

# Fortified Futures

Sustainability Report 2021

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## About the Cover

# Fortified Futures

The path towards sustainable success requires cultivating synergy. It involves bridging the finest of both past and present to thrive in the charge forward. In turn, this strengthens the foundation on which a new vision will transpire.

This adaptive mindset positions URC at the forefront of a new era. With the empowering vision to become a multinational corporation, the company draws strength from its origins and decades of industry experience, as symbolized by a young Mr. John on his bike during his early entrepreneurial days.

As URC employs innovative methods to fulfill its invigorated purpose, the company embarks on an upward trajectory of innovation, ensuring that its distinct identity will remain at the core of its operations. The company looks forward to a new era and the promises it brings.

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# President and CEO's Message

“Despite the challenges of the past year, the ambition to become a sustainable global enterprise has always been steady and resolute, and the plans URC has set in place have brought us closer than ever to our 2030 goals.”



## President and CEO's Message

### To our valued Shareholders,

As we ease our way into the better normal, we find ourselves in a stronger and more capable position to address both the challenges URC faced during the pandemic as well as the opportunities ahead of us.

Our ambition to become a sustainable global enterprise has been steadfast and resolute throughout the watershed year, amid lingering challenges and the steady reopening of economies. We can say with confidence that the plans URC has set in place have brought us closer than ever to our 2030 goals.

When I first joined the company, I recognized that previous leadership already showed a clear value for development that supports consumers' needs at the time. Throughout the decades, URC continues to uphold these very principles across multiple touchpoints of our business:



**Working together with  
communities and  
stakeholders**



**Taking care of the  
environment where  
we operate**



**Providing quality  
products to consumers**





# Sustaining Generations

The need for sustainable development within enterprises has grown exponentially over the last few years, and URC has heeded this call. In our company, we have all come to this growing recognition that we must not limit ourselves to silos and local-level implementation, as we must think beyond the short-term.

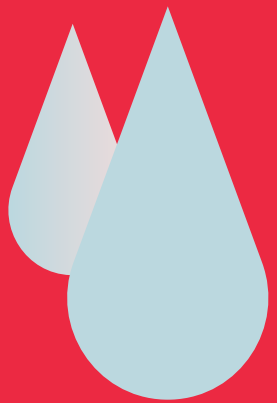
Our company understands that becoming a sustainable global enterprise in practice entails embedding value for conservation into each facet of our business. This includes our culture, operations, and even our distribution and consumer-facing fronts.

We believe that to stride for growth is to reinforce a strong, sustainable business. URC aims to achieve specific and more ambitious targets for the next decade, pinning down goals based on the key focus areas that are important to both the business and our stakeholders. With this, we are confident in sharing that our sustainability journey thus far has been swift and stable.

Our most recent findings in 2021 have shown that we were able to achieve two major wins in our sustainability metrics, primarily in Water and Energy. Against our 2018 data, we managed to improve our water use ratio (WUR) by 49%, and 6% for our energy use ratio (EUR).

Alongside this success, we also expanded our commitments and organized them into six focus areas, according to the UN Sustainable Development Goals they uphold: **People & Communities, Climate Action, Water, Product, Packaging, and Sourcing.**

Our ambition for change, backed by a strategic plan and moving results, has led us to pursue sustainability for the good of future generations, which is of critical importance for the longevity of our business. Looking forward, we are preparing to achieve our new targets, which will be shared in the following sections.



**49%**  
reduction in WUR  
vs. 2018 data.



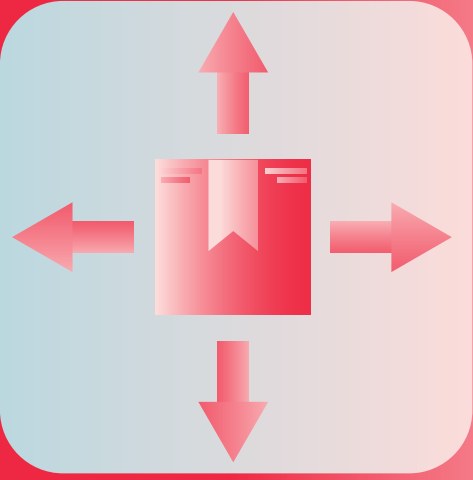
**6%**  
reduction in EUR  
vs. 2018 data.



Culture



Operations



Distribution  
and Consumer



## A Future Fortified

The pursuit of becoming a sustainable global enterprise is a daily endeavor at URC, which is informed by our heritage, honed by present practices, and inspired by future goals.

It is within our Purpose, Values, and Ambition to believe that the sustainable way forward also involves taking a step back to properly plan for the future. It is about remaining agile while pursuing ongoing programs to achieve short-term wins. Lastly, it is about keeping a blueprint for long-term plans in tow when the time is ripe to take action. Our drive to collaborate, uplift, and sustain is both rooted in our business while stretching far beyond URC as we inspire our consumers, empower our employees, and support the communities we serve.

We are grateful to be able to share each achievement with all of you, while extending our appreciation to the co-authors of each program we've accomplished: our employees, NGOs, sustainability experts, policymakers, and community partners. All this drives us in our goal to be an entity leading a nation toward the right path, setting an example as a Filipino company fortifying a better future for the rest of the world.

**Thank you very much.**

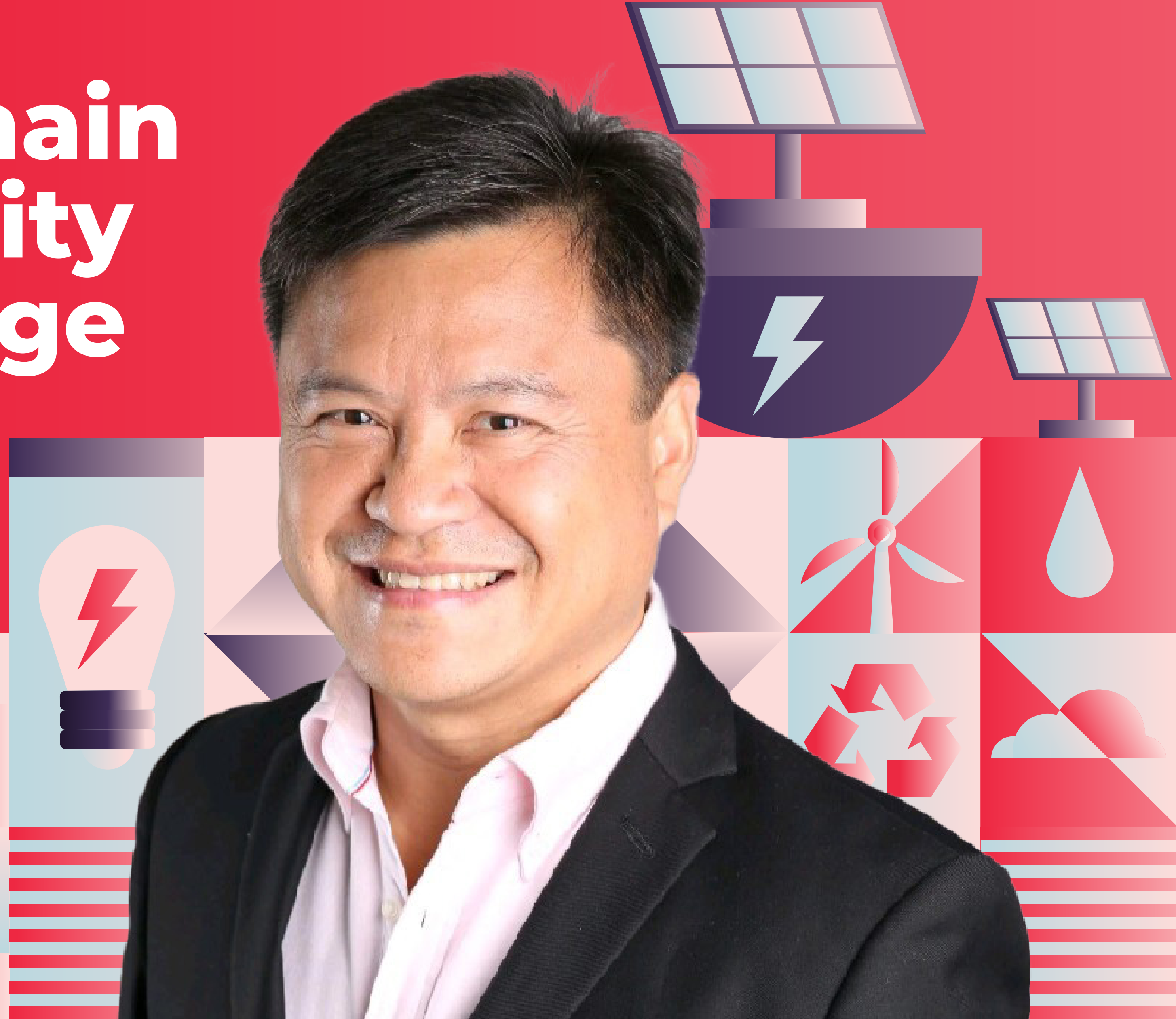
**Irwin C. Lee**





# Chief Supply Chain and Sustainability Officer's Message

"For URC, devoting our time, resources, and diligence to these programs and initiatives is a worthwhile pursuit that benefits both the longevity of the business and the preservation of our environment."





## Chief Supply Chain and Sustainability Officer's Message

URC's mission is to champion sustainability. Today, we have made significant progress on our journey, from internal transformations to the way we have articulated and implemented our philosophy outward. And the one simple explanation for our success is that we are strategic and agile in our pursuits, and we carry out our work with integrity and passion, grounded on our Purpose, Values, and Ambition.

Although challenging in the beginning, URC can attest that integrating sustainability into the business is both a necessary and a beneficial cause to pursue. Today, more companies and institutions are pivoting to more sustainable business practices, maximizing their capabilities to help address the world's environmental, social, and economic concerns – validating URC's early commitment toward Sustainable Transformation. We are fully aware that sustainability and best business practices do

not contradict each other, but rather go hand in hand. As such, we have dedicated the past six years to weaving a philosophy of sustainability into our business on a systematic level, in order for our efforts to be truly transformative.

We are proud to inform our Shareholders that we have polished up our plans and refreshed our targets since we embarked on our Purposeful Transformation plan years ago. Between our last sustainability report in 2018, and today, we've made great strides in multiple facets of sustainability, driven by sustainability projects and initiatives that we've replicated across our facilities. These are milestones that indicated progress, in which we will continue to pursue excellence.

In many ways, 2021 presented a rehash of 2020's challenges, with various crises putting our economy and the world climate on the ropes. The difference now, aside from an increased sense of urgency, is a greater amount of experience with which URC can face the odds – and we are now setting our sights on greater ambitions towards more sustainable futures.





## Through the Years

Even since URC's humble beginnings as a corn milling plant in the 1950s, the company had always geared up to diversify and innovate, and the stride to become a sustainable enterprise is but a logical next step.

We trace our formal mission back to 2016 with the drafting of our Purposeful Transformation Plan, which set us off on the journey we are on today. That year, we made the organization aware of our sustainability agenda, kicking off plans to make transformations from within. By setting key performance indicators, we codified our commitment to uplift lives and contribute to saving the planet, which aided us in improving our management of natural resources, products, and community and people-first initiatives.

In 2017 we released the URC Standard Handbook, documenting in detail our sustainability metrics, material topics, and strategies. The Handbook helped our

organization stay focused on our goals and values while achieving our targets with precision.

Notable among these goals was the emphasis on further developing our Wellness Criteria and integrating more nutritious products into our portfolio. This led to establishing a strong partnership with Vitasoy to bring sustainable, plant-based beverage products to the Philippines. In turn, the transition process marked the beginning of our sustainability baseline data capturing through the Branded Consumer Foods - Philippines group. The move proved to be beneficial for both venturing into healthy food selections for consumers and taking the first major leap to fulfill one of our sustainability commitments.

2018 was the year we paved more avenues outward, devoting our focus and resources not just to internal transformation but also to projects and initiatives that more deliberately empower communities: Sagana Sustansiya, the Sustainable Potato Program, and 'Flourish

Pilipinas are some of the ways we connected with Filipinos on a grassroots level.

That year was especially monumental for us. Not only did we release our first Sustainability Report, applying the Global Reporting Initiative (GRI) Sustainability Index but we also committed to aligning our sustainability targets with the United Nations Sustainable Development Goals (UN SDGs). The shift refined our approach as we adopted the universal language of sustainability, to further hold URC to a global standard.

2019 was a landmark year that saw a lot of instituted, systemic change. With the start of our campaign "Live Sustainability, Live URC," we aimed to cultivate a People and Planet Friendly Culture. This was exemplified when we hosted our first URC Sustainability Summit, highlights of which included talks on the concepts of Industry 4.0 and the Circular Economy, and the Declaration of Commitment and Support from the leaders of our five core sustainability elements: Water, Energy, Waste Management, People and Planet, and Regulatory Compliance.

