss, data leak and data integrity are mitigated by upgrading the security of our systems. In the latter part of 2020, a back-up Customer Relationship Management (CRM) platform was designed to streamline the process of ticketing complaints.

JFC also has a crisis management system in place such that in the event of a potential crisis, the crisis management team is activated and actions are done to mitigate the risks and return operations back in control.

**Management Approach for Impacts and Risks**

To continuously ensure customer satisfaction and adapt to the changes in consumer behavior during the pandemic, the following products were launched this year and have provided joy to our customers:

- Jollibee - launch of Garlic Pepper Marinated Chicken and Burger Steak Pan and relaunch of Palabok Pan.
- Greenwich - campaign to strengthen awareness of Pasta Pans
- Mang Inasal - launch of Large Family Size
- Chowking - Pork Siomai, Buchi, Bola-Bola Siopao, Chunky Asado Siopao

JFC treats feedback as a gift. All feedback is processed through our Customer Relationship Management (CRM) Platform. This system is installed across all of our brands to purposely monitor our relationship with our customers, employees, suppliers, business partners, and other stakeholders. Timelines are established based on the criticality of the feedback. Handling complaints in particular involves the determination of the most probable cause, resolution, customer recovery and corrective action implementation. In 2020, the total number of complaints captured reached 63210, with a 95.4% feedback investigation and closure rate. The variance of 4.6% corresponds to complaints where customers were unresponsive despite Customer Recovery efforts.

The feedback process was mostly the same for 2020. With the surge in online food delivery channels this year, we were also able to gain feedback from other platforms. We currently have an existing Service Level Agreement with our delivery aggregator partners on the investigation and resolution of feedback.

We also improved the platforms that are being used to capture feedback. For International Operations, our Voice of the Customer online platform captures both feedback and customer CSAT surveys. Should a CSAT survey score 6 or below in the 10-pt rating scale, the response automatically is ticketed into a complaint, which is then channeled to the intended resolution owner. In the Philippines, there is a plan to deploy this dual platform in the succeeding years.

Our Strategic Business Units (SBUs) annually set NPS targets and come up with initiatives to improve customer satisfaction. After the reasons for the dips and scores are determined and corrected, the results are considered in the Annual Operating Plan and monthly review of the store.

### **Opportunities and Management Approach**

For Quality Management, we are looking into the following:

- Automated FB ticketing - One opportunity is the development of another platform that can eliminate manual ticketing. Once a customer reports a feedback, it can automatically flow to the intended resolution owner.
- Robotic Process Automation (RPA) - RPA was also employed in 2020 to regularly update JFC internal customers on feedback metrics that we measure. This would be explored further for data hygiene and social media listening.

- Voice of Customer capture for other E-commerce sites - Other opportunities would be automation in Customer Recovery Validation and Voice of the Customer capture from other e-commerce sites, not just in the existing channels
- Launch of Online Customer Satisfaction Survey in the Philippines

Through our R&D arm, we aim to do more studies to maintain the high standard quality of our take-out and delivery products. We also see an opportunity to increase the market for our handheld products, such as the relaunch of Champ, launch of new pies, and empanada for Mang Inasal.

### Health and Safety

Disclosure	Quantity	Units
Number of substantiated complaints on product or service health and safety*	3,706	#
No. of complaints addressed	3,454	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Health & Safety
<b>Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected</b>

To ensure the safety of our customers, all our stores complied with the health protocols for dine-in, take-out and delivery operations approved by the Inter-Agency Task Force (IATF) to mitigate the risks of COVID-19. This includes regulations on social distancing, wearing of masks and face shields, visible floor markings, contactless order taking, disinfection of high-risk areas, and more.

In 2020, we received a total of 3,706 complaints on health, food safety and security. In all these cases, the corrective action system and feedback handling process were triggered immediately. 98% of Safety and Security and 97% of Health and Food Safety complaints were addressed. The remaining 3% unaddressed refers to customers that were unresponsive after Customer Recovery attempts.

One of the challenges faced was the effect of Swine Flu on local sourcing. Additional tests and permits were secured to ensure steady supply since the availability of pork was restricted in many areas. All JFC vendors were able to comply to the necessary food safety and quality requirements mandated by the regulatory agencies with just some delays in delivery. Through our R&D arm,

we were also able to innovate on some reformulations and other alternative products to support the supply issue.

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

Through our JFC One QA System, we employ management best practices in the industry to ensure the harmonization and proper communication of the quality assurance process across the supply chain. This covers Philippine system-wide processes on receiving inspection, control of non-conforming products, corrective action system, and product recall and feedback (or complaints) management system.