We continued to make good on our promises to help Filipinos, with initiatives such as Project Salig which further developed partnerships with sugar farmers, and Project JAGUAR which sought to replace outdated technology assets with more energy-efficient and reliable utility equipment.

Though the onset of COVID-19 presented challenges in 2020, it did not derail us from our cause. We continued implementing our Sustainable Potato Program and expanded Project JAGUAR to our international business units. We instituted the L.I.F.E Award for Excellence in Safety and Health, and the G.R.E.E.N Award for Excellence in Environmental Stewardship. We reconfigured our vision by setting a new target: to meet the UN SDGs by 2030. And all the while, we continued to manufacture quality, planet-friendly products in support of the business.

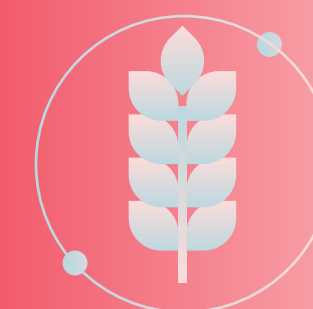
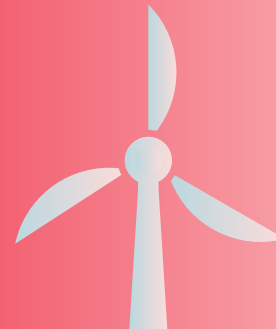
In 2021, the Operational Governance and Sustainability Group expanded its scope to harmonize with other core business processes, effectively transitioning to the Corporate Quality, Environment, Health, and Safety (CQEHS) Group. We also established our own Sustainability Steering Committee, composed of company leaders who are leading our sustainability efforts to fruition. Last year, URC also became the first fast-moving consumer goods company in the Philippines to be a supporter of the Task Force on Climate-related Financial Disclosure, solidifying our commitment to exemplify sustainability on the world stage.

### Roadmaps and Resolutions

As we journey towards fulfilling our 2030 Commitments, we will continue to carry out our sustainability strategies across six focus areas:

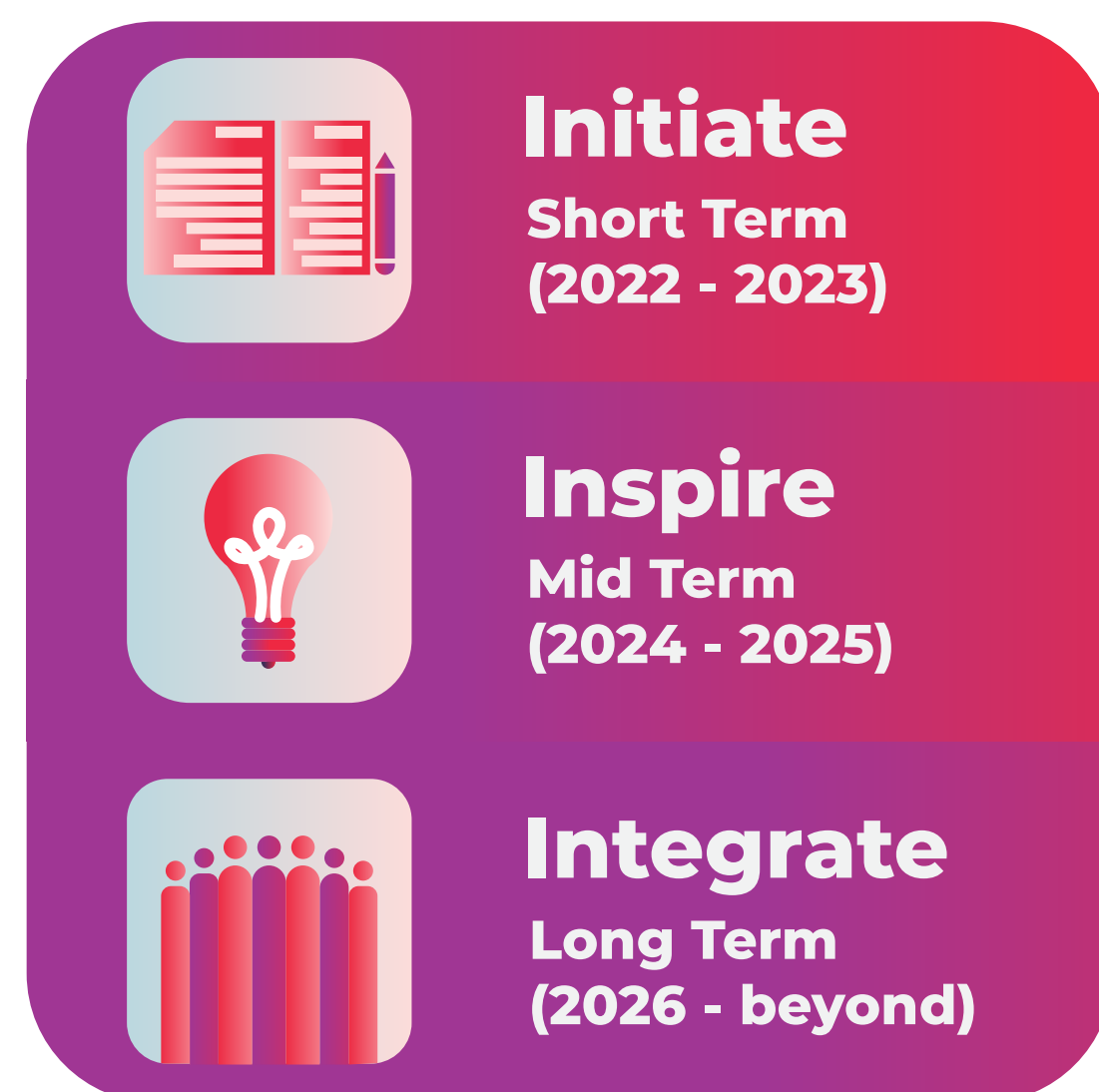
- a) People and Communities, where we improve the lives of Filipinos
- b) Climate Action, in which we make systemic changes to move towards a low-carbon economy
- c) Water, in which we improve water usage efficiency and curb wastage
- d) Product, in which we improve choices in our product portfolio to reflect URC's standing as a world-class talent
- e) Packaging, in which we reduce our footprint and waste and refine our supply chain, and
- f) Sourcing, in which we promote the responsible and sustainable sourcing of key ingredients.

Categorizing our focus areas in this way allows us to make changes that are as concrete and as measurable as can be.





In the interest of Agile transformation, URC will follow a sustainability roadmap guided by a three-part, action-driven approach:



In the short term, we kick off the starting line by initiating quick wins while replicating the results of successful initiatives. Approaching the mid-term, we pick up our momentum with the integration of strong stakeholder engagement into reinforced systems and metrics. This will all lead up to our long-term goal, where we will achieve a state of effective, perpetual

improvement to meet our 2030 Commitments and beyond – inspiring others in the process. This holistic approach should result in a sustainable value chain by 2030 and demonstrate how sustainability and the supply chain can work hand in hand.

### Initiatives and Goal-Setting

In repeating our successes, we refer to our initiatives, programs, and projects that demonstrate our capabilities to generate quick wins in the future. We also held a series of events to encourage the URC community to freely share their ideas and orient themselves with our targets in the coming years.

Among these events are the Sustainability Leaders’ Summit and Sustainability Excellence Awards, which recognize the valuable contributions and hard work of our people. The Summit was accompanied by talks on updated

practices to enhance the breadth and depth of our people’s knowledge on sustainability, leading to inspired new ideas.

We carried on these initiatives well into URC’s 65th Anniversary, celebrating the milestone by planting 7,699 seedlings nationwide in key reforestation areas. Simultaneously, we also ramped up our Solar Projects, Sustainability Projects, Capacity Building Initiatives, and Water Initiatives under our belt.

These victories are consistent with our Purpose, Values, and Ambition as a company, and were guided by our Responsible Sourcing Policy and Corporate Responsibility. Through our values and policies, we aim to pursue sustainability in all corners and areas; no longer just as a separate team, but inculcated by various functions (e.g. Integrated Supply Chain, Marketing, R&D, Procurement). At every turn, we will measure the targets that we seek to manage and evaluate our progress by using the appropriate social, environmental, and economic criteria.

## The Future and the Proof

For URC, devoting our time, resources, and diligence to these programs and initiatives is a worthwhile pursuit that benefits both the longevity of the business and the preservation of our environment. We follow through with our 2030 Commitments with a detail-oriented approach and comprehensive programs in tow, motivated by a sense of urgency and responsibility – all towards future-proofing our business and the wellbeing of those within our community.

In the coming years, we will continue to build upon our heritage of sustainable success through the programs and targets laid out in this sustainability report: from reducing our environmental impact all the way to achieving 100% quality and food safety certifications for our products.

At the end of the day, URC lives up to its duty as stewards in creating a lasting culture around sustainability. It has transformed into a daily commitment that is deeply embedded into our identity and practices as a company. With gratitude, we look forward to fostering a collaborative relationship with our shareholders, partner communities, and consumers towards fortifying a better future for all.

**Live Sustainability, Live URC.**

**David J. Lim Jr.**  
**Chief Supply Chain and Sustainability Officer**





# 2030 Sustainability Roadmap and Commitments



# Sustainability Roadmap 2021-2030

## URC SR 2021: Commitments

### The Roadmap to a Fortified Future

Our Sustainability Roadmap consolidates all past lessons URC has learned over the course of our sustainability journey, and all our future hopes for the planet we live on and the communities we serve. It traces its strategic lineage all the way back to our 2016 Purposeful Transformation plan, which we built according to the needs of our stakeholders while envisioning greater ambitions for the company.

The roadmap lays out a series of accelerated transformation goals, holistically framed by six focus areas: People & Communities, Climate Action, Water, Product, Packaging, and Sourcing. Through efficient management of resources, and a consistent commitment to always give back, we aim to make lasting concrete changes on an institutional level, in a way that affects all operations, and demonstrates our resolve as a world-class manufacturer. The culminating goal is to establish a sustainable value chain by the year 2030. The goals behind each focus area are laid out below, along with the three phases that set the pace of our roadmap: Initiate (Short Term), Inspire (Mid Term), and Integrate (Long Term).



**Initiate**  
Short Term  
(2022 - 2023)



**Inspire**  
Mid Term  
(2024 - 2025)



**Integrate**  
Long Term  
(2026 - beyond)

Our most immediate goals involve showcasing our tenacity as a manufacturer by prioritizing quick wins, improving benchmarking outcomes, and replicating the success of previous initiatives. Whether we are honing the changes we've made internally, as with our Project Laminates To Energy (LTE) program, or putting concrete change out into the world, as with our company-wide tree-planting activities, we are playing to our strengths. We seek only to surpass ourselves every time in pursuit of excellence.

Our mid-term goals are to strengthen stakeholder engagement and harmonize standards, policies, and systems within our organizational direction of sustainable business. This includes further improving the efficiency of our water and energy usage and waste management from manufacturing to transportation and devoting time and resources to aligning our goals with the UN SDGs.

To integrate, for us, means to tell URC's story: a story of people-first service, innovation, and fortifying the future. Aside from establishing a sustainable value chain by the year 2030, we also aim to ensure a deforestation-free supply chain and source and procure key inputs from responsible suppliers, may it be raw coffee beans and cocoa or palm oil.



# 2030 Commitments

With our Sustainability Roadmap guiding our actions, we have discovered a new vantage point from which to identify our objectives for the future. We monitored our progress thus far and analyzed how we could refresh our 2030 Sustainability Commitments, elevating the existing metrics we aspire to achieve and defining new priorities. The process led to a more extensive set of goals in the form of our six focus areas, each rooted in the UN SDGs.

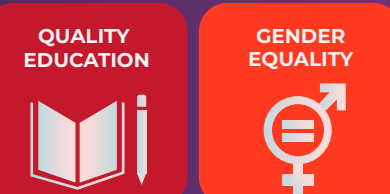


## People & Communities

We will make people's lives better by promoting a safe workplace, creating a learning environment for all, and engaging stakeholders in the communities where we operate.

### 2030 Targets

**Zero** Lost Time Injury Frequency Rate  
**24** training hours/employee every year  
**10%** increase in volunteers and beneficiaries every year



## Climate Action

We will move towards a low-carbon economy by optimizing the use of renewable energy and using offset mechanisms to reduce the impact of GHG emissions.

### 2030 Targets

**Net Zero**  
 By 2050  
**30%** Energy Use Ratio (EUR) reduction by 2030 vs 2020



## Water

We will use water responsibly and safeguard its resources.

### 2030 Targets

**30%** Water Use Ratio (WUR) reduction by 2030 vs 2020



## Product

We will improve choices in our product portfolio with quality, healthy, and nutritious choices.

### 2030 Targets

70% of our product portfolio will meet at least 1 wellness criteria  
 25% of our product portfolio will meet at least 2 wellness criteria

**(BCF PH and INTL)**



## Packaging

We will reduce our packaging footprint and promote a circular economy.

### 2030 Targets

**Plastic Neutrality**  
 by 2030



## Sourcing

We will promote responsible sourcing of key ingredients (e.g. Palm Olein, Chipping Potato, Coffee, Cocoa, and Corn).

### 2030 Targets

**100%** GAP-certified potato  
**100%** RSPO-certified Palm Olein  
**50%** Responsibly sourced Coffee + Cocoa



# URC's Purposeful Transformation

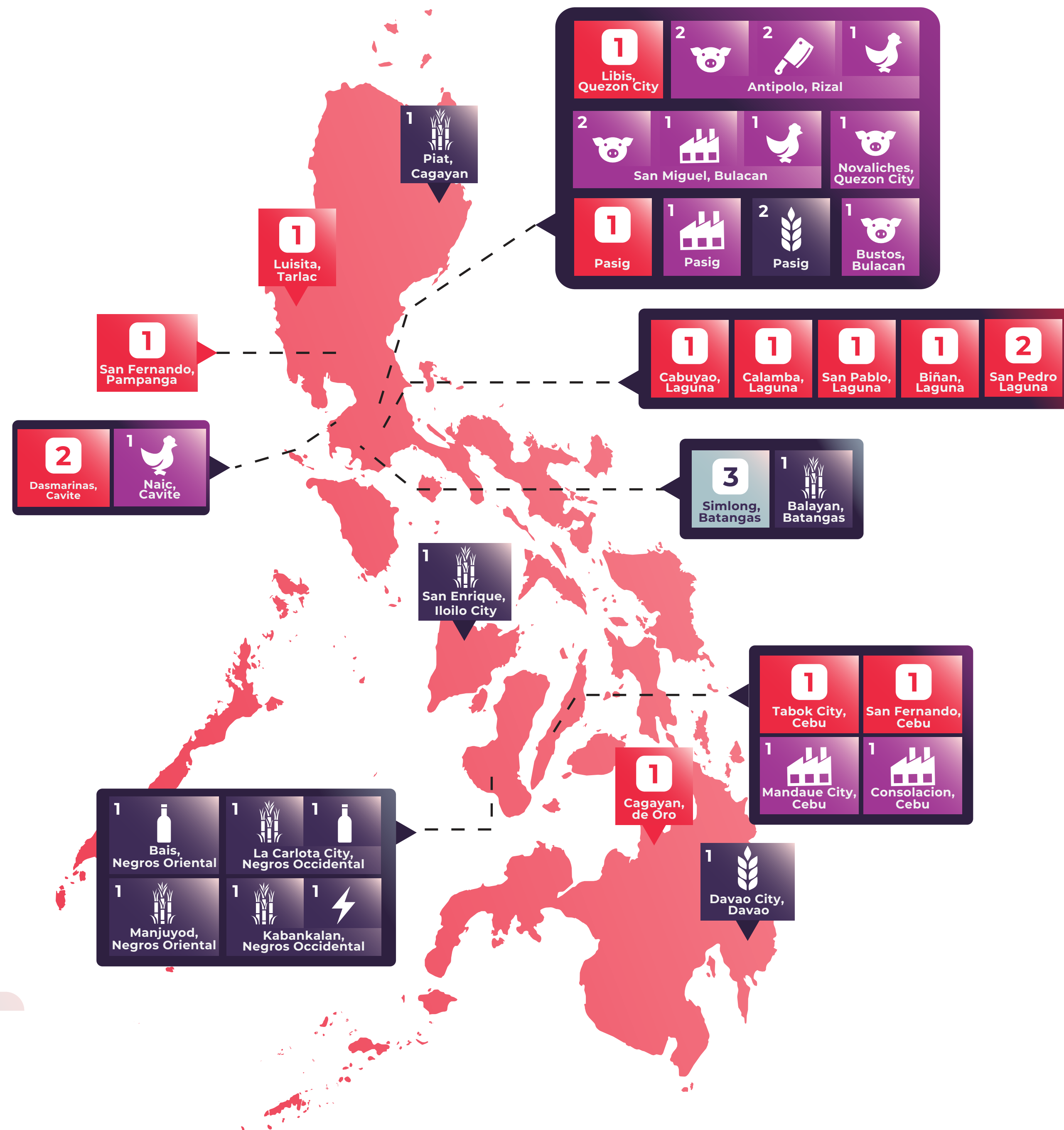




# GEOGRAPHIC PRESENCE

## TOTAL URC FACILITIES

36	Branded Consumer Foods Facilities
15	Agro-Industrial Facilities
12	Commodity Foods Facilities
5	International Sales Offices and Distribution Presence Facilities



## Domestic

### Branded Consumer Foods Group

### BOPP/Flexible Packaging Plant

### Agro-Industrial Group

-  Feed Mills
-  Piggery Farms
-  Poultry Farms
-  Slaughterhouse

### Commodity Foods Group

-  Flour Mills
-  Distillery Plant
-  Sugar Mills
-  Sugar Mill & Biomass-Fired Power Cogeneration Plant

## GEOGRAPHIC PRESENCE



**International**

- Branded Consumer Foods Group / Warehouse and Manufacturing
- International Sales Office / Exclusive Distribution Presence



## Our Sustainability Strategy: The Path That Lies Ahead

Over the course of URC's rich and storied history, much has changed, and much has stayed the same. From its humble beginnings as a cornstarch milling plant to its upward climb in becoming the world-class manufacturer that it is today, URC has been working on the ground to constantly overcome, adapt, and evolve in an ever-changing world. And when it comes to responding to the shifts in the world around us, there are few areas where such agile action matters more than in the area of sustainability.

2016 was the year that kicked off our journey towards achieving a way of sustainable thinking and being as a company, back before the term "sustainability" held as much cultural currency as it does now. We declared our sustainability agenda that year, ensuring sustainability is more than a mindset by enforcing it as a systematic corporate direction

that we could implement and institute, propelled by the needs of our stakeholders.

By working closely with our community, we identified material topics relevant to our sustainability strategy. We began tasking the Operational Governance and Sustainability team to lead initiatives on Environment, Health and Safety (EHS), Standard Processes and Capacity, Integrated Management System, and Metrics for Sustainability.

### Our Story of Ascent

In the early years of our sustainability journey, we focused much of our efforts inward. To make the most impactful change in our communities, and the country as a whole, we had to make internal operational changes. This included taking a hard look at our carbon footprint, our technologies, how much energy and water we consumed, how much waste we produce, and what kind of improvements we could make to our supply chain. Thus we released the URC Standard Handbook, which contained the identification of sustainability metrics and material topics. We also started Carbon Disclosure Project (CDP) Reporting, to hold

ourselves accountable with baseline measurements.

In 2017, we also appointed Environment, Health, and Safety Officer in every plant to make sure our sustainability plans were being carried out at every level of operations. The release of our first Sustainability Report in 2018 and the beginning of our Sustainability Learning Series signaled a solid consolidation of all the work we had done thus far.

Within a few years, we were able to install our first major solar energy project in our manufacturing plant in Canlubang, Laguna. We also celebrated our first Global Sustainability Summit, with the theme "Live Sustainability, Live URC." equating our identity with our mission. This was a major milestone for us. During the summit, URC Chairman Lance Y. Gokongwei proclaimed: "Running a truly sustainable business is a must. It's not anymore a nice-to-have, but rather a necessary component of a well-run business."

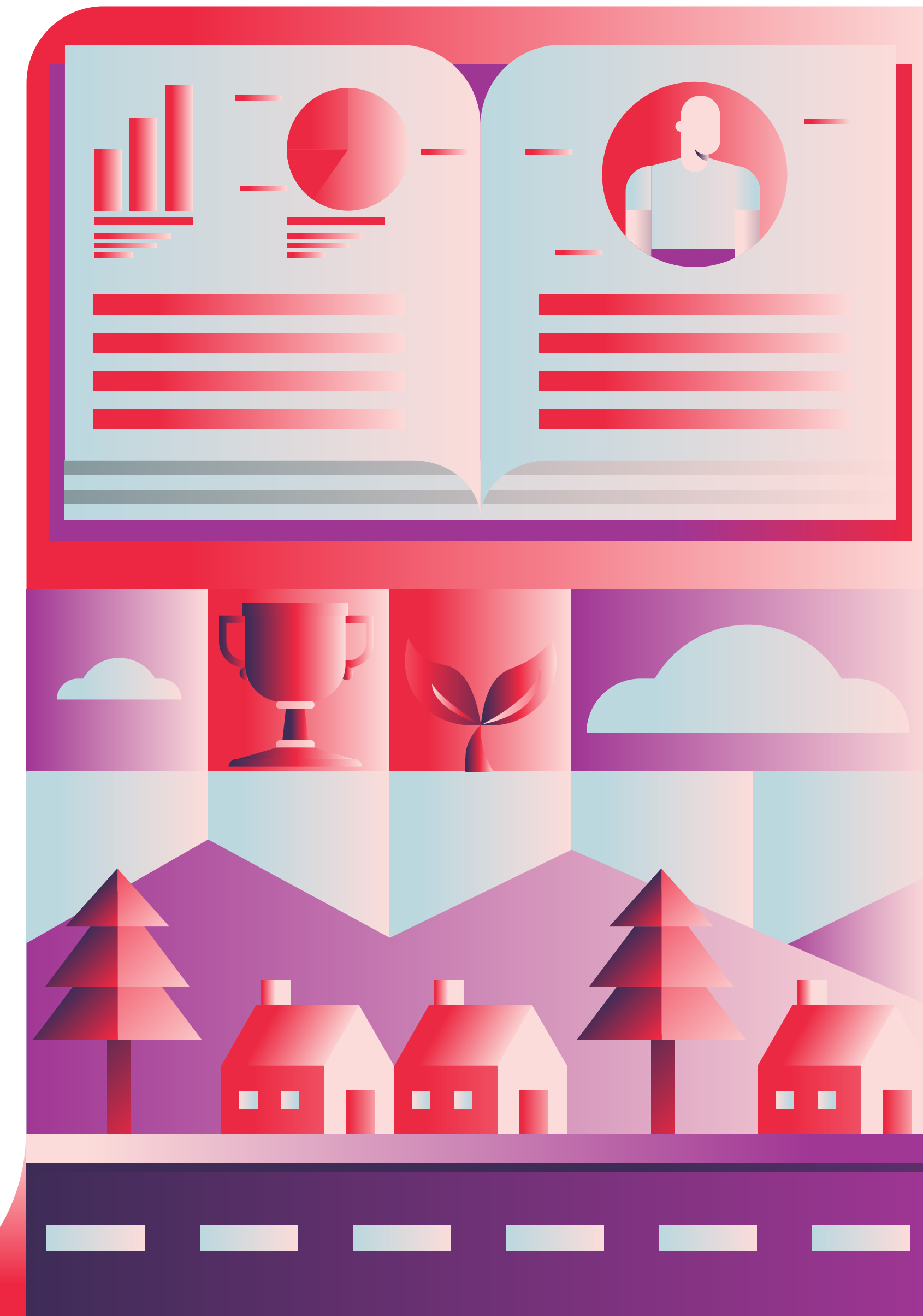


Further emphasizing our organizational commitment, we instituted our own Sustainability Awards in 2020, with the introduction of the L.I.F.E Award for Excellence in Safety and Health, and the G.R.E.E.N Award for Excellence in Environmental Stewardship. We approached “sustainability” as a multifaceted concept - sustainable in employee welfare, eco-living, and business and profit, which we brought into clarity through our actions in 2020.

Last year, the mandate of the Operational Governance and Sustainability was expanded, with its institutional purview to harmonize its operations with other core business processes. The group transitioned into becoming the Corporate Quality, Environment, Health and Safety (CQEHS) Group. We also became the first fast-moving consumer goods company in the Philippines to be a supporter of the Task Force on Climate-related Financial Disclosure (TCFD), a framework made to hold companies accountable in the disclosure of information on risks and opportunities related to climate change.

Over the past few years, we at URC have gotten better at acquainting ourselves with the nuances of pursuing sustainability. What does it mean to be stewards of the earth without neglecting stakeholder interests, customer satisfaction, product quality, and profit?

It means constantly striving for excellence, and in that respect, much has stayed the same. Through the years, we leaned on the company foundation of the URC Purpose, Values, and Ambitions. We’ve adapted to the challenges of the pandemic, and thrived in the process, aligning the United Nations Sustainable Development Goals with our own short-term to long-term goals. It is the major driving force that guides our hands in this phase of the journey, and through it all, URC aims to fortify futures through sustainable initiatives that put people first.





## Strategy

At URC, being a sustainable global enterprise is an evolving ambition – an endeavor that is always a work in progress. While we have set metrics, projects, and policies in place, we believe that as the company expands, our capacity to improve upon our existing sustainability initiatives follows.