In 2020, initiatives per Business Unit and Support were implemented to reduce food safety and health & safety complaints. The initiatives included were the following: Quality at Source by working with the manufacturing plant and vendor to reduce defects, heightened C&S protocols especially during peak seasons or peak days at the manufacturing plants, and redefined customer experience considering frictionless customer journey at the stores. Initiatives at store level will be implemented as well in consideration of the reduced manning and simplified processes at the store.

Our end-to-end world class Food Safety and Quality (FSQ) Management systems also secures the safety of our products across the supply chain. All technical functions in our Group—Corporate Supply Chain, Quality Management, Purchasing, R&D, among others—are involved and mobilized given the inclusivity of the system.

Our Food Safety Verification system for raw materials and finished products then subjects our suppliers and manufacturing plants to conduct internal testing on microbiological and regulatory patterns in accordance with our internal requirements and country requirements. Third party testing, further certification on the lack of banned veterinary drugs and pesticides used, and allergen declarations are required.

All manufacturing plants also have well established HACCP (Hazards Analysis and Critical Control Points) Systems—a systematic plan to identify and correct potential hazards. Most plants are already third party FSSC 22000 Certified, expressing our commitment to best industry practices beyond compliance.

For our distribution centers, all passed the audit conducted by Quality Management. The distribution centers are also ISO 9001 and TAPA (Transported Asset Protection Association) Facility Security Requirements third party certified.

Stores are compliant to food safety practices. We are the first country to practice the R-HACCP, a HACCP specific to stores. Should there be observed deviations during the store manager's safety checks, corrective actions are conducted immediately or within the day. Long-term action plans are done and implemented within 1 month to prevent recurrence of the noncompliance.

In 2020, an internal Food Safety Compliance Officer was offered to JFC restaurant teams. The course was converted online and was made available to the various Philippine brands globally.

**Opportunities and Management Approach**

We have identified the following opportunities to improve on our current systems moving forward:

1. Build Food Safety Culture through the Food Safety Communications Plan, World Food Safety Day, and working with each Business Unit in addressing areas for improvement in Food Safety Culture.
2. Heightened or stricter Food Safety and COVID-19 control requirements especially in regions where there is a constrained capability for the new normal.
3. Possibility of new Food Safety and Quality (FSQ) Validation Systems for emerging channels.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Note: No non-compliance with regulations. All items supplied to the stores follow regulatory requirements on labelling/coding.

**Marketing & Labelling**

**Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected**

We faced no complaints on marketing and labelling for the year 2020. There was no non-compliance with regulations as all items supplied to the stores followed regulatory requirements on labelling and coding, including Ready-To-Cook items. No feedback relating to allergy-related or erroneous marketing or labeling was received.

One challenge that we face is the possibility of requiring allergen information to be communicated to customers. A number of LGUs have started to ask about Allergen Controls in stores when they visit or conduct sanitary inspections, seeing that this may be a potential risk to consumers’ health. Having the right allergen related information communicated well to customers will help mitigate this health risk

## Management Approach for Impacts and Risks

All complaint types go through the Feedback Management System. For Marketing and Labeling, the Corporate Communications, Marketing, Corporate Affairs and/or Legal departments are looped in or become resolution owners for the feedback, as necessary.

Going beyond compliance, we are establishing the Allergen Management Program to prevent marketing and labeling related complaints through proper training of store crew, clear communication on allergens, and stringent designing of kitchen controls and processes to reduce risk of allergen contamination. This program in the supply chain is in line with the regulatory requirements in the countries that JFC operates. The objective is for consumers to have readily available food allergen communication to help them make informed decisions on their menu choices. As of 2020, 5 out of 10 regions or brands (PH JB, PH CK, PH RR, PH MI, PH GW, North America, Singapore, Other Asian Markets, Europe and Middle East) have initiated this program. The rest would follow in the next two years.

## Opportunities and Management Approach

In order to have a more holistic approach in addressing customer feedback and enhancing customer satisfaction, we are seeking to integrate all marketing and labelling complaints onto the Voice of Customer platform mentioned above. The VoC online system will be deployed in the Philippines in the coming years.

For our Allergen Management Program, we continue to enhance this by implementing the following plans for the second half of 2021:

- Launch of the Allergen Management Program and Communication Policy
- Customize operational controls at the stores
- Develop in-store reference materials
- Conduct store personnel training

### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data <sup>1</sup>	0	#

<sup>1</sup>Considerations for the quantification of the breach include substantial evidence that data was stolen, collected or misused. Attempts for breaching are not included.