Our current sustainability strategy encompasses the growth of both the business and our commitments, since our last Sustainability Report. Through this improved strategy, we are able to identify and build upon the expanded scope of our sustainability work, which is best represented in our six focus areas.

These focus areas converge harmoniously, covering essential sustainability themes that are linked to our business and our ambition. In developing this strategy, we ensured that each focus area is directly linked to a branch of our operations, as well as its corresponding UN SDGs.

Defining these themes allows us to concentrate our efforts and resources on the company's priorities while giving business units the ability to partake in programs that are most relevant to their operations. For instance, our AIC group directly communicates and engages with farmers to share their expertise in the industry, bettering the quality of raw products and livelihoods within our partner communities.

The groundwork for this strategy is built upon three fundamental components that have consistently been a part of URC's culture, heritage, and actions – all derived from our Purpose and Values. **Good governance** guides us in ensuring that each project is conducted with utmost transparency, fairness, and accountability, following our company policies. **People and Stakeholders Engagement** reminds us to stay attuned to the needs of our stakeholders, communities, and the environment while collaborating with organizations and government offices and agencies. **Shared Success** inspires us to pursue innovation and push past boundaries to form sustainable win-win opportunities.



### People & Communities

Make people's lives better



### Climate Action

Move towards a low-carbon economy



### Water

Improve water use efficiency and protect watersheds



### Product

Improve choices in our product portfolio



### Packaging

Reduce packaging footprint



### Sourcing

Promote responsible sourcing of key ingredients

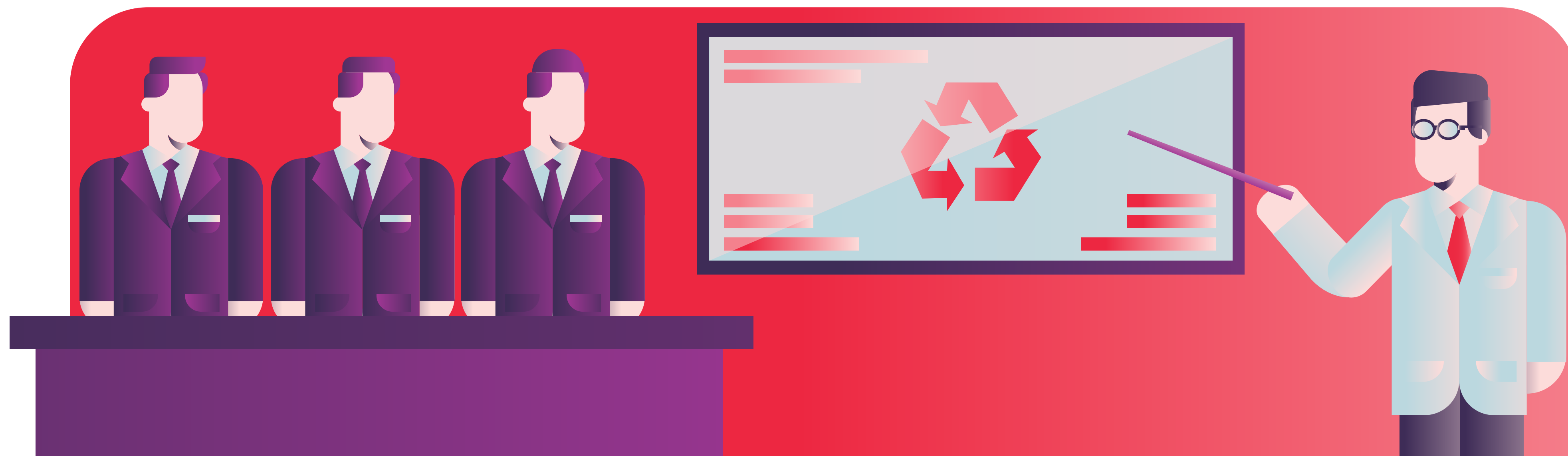
## The Steering Committee

In 2021, the company started to formalize the roles and responsibilities of the Sustainability Steering Committee to further strengthen our commitments and initiatives under the sustainability focus areas.

The Steering Committee is composed of corporate officers that are appointed by the Chief Executive Officer (CEO) with roles that are closely related to their functions within the organization. They prepare long-term plans aligned with URC's sustainability goals and how to effectively deliver on this roadmap. Given the numerous functions represented on the SteerCo (such as Marketing, External Affairs, R&D, Strategy, and Integrated

Supply Chain, among others), a cross-functional viewpoint helps provide a more holistic perspective to address material sustainability issues.

To solidify these functions, the President and CEO also drives the agenda as the overall sustainability champion, who is guided by the Board of Directors. He ensures that these responsibilities should be consistent and must align with the overall business strategy and risk management framework of the company.





## URC ESG Materiality Matrix

Our materiality process began in 2016, in tandem with the development of our sustainability plans. By welcoming the involvement of stakeholders and leaders in the organization, we identified and consolidated a materiality matrix of focus areas that are most relevant to URC’s operations.

This year, we consulted Trucost of S&P Global, a leading expert in data and risk analysis that specializes in sustainability, and the usage of natural resources.

Each focus area represents an Environmental, Social, and Governance (ESG) that falls within the scope of our business - a sustainability touchpoint we are responsible for as an organization. These themes were aligned with the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), and Philippine Stock Exchange disclosure requirements. Sector-level

materiality was identified and refined based on the specific activities of the company.

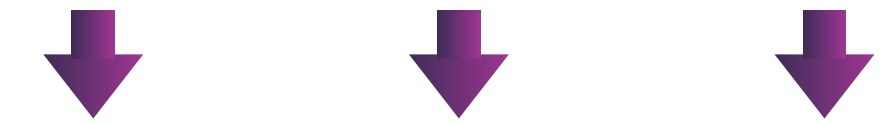
We started to align with the TCFD framework, as we attempted to map URC's activities and strategic goals to TCFD disclosure recommendations. This marks the early beginnings of URC's high-level compliance with the TCFD framework.

### Assessment Approach

The URC ESG materiality assessment follows a four-part process that has helped us identify the ESG topics and metrics that coincide with our business. The process also factored in our present ESG performance, measured using quantitative and qualitative metrics.

### ESG Topics Review

- Conduct a review on material ESG topics, using sustainability frameworks (SASB, GRI).



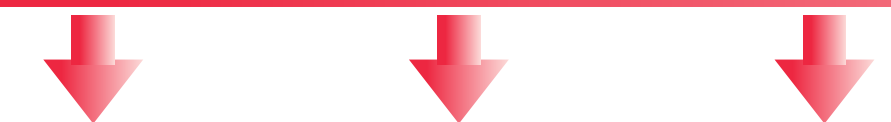
### Materiality Mapping

- Assess material issues using relevant frameworks from SASB, GRI, and the Philippines Securities and Exchange Commission, and narrow down the top issues.



### Consultation

- Receive feedback on ESG topics from URC
- Identify the importance of ESG topics to the business and its stakeholders through stakeholder consultation and internal surveys.



### Materiality Assessment

- Integrate the TCFD disclosure at a high level
- Integrate URC’s feedback to create a finalized materiality matrix.

We followed this process to generate the URC materiality matrix, which plots different ESG focus areas according to their order of value in two categories: importance to our stakeholders on the y-axis and importance to the business on the x-axis.

The y-axis represents the importance of these topics to stakeholders on a scale of 1 to 10 - determining this allows us to launch initiatives according to what our stakeholders value most. 1 being the lowest, 10 being the highest score. The x-axis represents how important the material topics are to the entirety of the business itself - from the management of manufacturing plants to the URC consumer experience. Looking at the graph, we can see that the interests of the business and our stakeholders coincide, sharing the same value for the material topics we identified.

Here we can determine the order of priority among material topics, giving us a better estimate of how much of our resources we must commit and allot for each one.

It also serves as a baseline for determining how our various initiatives, programs, and operational optimization contribute to fulfilling our responsibility to each of the identified focus areas and topics.

To put it simply: the URC materiality matrix is a quantified assessment that provides metrics we can follow, in order to best adhere to the needs of our stakeholders, the desires of our customers, and global sustainability standards. While our goals may seem abstract at first glance, the materiality matrix substantiates with data.

### **Insightful Results**

According to the matrix, Product Quality scored highest in both Importance to Stakeholders (y-axis) and Importances to Business (x-axis), in the Social category specifically. This emphasis is aligned with URC's commitment to being a world-class manufacturer that maintains quality from packaging to product, as it moves closer to being a company that truly operates within the sustainability aspirations of a circular economy.

Aside from our duty as a manufacturer to maintain Product Quality at all times, our dedication to the focus area also represents how much we value our consumer base, and the ways they depend on us to be consistent with our goods and services.

For environmental themes, Energy and Water consumption scored highest in the matrix, which is in line with URC's various conservation initiatives and the efficient usage of its resources.

All material factors and focus areas scored generally high in the matrix. However, our materiality continues to evolve. To firm up our materiality, we paid particular attention to factors such as our supply chain, economic performance, and most of all, how to best serve the people. For us to do this, we look at the word "sustainable" as having two connotations: sustainable, profitable growth, and sustainable consumption and development - which is to say, business longevity and environmental stewardship.





### Accelerating Change

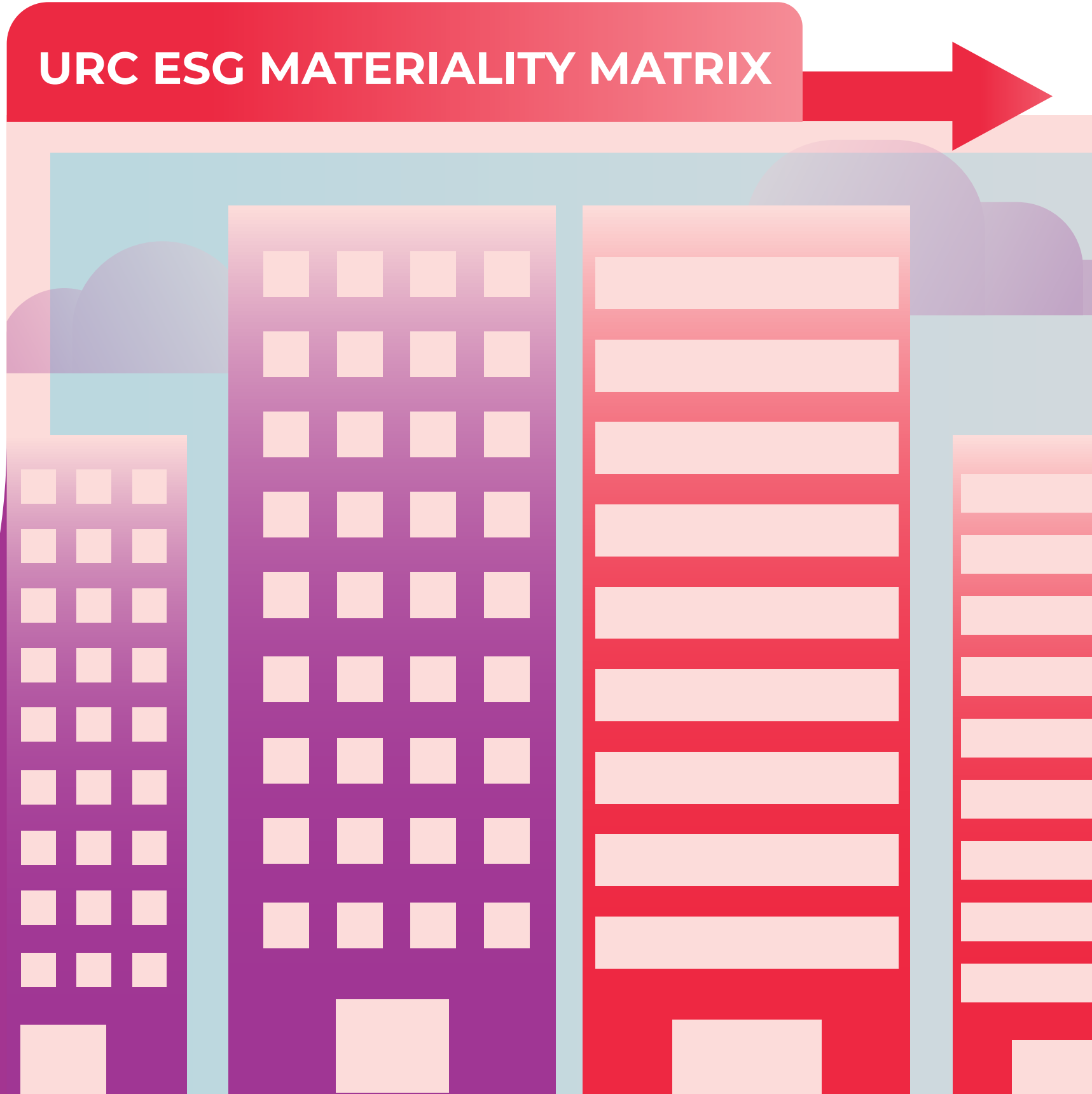
Given our materiality matrix and processes, we are further aligning our goals with the UN SDGs. Even before beginning our materiality process, we were working on these different focus areas with various initiatives and programs. However, thanks to data assessment from Trucost, we can move forward with greater intention. It will guide us in proactively identifying key material issues, allowing URC the opportunity to increase its value, both in business and financial terms. Focusing on these material ESG issues also comes with the potential to positively impact our growth in terms of profit and customers.

For starters, we’re making our data coverage much more thorough. Last year, we expanded our environmental performance report scope to accommodate SURE, AIG, head offices, and various distribution centers in the Philippines.

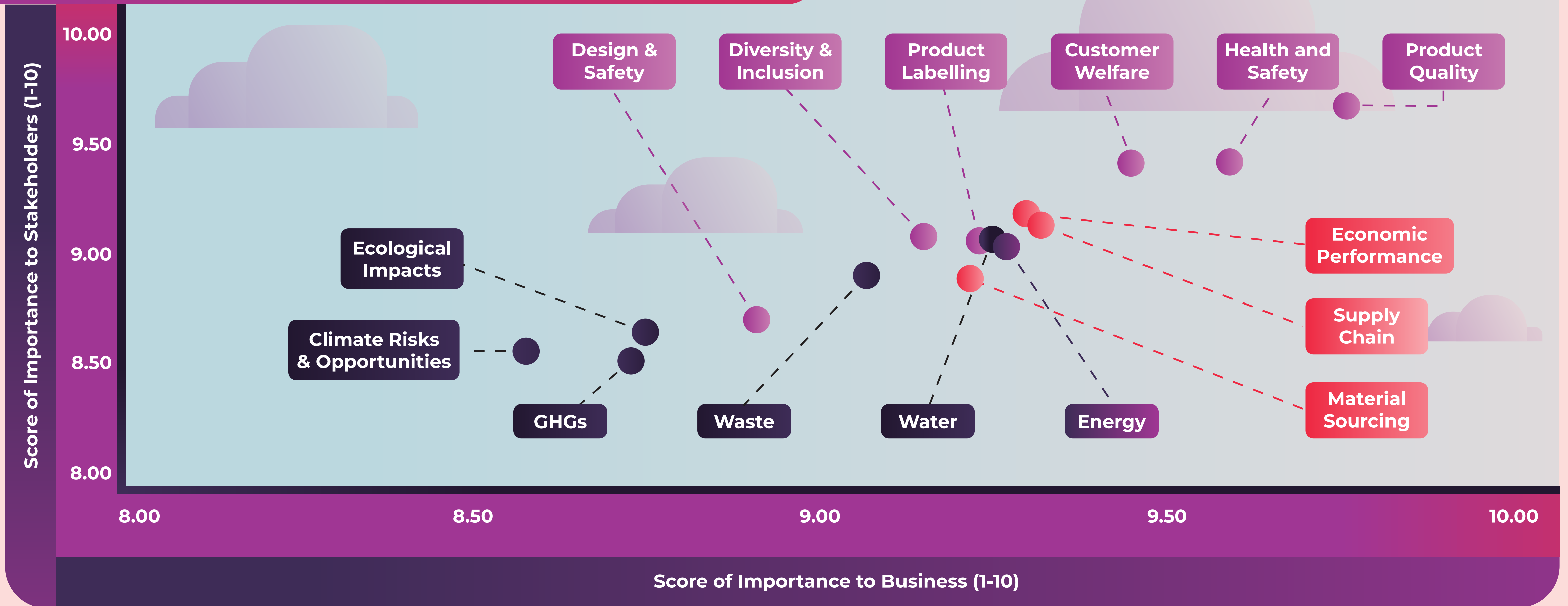
We’re also capturing solar energy and geothermal energy production in our data, and taking into account the energy consumption and GHG emissions of our company vehicles.

We also developed the Sustainability Digital Dashboard and renewed our sustainability targets based on key focus areas such as People and Communities, Climate Action, Water, Product, Packaging, and Sourcing. URC also refers to the guidelines and recommendations of the TCFD to weigh Climate-Related business risks and opportunities.

Through these actions, plans, and reevaluations of certain focus areas, we at URC aim not only to polish up our materiality process, but also to set a precedent, and make sustainable business operations a paradigm for lasting growth.



## URC ESG MATERIALITY MATRIX, FY2021





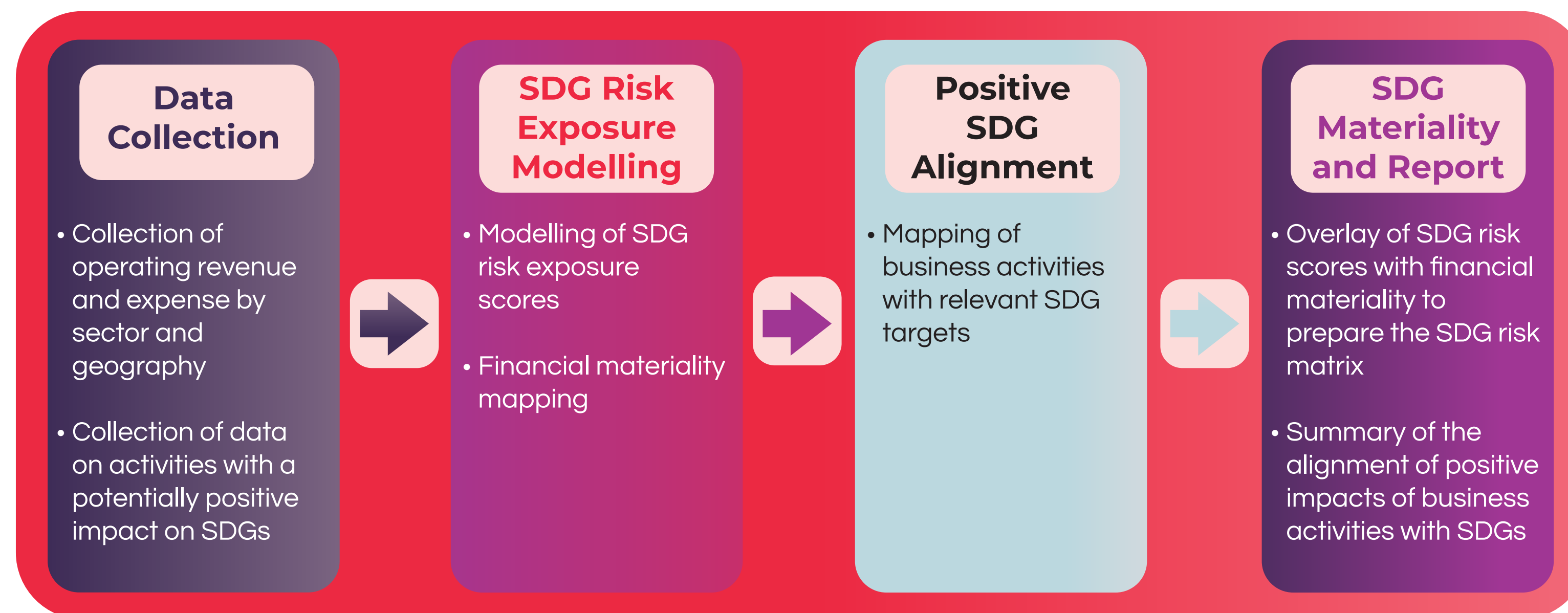
## UN Sustainable Development Goals Materiality Assessment

In 2015, the United Nations developed a sophisticated blueprint that articulates what we need to pay attention to in order to achieve peace and prosperity on our planet, for all peoples, by 2030. This blueprint takes the form of 17 global goals and 169 targets, widely referred to as the UN SDGs or SDGs.

Exercising its influence as an organization dedicated to protecting the planet, the UN presents these goals as calls to action for governments and the private sector to aspire towards a sustainable future through systemic change.

### A Robust Process

Our URC SDG assessment follows a four-step process that helps identify the company's positive contributions to SDGs through activities that are aligned with SDG targets, as well as its risk exposure that impacts the same goals. For quantitative and qualitative accuracy, we consulted with Sustainable1 for a comprehensive assessment.



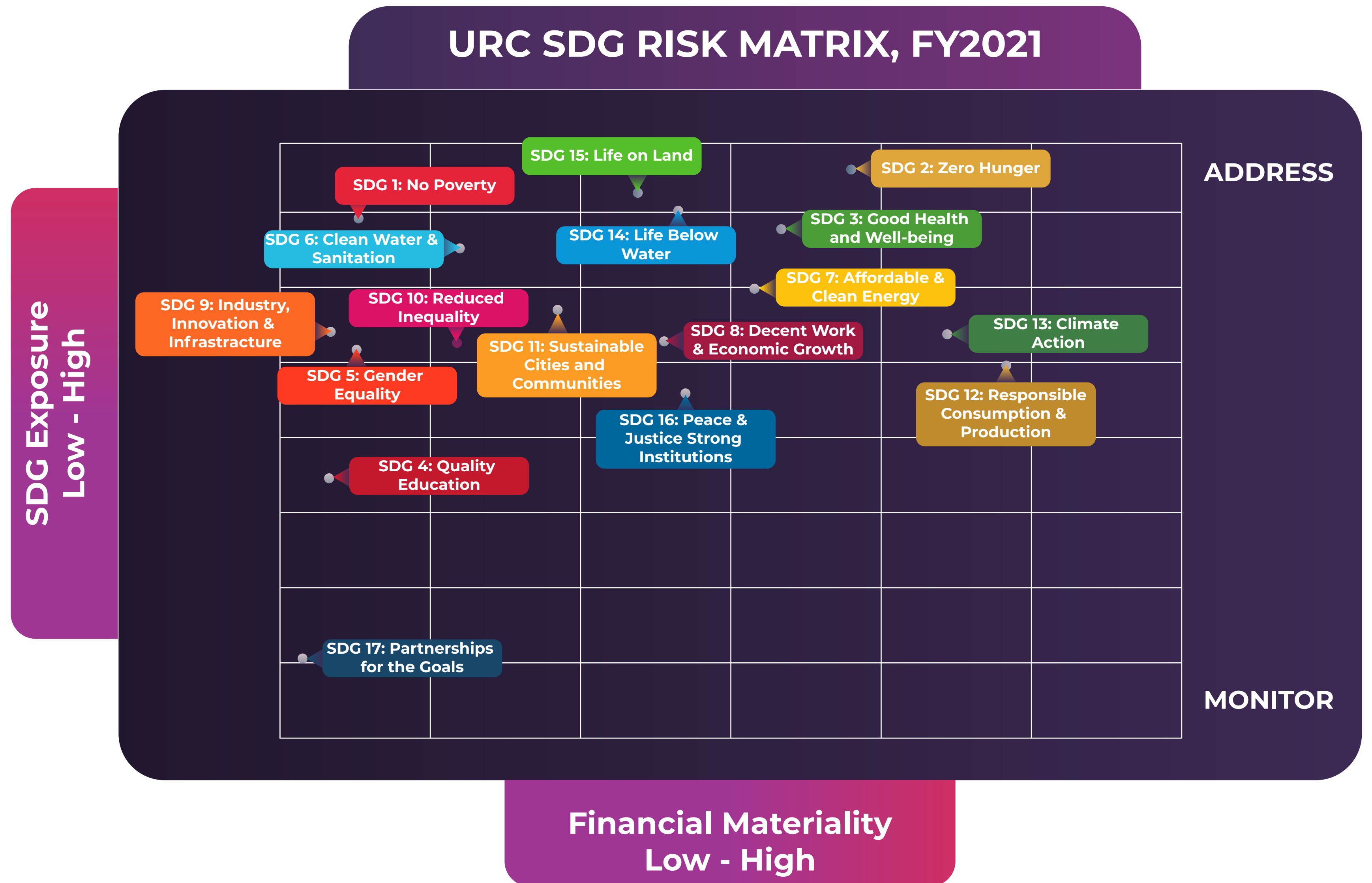
URC's SDG risk exposure is modeled after its operating sectors and geographies, which review the entire value chain of the business that corresponds to a risk exposure score. To arrive at an SDG exposure score, Sustainable1 has developed a multiregional model that covers financial flows between 26 sectors and 190 countries in the global economy. For financial materiality, we used the SASB materiality indicators to gauge URC's financial materiality at the sector level, which is then mapped to the relevant SDGs for calculation. These two metrics are then overlaid together to form the SDG risk matrix.

Similarly, URC's positive contributions to SDGs are mapped to SDG targets based on its programs, activities, and initiatives, which are considered material for alignment based on their impact on human, social, and natural capital.

Overall, the objective of the URC SDG assessment is to make more progressive decisions that are aligned with current global policies and recommendations from standardization bodies that help us achieve these goals.