### Customer Privacy

Disclosure	Quantity	Units
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No. of substantiated complaints on customer privacy <sup>1</sup>	0	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	N/A	#

<sup>1</sup>Substantiated complaints include complaints from customers that went through the organization’s formal communication channels, and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

<b>Customer Privacy and Data Security</b>
<b>Impacts and Risks: Where it occurs, JFC’s involvement, stakeholders affected</b>

### Data Security

The Group’s efforts for the year were mostly geared towards compliance with IATF Regulatory requirements and the robust support to the employees to enable remote work arrangement due to the COVID-19 pandemic. With these circumstances and its impact to the business, strategies were carefully planned towards providing safeguards in the JFC Infrastructure to support work-from-home arrangements, and venture into digital channels and options to partner with delivery aggregators to help the business survive. Likewise, JFC migrated most infrastructure to the cloud for better system management and operations especially with the remote work set-up. Several memos were released to aid and support employees in these work-from-home arrangements.

Privacy Impact Assessments for new digital Initiatives and processes to abide by regulatory requirements are also in place. Activities for the Information Security drive, pushed through and the Global Information Security Policy Computer-Based Training, was 75% complete by the last quarter of 2020 and will be released in March 2021.

As digital transformation was inevitable in 2020 due to COVID-19 pandemic, the same major threats declared in 2019 (such as phishing emails, fraudulent transactions, exploits of publicly facing interfaces, and insider-related incidents) are still evident in 2020. Moreover, due to the enhanced telecommuting arrangement of JFC employees, risks in information security are more likely due to the remote set-up.

### Customer Privacy

Enterprise systems—especially transaction processing systems and public-facing systems—are always a priority when monitoring data privacy. Communication and collaboration systems and its equivalent suite like Microsoft, are being monitored proactively on a daily basis. Administrative and privileged access are also duly identified and are separated from the Access Management process and solutions, for better tracking and isolation. In 2020, there were no complaints particularly on the misuse of customer information or data privacy.

## Management Approach for Impacts and Risks

### **Adapting to the COVID-19 Pandemic**

JFC updated and provided certain security measures to alleviate the impact of the possible risks in using personal networks in work-from-home arrangements. While service and support mobility so as procurement and logistics are an evident challenge especially during ECQ and GCO, remote monitoring measures were prioritized and improved especially on the use of business applications and software in coordination with our Managed Service Partners. Since these risks are heavily reliant on the employees and their manner of use, JFC supplemented these technologies with information drives and remote assistance mechanisms to enhance remote employee support. Moreover, several standard operating procedures and system upgrades were also implemented. This includes security measures such as activation of various authentication procedures, updates of antivirus facilities, and reinforcement of infrastructure security and tracking mechanisms to monitor and apply preventive and detective measures for possible threats due to digitization and off-premise, remote arrangements.

Additionally, the Global Internal Controls and Data Protection Office regularly coordinates with various departments (e.g. Business Technology and Restaurant Systems) to ensure advisories, memos and directives related to information security and data privacy are cascaded out to relevant functions (for specific regulatory requirements) and to all employees for general reminders and measures to protect company information. Reinforcement of telecommuting guidelines and frequent reminders were also arranged as new developments or industry threats arise including latest advisories from IATF or other relevant government agencies such as DOH and NPC.

### **Data Privacy and Security Protocols and Policies**

No major changes were made from the 2019 structure for standard protocols and policies. In cases of incidents, the Core Privacy Council (CPC) still identifies, mobilizes and coordinates with concerned groups according to the nature, severity or scope. The council is given a 72-hour reporting window to identify if a said incident is required to prompt a breach report to the National Privacy Commission (NPC). Several enterprise security tools and strong command protocols are implemented to voluntarily shutdown affected systems. Policies on data privacy and security are governed in the Global Information Security Policy (GISP), where various areas of Data Privacy form as a subset in the various Information Security Standards.

### **Continual Assessments and Improving the System**

Following our 2019 progress, we are continuously exploring more efficient ways in detecting and solving incidents. Currently, monitoring mechanisms are in place for our enterprise solutions. High-risk systems assessments are done by conducting regular (some even daily) diagnostics and vulnerability assessments to mitigate potential issues. Lastly, we keep ourselves up to date with news, trends and new industry threats to properly assess and improve fortifications and processes when needed.

## On Data Privacy and Security-related Trainings

Due to the unexpected situation brought about by the COVID-19 pandemic, most of the information security training and enablement activities shared in the 2019 report were slightly deferred to 2021, as efforts were focused on adapting to remote work arrangements. 2020 activities were mostly focused on security Advisories and Information drives to supplement the needs to survive the operational challenges brought about by the pandemic. However, we conducted two virtual Information Security Trainings to targeted groups and proceeded with the development of the GISP Computer Based Training (CBT), which is targeted to be released within the first quarter of 2021.