## Valuable Analysis

It is well within URC's interests to rise to the challenge that the UN presents. The SDGs line up precisely with our goals and processes for developing a sustainable supply chain, empowering communities around us, and reducing waste, all while maintaining the quality of our products. To display how we at URC keep track of meeting these goals, we consulted S&P Global in developing our SDG Risk Matrix, which assesses materiality in relation to the UN's standard of sustainable transformation.



The matrix ranks the SDGs for URC according to factors such as the importance of sustainable development issues based on the sectors and geographies where we are present, as well as the degree of the financial materiality of issues underlying each SDG. While our long-term goal is to be fully sustainable by 2030, this matrix displays how each development goal is pertinent to URC, in relation to our operations, practices, initiatives, and cost. The x-axis represents financial materiality, and the y-axis represents risk exposure.



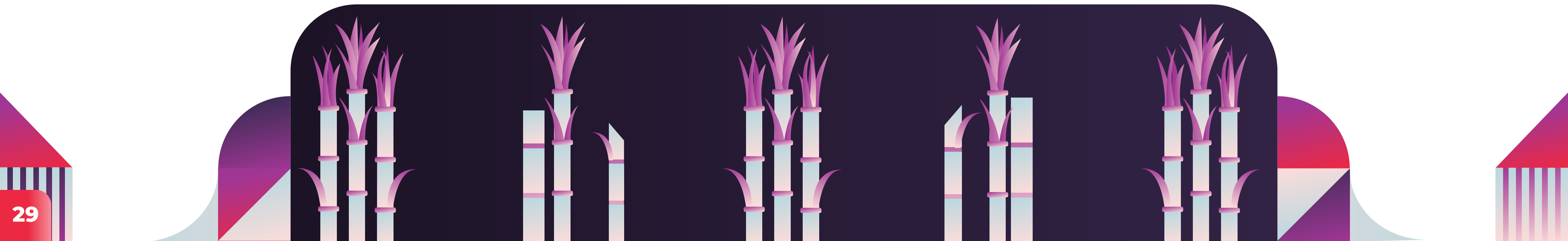
## Synthesizing Results

SDGs in the upper right-hand quadrant of the matrix are considered to have both high financial materiality and risk exposure, such as SDG 12 (Responsible Consumption and Production), 13 (Climate Action), and 2 (Zero Hunger). Based on this matrix, URC will prioritize activities related to addressing the identified SDGs, in order to mitigate adverse impacts and meet the interests of our shareholders.

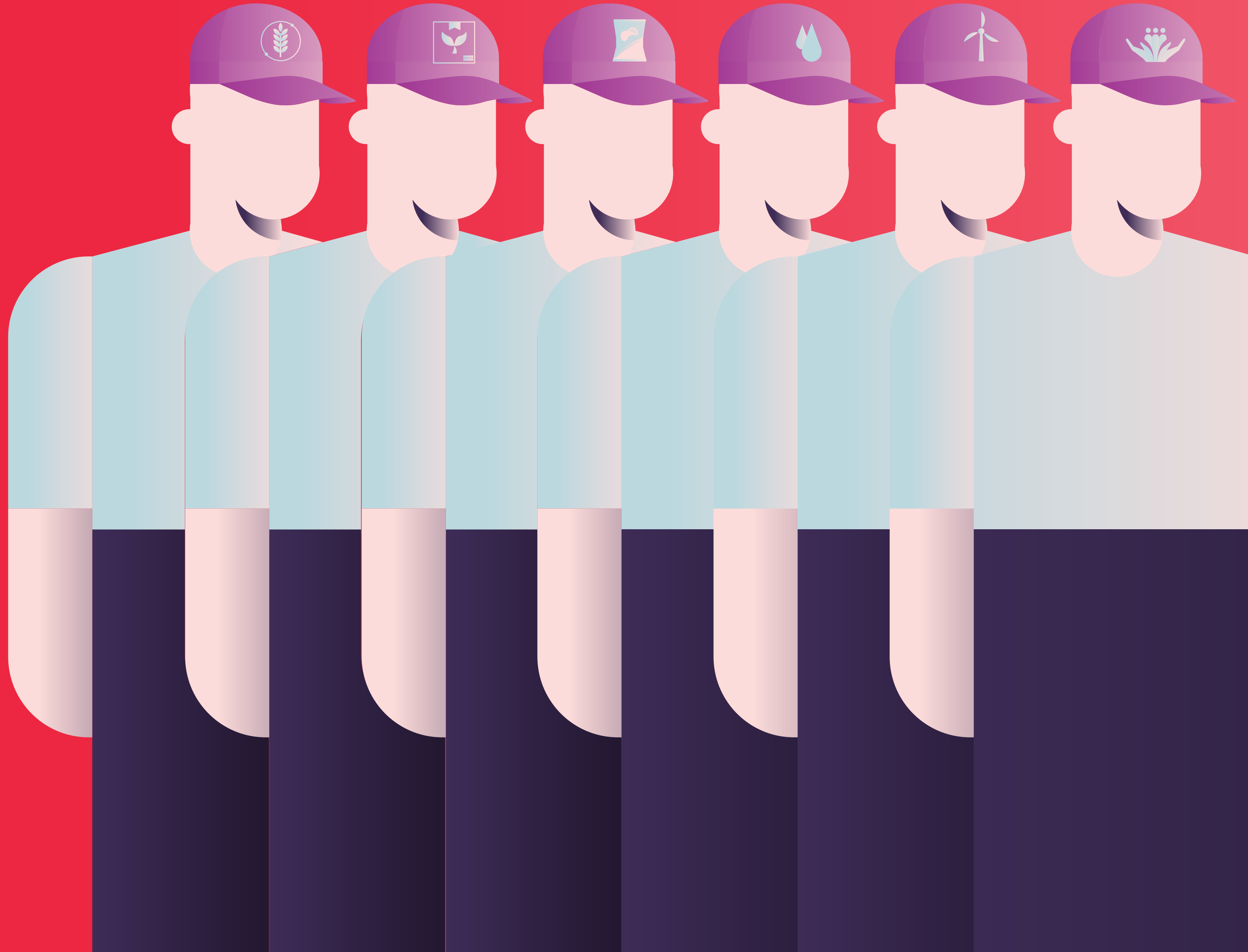
Climate Action is already one of our main focus areas when it comes to sustainable transformation, and the other areas of People and Communities, Water, Product, Packaging, and Sourcing, can address SDGs 12 and 2 in terms of resource management.

The lower right-hand quadrant is meant for SDGs that are considered high in financial materiality, but less pertinent in terms of their relation to URC. Our study suggests that there are no SDGs that fall under this quadrant.

As can be seen in the matrix, most SDGs rank mid to high in terms of risk exposure. As such, it is imperative for URC to invest accordingly in activities and operations that can allow us to effectively carry out these sustainability goals. Considering the progress we've made since 2016, just one year after the release of the UN SDGs, we are already on our way there.



# URC's Sustainability Focus Areas





# Focus Area: People & Communities

Focus Area	Commitments	Refreshed Targets
People & Communities	Make people’s lives better by promoting a safe workplace, creating a learning environment for all and engaging stakeholders in the communities where we operate	<ul style="list-style-type: none"> <li>• Safe and healthy workplace</li> <li>• World class talents</li> <li>• Stakeholder Engagement</li> </ul>

Focus Area	Metrics	FY 2021	Target 2030
People & Communities	Ave Training Hours per Employee	21	24
	Lost Time Incident Frequency Rate (LTIFR)*	0.78	0

\*LTIFR is the total number of work related Lost Time Injuries occurring at the workplace per million man-hours worked.





## Our COVID-19 Response

COVID-19 has fundamentally changed our ways of living, working, and planning for the future. Yet, our hopefulness and determination carried us through dire times and into better days. All throughout, URC has continued to operate with compassion, fulfill its commitments, and give aid to those who need it most — and we are still finding new ways to make the new normal brighter and better than ever.



In 2021, we developed timely guidelines on the preparedness and agile response to COVID-19, consistently implementing group-wide health and safety programs to safeguard the wellbeing of our employees, business partners, and the communities where we operate.

### Ensuring Safety, Empowering People with Health Support

To mitigate the lingering impacts of COVID-19, work-from-home arrangements were continuously implemented for office-based employees while the essential workforce was strictly monitored through daily mandatory health and travel declaration forms D-19 across URC. In addition, all employees working on site were required to strictly adhere to COVID-19. Heightened Guidelines and Protocols such as maintaining social distancing, as well as the use of face masks and face shields, and practice of good personal hygiene and sanitation.

Aligned with the DOH and WHO Guidelines, we consistently updated the definitions of suspect, probable, and confirmed COVID-19 cases and their close contacts. At URC, we implemented a systematized internal COVID-19 management process (5Cs: Case Investigation, contact tracing, communication, cleaning & disinfection, checking of protocols) when a case is detected in the workplace to ensure proper management

and continuity of manufacturing operations. Isolation or quarantine was also required for identified cases to mitigate possible spread. Consequently, RT-PCR testing was provided to regular employees and their dependents through JGS COVID CARE program.

The COVID CARE program also provided telemedicine services to third-party employees. With the support of JGS, URC was able to partner with a number of hospitals to accommodate emergency COVID-19 cases. Teleconsultation services were also offered to probationary employees and their dependents, allowing them to directly connect with highly experienced health professionals via phone, instant messaging, or e-mail. Moreover, the URC Health App was launched to automate the contact tracing and social distancing protocols using smartphones.





## Reinforcing Information and Education Campaigns

Throughout 2021, we continued to strengthen our information, education, and communication campaign on health and safety. Informational bulletins for COVID-19 called InfoCOV and InfoVAX were consistently released every week through our online portals. These provided our people with the latest information on COVID-19, as well as guidance from verified sources regarding vaccines and immunization programs.

We also made sure that every Juan stayed connected and updated with the latest developments in the country's COVID-19 situation while continuously conducting Integrated COVID-19 Mandatory Training with every employee through the URLearning portal. Moreover, the company conducted several Sustainability Learning Sessions covering COVID-19 vaccines and new variants of concern.

## Continuing to Facilitate Vaccination, Scoring Safety Seal Certifications

We continued to pave the way for URC employees' vaccination and booster shots. This endeavor carried over to their dependents and the company's third-party manpower, all of which were given priority.

## Company-Wide Donation Drives

In our efforts to help fight COVID-19, numerous donation drives were conducted across our different business units including our international facilities in Malaysia, Thailand, Indonesia, and Vietnam.

These donations included alcohol, medical kits, and more for medical workers, COVID-19 patients, and front-liners. URC employees were also given health kits as they continued to work. We also kept our commitments to supporting education continuity despite the COVID-19 pandemic, providing resources and tools to a number of beneficiary schools throughout the country.

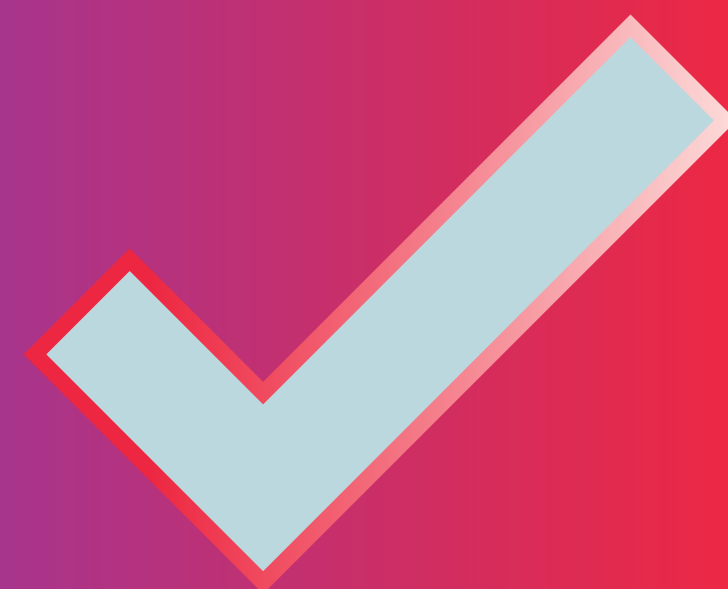
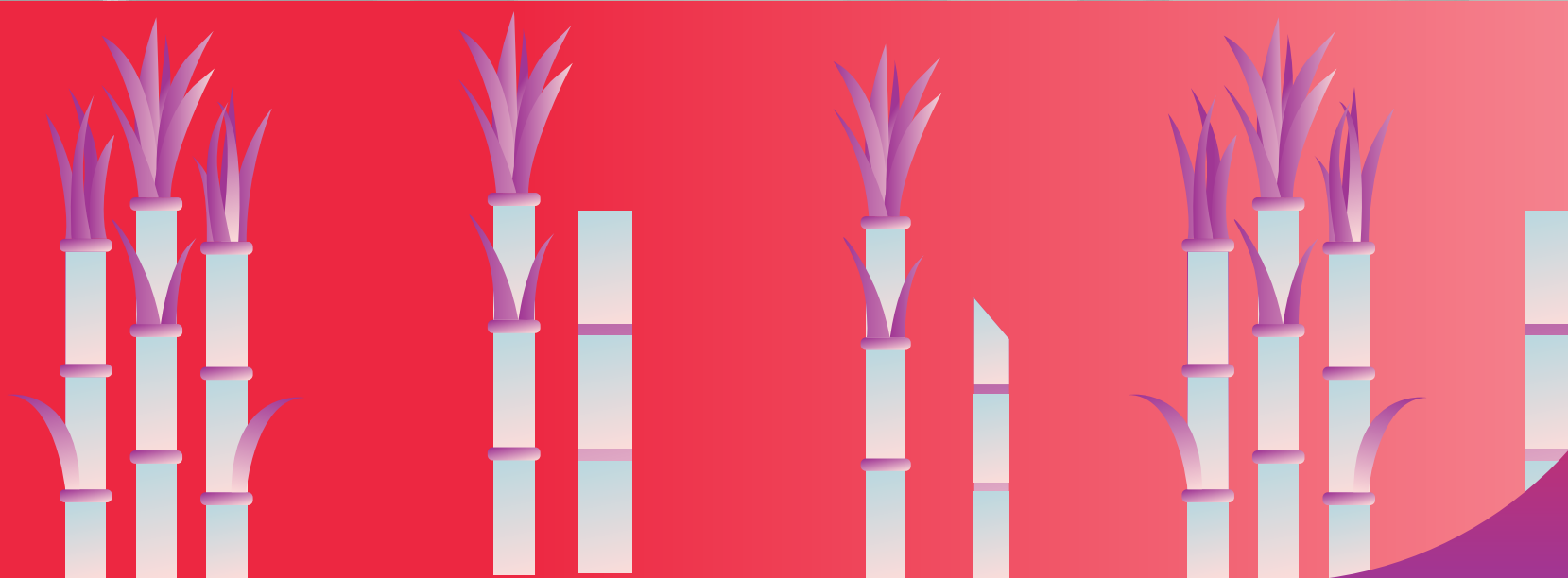


## Employee Safety

### DOLE Safety Seal Certifications

URC's strict implementation of COVID-19 guidelines and protocols has helped us protect our people from the threats of COVID-19 while continuing our operation compliant with the IATF directives. As a testament, several of our facilities were issued Safety Seal Certifications from the Department of Labor and Employment (DOLE) in 2021. This Safety Seal Certification is a voluntary certification scheme being implemented by the government to affirm that an establishment is compliant with the minimum public health standards set by the government and uses or integrates its contact tracing with StaySafe.ph. The DOLE issues the Safety Seal for the manufacturing, construction sites, utilities (electric, water, gas, sewerage, etc.), and other related establishments. This certification may be revoked by DOLE anytime if an establishment commits any violation of the IATF and DOLE COVID-19 rules and regulations – at present, all facilities previously awarded have retained their certifications.

15 out of 17 of our BCFG-PH plants and all of our SURE sugar mills and distilleries are holders of DOLE Safety Seal Certification. Applications are ongoing on our other sites.





## Workplace Conditions, Labor Standards, and Human Rights

URC strongly adheres to labor laws and human rights regulations in the workplace as stipulated by the law. We recognize that any non-compliance or violation of these laws will affect our operational company’s sustainability in terms of productivity, employee retention, and employee engagement. Furthermore, the company strives to avoid any labor issues that may expose the organization to potential litigations and bad publicity, which can damage the company’s business reputation.

In view of URC’s commitment to fostering good labor practices, we continuously adhere to the highest ethical and lawful conduct in the way the company handles its employees, workers, service providers, project contractors, and stakeholders. We promote and monitor the well-being of our partners through the implementation of URC’s occupational health and safety programs. To uphold transparency, we monitor and disclose work-related safety and health statistics, as also shown in the table below.

Occupational Health and Safety	
Disclosure	Quantity
Total Man-Hours	70,590,482 hours
No. of work-related injuries	320
No. of work-related fatalities	3
No. of work-related ill-health	0
No. of safety drills	79

Note:  
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)  
As part of our commitment to promote a safe working environment, we will continuously strive to mitigate occurrence of any work-related incidents. Page 31-38 of this report discusses our Projects, Programs, and Practices for Safety

## Projects, Programs, and Practices for Employee Safety

### L.I.F.E (Living in an Incident-Free Environment)

URC cultivates a world-class safety culture across its operations through safety initiatives under the program called L.I.F.E. or “Living in an Incident-Free Environment”. Guided by the Corporate EHS Team and plant managers, our EHS Engineers designated in our plants ensure that all mandatory compliance requirements are attended to and met, as enforced by the different government offices and agencies (e.g. LGU, DOLE, DOH, BFP, DENR-EMB, LLDA, and so on). Moreover, URC is able to foster good partnerships throughout the years with these government agencies through our environmental and safety programs.

### Juan Life Saving Rules (LSR) 2.0

To strengthen safety awareness through visual management, Juan Life Saving Rules or LSR was updated in 2021 and featured additional focus areas. Dubbed LSR 2.0, the revitalized set of Life Saving Rules was aligned to the current situation in URC’s different plants. Each rule was aligned

with global standards, local legislation, and company safety procedures to ensure the protection of our workforce in their regular field duties.

### Behavior-Based Safety (BBS) 2.0

Accordingly, the Behavior-Based Safety program, which started in 2019, has been continuously promoting positive safe behavior in the workplace. BBS 2.0 was launched in 2021 to include COVID-19 controls. The reinforced program now aims to cover third-party leaders’ involvement in conducting BBS observation and coaching. The program relaunching was initiated due to the high number of COVID-19 incidents in third-party employees during the pandemic.

### Quick Risk Prediction

URC has implemented the Quick Risk Prediction program across all its operations. It aims to conduct proactive and timely risk assessments for non-routine and unplanned activities, as well as to install necessary control measures upon assessment. Through the program, we aim to prevent potential incidents in the future

resulting from unplanned machine troubleshooting or repair.

### Near Miss Reporting

Leaving no room for potential incidents, we have extended our safety statistics to near-miss reporting. A “near miss” is sometimes referred to as a “close call” or “near hit,” and signals a system’s weakness. If not corrected, near misses could lead to significant consequences in the future. With this in mind, we continued our company-wide practice of Near Miss Reporting, correcting deficiencies and preventing any accidents that may occur in the future.





## Project T.L.C.

Project T.L.C. (Training, Leading and Coaching) is another of the company's initiatives that provide various training for employees, empowering our EHS Leaders on operational control programs as well as equipping them with the requirements needed for the certification of Pollution Control Officers (PCO), Safety Officers, and Radiation Protection Safety Officers.

## Sustainability Learning Series

As we gear towards normalcy in providing training sessions in digital format due to the COVID-19 pandemic, URC responded to the challenges by conducting Sustainability Learning Sessions, a series of webinars that cover different tracks relevant to sustainability focus areas supporting the People, Product, Natural Resources, and Supply Chain components of our Sustainability Agenda.

Bringing together participants from all strategic business units of URC, the program's theme was LEVEL UP, which stands for "Leveraging EHS and Various Sustainability Efforts Leading towards URC's Purposeful Transformation". In the different tracks of LEVEL UP, we invited esteemed speakers who talked about emerging sustainability issues, innovations, and best practices, as well as governing laws and regulations.



### This LEVEL UP MISSION aims to:

- Underscore the relevance of EHS compliance of the organization to attain operational sustainability;
- Reinforce the value of environmental stewardship, safety culture, and innovation in addressing related issues; and
- Capitalize on people engagement in addressing compliance challenges and replicating best practices.

The sessions are indicated below, designed with a twist — interconnecting popular video games and television series with the topics to capture a wide variety of audiences and make the learning sessions even more interesting.

- Motivational Safety
- Fire Safety Control Systems
- Resource Efficiency & Cleaner Production (RECP)
- COVID-19 Variants (Alpha, etc.)
- Proper PCB Management
- COVID Vaccine
- Climate Change Adaptation in Manufacturing
- Sustainable Integrated Pest Management
- COVID Variants Delta & Lambda
- Industrial Hygiene & Environmental Monitoring
- Low Carbon Lifestyle
- Sustainable Consumerism – The Consumer Act of the Philippines
- PET Recycling

## STEP UP: Leaders Leading the Way to 100% Compliance

In recognition of laws and regulations becoming more focused on sustainability, URC launched STEP UP, a compliance and stakeholders management course for plant leaders. This program covered different topics relevant to quality, environment, health, and safety compliance — all tailor-fitted for our plant leadership team.

The courses aimed to strengthen the compliance and stakeholders' management skills of plant leaders, better equipping them in managing existing and potential gaps with full knowledge and confidence. In addition, STEP UP aimed to instill the duties and responsibilities of plant leaders as mandated by law.

The objectives of the program are as follows:

- To better understand URC's strategic programs to support the ISC Pillar on QEHS Excellence
- To reinforce the technical expertise of our leaders to better manage compliance

- To communicate the duties and responsibilities of leaders as prime enablers of the workplace transformation

The sessions, which ran from July to September 2021, tackled Compliance and Stakeholder's Management courses for plant leaders. They were further composed of 6 information sessions regarding Salient Features of RA 9275 (Clean Water Act) and RA 8749 (Clean Air Act), Chemical Management, Solid Waste Management Hazardous Waste Management, Occupational Safety, Fire Safety Management, Food Safety Management, Salient Features of PD 1086 (National Building Code of the Philippines), and Crisis Management.

STEP UP sessions were delivered by consultants and experts of each respective field and regulatory agencies of the government. The sessions were attended by an average of 240 employees composed of plant leaders throughout all the sites of URC. A session for RA 11285 – Energy Efficiency and Conservation Act was also conducted on March 31, 2021, and attended by 115 employees, mainly composed of plant leaders.

## One URC Sustainability Month

In 2021, URC celebrated One URC Sustainability Month, a month-long celebration that showcased the achievements and best practices, programs, and initiatives of business units relevant to sustainability focus areas supporting the People, Product, Natural Resources, Sourcing, and Supply Chain of components of our Sustainability Agenda. Some of the key highlights of the event are the L.I.F.E. Excellence Award in Safety, which recognizes how the plant embraces a Safety Culture which resulted in achieving exemplary performance for safety, the G.R.E.E.N. Awards which recognizes the best performance in the areas of sustainability, and the P.E.A.R.L. Excellence in Quality award, given to plants and individuals that have embedded a quality culture which resulted in the achievement of exemplary performance for Quality and Food Safety criteria.





## Shift to Digital Learning

In furthering our upskilling efforts, we ramped up our shift to a centralized digital learning platform that people could access with ease in the form of agile and innovative channels. In 2021, we launched URLearning EdFlix Season 1 which offers various types of content, catering to the various learning styles of our employees. It features front-loading content that introduces learners to more courses they can participate in and view at any time, encouraging them to stay on the platform to learn more and learn better.



The first installment of the URLearning EdFlix series includes:

**Code of Business Ethics:** A Netflix-inspired, self-paced learning subseries that aims to cultivate the value of ethical practices that should be applied in day-to-day business and professional dealings. It also contains five episodes that depict actual work scenarios based on relevant sections from the URC Employee Handbook.

**URC Workplace Essentials:** A walkthrough of the essential tasks employees will accomplish in the company, such as filing attendances and leaves and logging into the URLearning and Employee Self Service platforms among others. These modules also teach employees how to maximize URC's digital systems, which is especially important for remote work.

**Values Learning Series:** A values-based, self-paced learning series through bite-sized content like articles, podcasts, book summaries, micro-learning, and videos.

**Agile Basics:** A series of 8-10-minute videos discussing specific topics of our Agile Transformation, including the different agile roles, ceremonies, units, and agile principles.

The platform was received well by our employees with a significant increase in the number of accounts created as of December 2021. At present, the platform caters to 1,619 learners who continue to access and complete courses.

## Develop Next Generation Leaders

On top of our virtual learning programs, we created avenues for our people to journey into larger leadership roles to future-proof the business. Thus, we designed leadership capability-building programs rooted in our core values and management competencies.

Excellerate Innovation Bootcamp is a learning journey that equips participants with the basic toolkit, frameworks, and theories for innovative leadership.

The Excellerate program touches on five key areas, namely:

1. Strategic intent
2. Insights generation
3. Ideation
4. Refining through shaping and pre-mortem
5. Discipling experimentation

We designed the Leadership Excellence and Advancement Development (LEAD) program for our middle managers, orienting them on vital management practices to develop through coaching culture. Similarly, the Leadership Enrichment and Advancement Program (LEAP) was made for managers and supervisors to hone their basic management skills, better conversations, and team development.