### Opportunities and Management Approach

Our supposed engagement with an independent cyber security and maturity assessor in 2020 is now targeted to be resumed by 2021/2022 due to the COVID-19 pandemic. This year's (2021) focus will be on industry benchmarking and Employee Training and Awareness initiatives. Our goal is to institutionalize a global approach to information security policies, and establish a close collaboration with our internal audit division and international operations to map out common and best practices across the JFC information landscape. We were able to identify the following opportunities that may aid us in further enhancing our information security practices:

1. **Employee Awareness Programs and Measures** - The roll-out of Information Security Computer-Based Training (GISP CBT) as a mandatory Requirement for a wider reach of Information Security Training across organization. Various policies and protocols for a standard global approach are being prepared for entities outside of the Philippines (e.g. US, China, EMEA) through cross-region discovery and benchmarking activities. Building from the establishment of the Global Information Security Policy, the plan in the next two years is to carefully and strategically cascade these base policies across regions where JFC is present. The GISP CBT Roll-out plan has already been in place and is slated to be implemented in 2021.
2. **Augment infrastructure facilities through more efficient, robust and effective apps or softwares** - To ensure security is in place during remote working conditions, the plan of action is to benchmark on various approaches, technology or strategies to deal with common security risks and threats in the similar industry brought about by the pandemic, especially on topics of remote work arrangements and digital transformation.

## UN 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
JFC food products	<p><b>2 – Zero Hunger (2.1)</b> Our products provide our consumers with affordable and quality food choices that satisfy their hunger.</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 we could identify</p>
Farmer Entrepreneurship Program (FEP)	<p><b>1 – No Poverty (1.1, 1.2, 1.4)</b> <b>8 – Decent Work and Economic Growth (8.3, 8.5)</b> The FEP, established in 2008, aims to help the community improve the income capacity of the smallholder farmers. We introduce and train the farmers to the processes of agro-entrepreneurship, enabling them to understand corporate purchasing, supply chain management, e-commerce and market options. By organizing and equipping them for collective marketing, they become viable direct suppliers of corporate buyers. Since 2008, we have capacitated and supported more than 2,300 farmers.</p>	<p>Issues on food safety, rejection of supply and e-commerce processing may pose risks to our farmers as they may not be well-versed in these areas.</p>	<p>On food safety concerns, we assist our farmers in securing Good Agricultural Practices (GAP) certifications to ensure that they adhere to food safety requirements. To mitigate the risks of the rejection of farmer supply, we collaborate with local implementing partners in providing training, technical assistance, value chain financing and post-harvest facilities to ascertain that our farmers' supply reaches the industry standards.</p> <p>Moreover, we provide tutorial sessions on e-commerce processing and online database management to our farmers, and place simple designs and picture-based documents to make</p>

			them easy to understand.
Access, Curriculum and Employability Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO)	<p><b>4 – Quality Education (4.4)</b></p> <p><b>8 – Decent Work and Economic Growth (8.6)</b></p> <p>The components of the ACE Scholarship Program allow us to financially support the underprivileged Filipino youth to complete technical-vocational education and plan the development of their careers. This covers tracks on quick service restaurant operations (QSRO), agriculture related courses, and technical-mechanical courses.</p> <p>Specific to the ACE-QSRO program, this track aims to help enhance the capacities and skills of senior high school completers to get a better chance at employment and pursue higher education or entrepreneurship. The one-year program provides students the necessary technical and life skills, and on-the-job training (OJT) that are aligned with the needs of the food service industry.</p>	Apart from the environmental, social, and economic impacts identified above, we see no further material impacts of this product to SDGs.	Nothing material that we could identify

Secondary contributions:

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Operational Eco-efficiency	<p><b>9 – Industry, Innovation and Infrastructure (9.4)</b>            We take measures in lessening our environmental impact by reducing our water and energy consumption and waste generation.            In our offices, stores, distribution centers, and manufacturing plants, we utilize energy and water efficient equipment and regularly monitor our consumption.</p>	<p>Although we are able to reduce energy and water consumption, we still generate tons of waste in our operations.</p>	<p>Our wastes are properly managed and segregated so that they may still be reused or recycled after our operations. From our manufacturing plants, wastes such as paper, cartons, tin cans, etc., are bought by our accredited scrap buyers; meat trimmings are repurposed by accredited buyers; and pastries trimmings are reprocessed as feed mix by a third party.</p>
Provision of employment through company and franchise-owned stores	<p><b>8 – Decent Work (8.3, 8.5)</b>            We are able to provide employment to Filipinos nationwide through our stores and brands. Employees are provided with fair compensation and other benefits beyond those required by law.</p>	<p>Like in any other business, employee attrition could pose a negative impact on our company, especially since we consider our human capital as our core capital. Without them, the delivery of great products and services may be hindered.</p>	<p>We undertake talent retention initiatives to ensure that our employees are continually satisfied with the work that they do. We also provide them with several avenues to address their concerns, such as one-on-one discussions, meetings and engagement surveys.</p>