In 2021, 30 Excellerate participants graduated from the program with an average presentation score of 85.03% while 15 LEAD participants graduated with an average presentation score of 86%.

Separately, we also enrolled all the BCFG Philippines Plant Mancoms in LEAP for Line Managers; they graduated last July 2021 with an overall learning experience of 3.82 over 4.00. The program has been launched in URC Thailand and URC Myanmar under the management of their respective Human Resource (HR) business partners.

### **Build Agile Academy**

Lastly, one of our most notable undertakings this year was expanding our agile capability across the organization in conjunction with our organizational transformation. To help our people build knowledge and gain awareness of agile practices, we established the Agile@Scale Academy.

The Academy is designed to equip employees with an in-depth understanding of Enterprise Agile, teaching them its key elements and showing the step-by-step process within our journey. In doing so, the program encourages participants to move from understanding Agile theories to committing to this ambition and applying them, revolving around four elements: Knowledge, Experience, Peer Interaction, and Tools.

In 2021, learning sessions under Agile Academy contributed a total of 57,227 training hours covering Executive MBA, Agile Bootcamps, and Agile in Sprint sessions.

Altogether, these programs are designed to create a unique learning experience that targets the needs of our workforce and enhances their skill set. The programs create a well-built foundation, combining a collection of leadership and a skilled curriculum that aligns upskilling with the requirements of the business.





## Community Projects

URC has always had the welfare of its communities in mind and continued to invest in their improvement through corporate social responsibility efforts, donations, and more in 2021. With over Php 22 million worth in contributions, we were able to set more significant engagement initiatives in motion, including COVID-19 donations in cash, food, and beverage conducted by the company within the year.

## Our Operations with Local Communities

### AIG Kabalikat Program

URC's Agro-Industrial Group (AIG) initiated the Kabalikat Program in a bid to transform the lives of people in our host communities. The program leverages AIG's expertise in farming operations to teach locals proper hog raising and other farming practices. This is part of URC's thrust to promote training, lifelong learning, and livelihood opportunities.

The program, which started in June 2014 with the Uno+ Kabalikat Farms (Kfarms), empowers farmers, especially hog raisers, with knowledge of the latest farming technology and management practices. The program hinges on the principles of being a "kabalikat" (partner), both to our consumers through the promise of "kalidad" (quality), and to our partner farmers through "kita" (profit). Through the Kabalikat Program, we continued to demonstrate in 2021 that AIG is not just an ordinary supplier of quality feeds and veterinary medicine but also a "kabalikat sa pag-unlad" or partner in progress.







Managed by the Marketing Team of AIG, the program was initially conceptualized as a brand-building program that, through community engagement, created positive learning experiences for the farmers and their local communities. Through their testimonials, our partner farmers themselves become AIG's brand ambassadors. We also teach our partner farmers bio-security systems so that they can protect their animals against diseases or harmful biological agents. This, in turn, also ensures that their meat products are always clean and safe for human consumption.

Knowledge transfer is done through lectures and discussions with AIG personnel and through hands-on training and on-site practice within AIG farms. AIG technicians also conduct weekly monitoring to ensure the continuous learning of our partner farmers, and to also motivate them to implement the best practices they just learned.

In 2021, the program has grown to include 927 Kabalikat partners and has helped increase the

number of hog raisers nationwide. This nationwide reach was made possible through the Barangay Uno+ Hog Farms, the Barangay Supremo Gamefowl Farms, and the Kabalikat Poultry Farms, with plans to further expand the program's reach through partners for Top Breed Dog Meal and Robina Farms Premium Farm Products.





AlG also rolled out its Kabalikat Village Hub this year, where anyone can start their own business by running a “hub” that a neighborhood can turn to for their food needs. URC supplies these hubs with its wide range of premium-quality products, including fresh meats and eggs, processed meats, and even pet care needs. These hubs, in turn, become a source of livelihood for households. They likewise provide surrounding communities access to products that can be ordered online and delivered quickly. This lessens health risks to everyone.

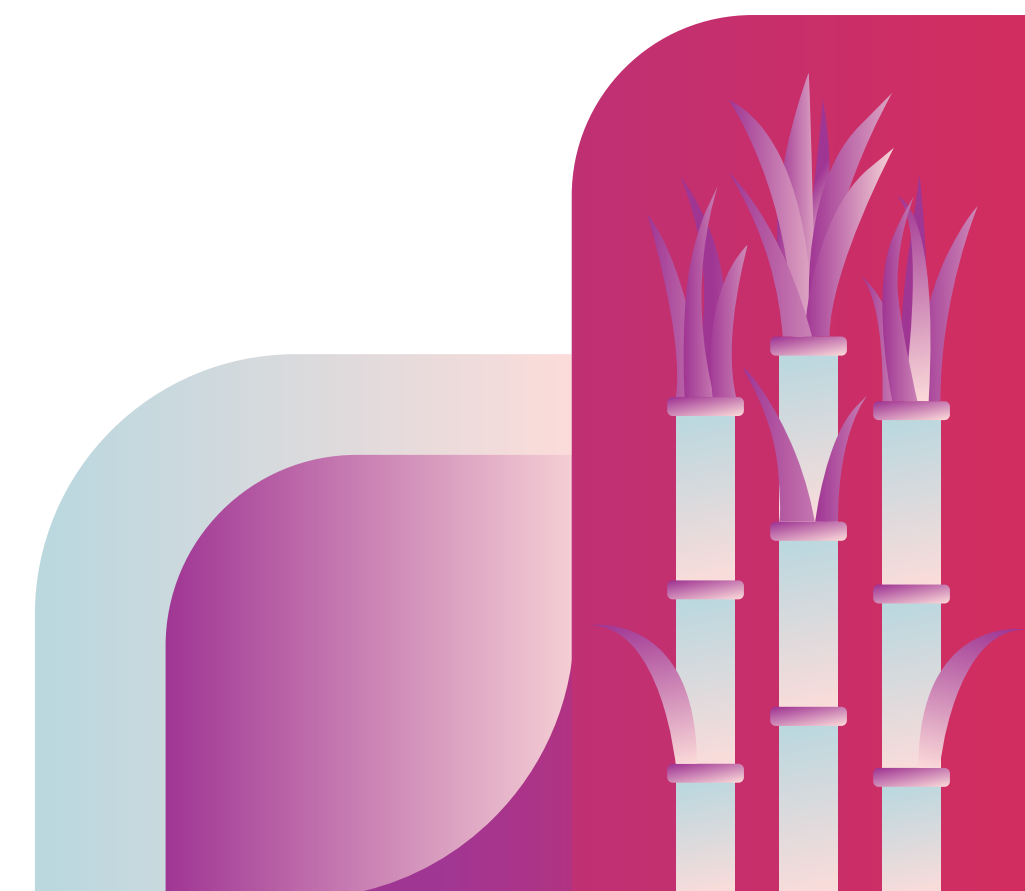
Over the years, the program has helped improve the performance of its partner farms. The majority of the Kfarms have expanded their farm population and improved their productivity in terms of their animals’ growth rate and mortality. Overall farm health of the Kfarms has also improved, which in turn promoted health and sanitation practices within the local communities. The AlG’s response time to changes in products, services, and even field conditions, such as in the cases of disease outbreaks or competitor activities, has also significantly improved thanks to knowledge



## SURE Project Salig

Project Salig is a program of URC SURE that started in 2019 with the aim to develop partnerships with sugarcane planters in districts where URC sugar mills operate. “Salig” is a Visayan word for “trust.” Hence, the program aims to create reliable partnerships based on integrity, perseverance, and teamwork.

In order to gain the trust of planters and make URC sugar mills their manufacturer of choice, the mill endeavors to address major areas of concern for the planters — sugar recovery (bags of sugar per ton of cane, or LKgTC) and farm yield (tons cane per hectare), turn-around of hauling trucks during the milling season, and customer service provision.





Project Salig is composed of the following programs:

### **1. Planter Partnership**

Under this program, the mill assists sugarcane planters to improve overall sugarcane farming practices for superior farm productivity and income. The program includes initiatives to educate planters on correct farming practices, the use of high-yielding sugarcane varieties, and access to farming resources such as farm equipment, hauling logistics, fertilizer, and more. In return, the planters commit to supporting URC by delivering their canes to the mill.

### **2. Customer-Centric Culture**

Planters were, in the past, considered suppliers of canes only. The Project Salig program aims to redirect the mindset towards a culture of partnership where the planters are considered partners in the industry.

### **3. Plant Efficiency and Sugar Recovery**

One of the measures of a good sugar miller which planters will likely patronize is the high sugar recovery of its mills. The program focuses on improving plant efficiency and recovery by undergoing effective off-season repair of the equipment and machinery while investing in equipment that will deliver high performance. This will, in turn, lead to the production of high-quality products that can command good prices.

### **4. Truck Turn-around**

Faster truck turn-around time means more canes delivered to the mill, faster harvesting, lower cost in transporting canes, and higher utilization of cane-hauling trucks. Slow turn-around is caused by a host of factors such as mill breakdowns or stoppages and slow milling rate. The program finds ways and means of improving the turn-around time of trucks during the milling season by ensuring good off-season repairs, eliminating inefficiencies in the system of receiving and accepting cane deliveries, and increasing the milling rate by installing new equipment.

### **5. One-Stop Shop (OSS)**

The program is also designed to create a hassle-free, friendly, value-adding system when planters transact with the mill.

All of the above lead to one thing: making URC mills the mill of choice of planters in 2021 and beyond. The project continues to be implemented in all URC sugar mills across the country, from Negros Occidental, Negros Oriental, and Iloilo to Batangas and Cagayan Valley.

We continue to provide technical and, at times, financial assistance to sugarcane planters to improve their farm productivity, increase sugar recovery, and enhance customer service. This aims to deliver long-term impacts on the lives of sugarcane farmers. By partnering with the mill, the planter will also have access to various assistance programs such as technical seminars on good farming, access to high-yielding variety sugarcane, farm equipment and hauling services, and financial loans.



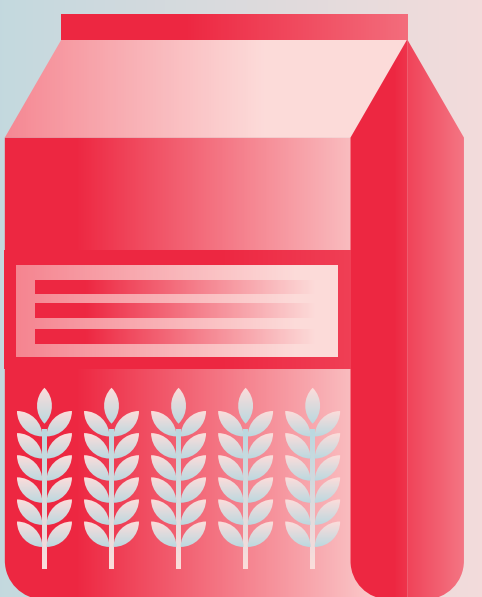
## Flour Flourish Pilipinas

In partnership with the Department of Education (DepEd) and Knowledge Community, Incorporated (KCI), URC's Flour Division developed Flourish Pilipinas in 2018 to address the problem of limited resources and inadequate learning materials in public schools during the conversion of Philippine basic education to the global K-12 system. With its expertise in flour production and applications, and to help with capacity-building efforts for aspiring entrepreneurs and professionals, URC developed an interactive, standardized, and cost-effective multimedia toolkit for the TVL Home Economics – Bread and Pastry Production (BPP).

In 2020, following safety protocols during the COVID-19 pandemic, we transformed face-to-face training to online learning platforms through the effective use of the Bread and Pastry Production (BPP) Multimedia Toolkit. Online training sessions conducted on September 18 and 25, 2020 were attended by twenty (20) Senior High School Teachers identified by the DepEd Regional Office.

While only 20 participants were accommodated during the live training, recorded training videos were available for access by all BPP Teachers on a Moodle learning platform for the year. With this iteration, the teachers and students have a streamlined source of credible information, were able to continue their theoretical learning of baking even with pandemic restrictions and the program stands ready to accommodate the nationwide DepEd roll-out.

In 2021, Flourish Pilipinas expanded its coverage by conducting nationwide virtual training workshops for bread and pastry production. The online training scheduled in the last quarter of 2021 was attended by 991 Public School Teachers, with an estimated reach of 99,100 students nationwide.





## Scholar ni Juan and URC's Company-Wide Brigada Eskwela

The Scholar ni Juan program is a URC-wide initiative to support education continuity despite the COVID-19 pandemic by providing resources and tools to chosen beneficiary schools.

Apart from Scholar ni Juan, URC SURE, in partnership with the Gokongwei Brothers Foundation (GBF), provided an Agri College Scholarship Program through GBF STEM. The GBF STEM - Agri Scholarship Program aims to provide scholarships to children of current URC SURE sugarcane planter partners.

Through more scholarships, GBF and URC SURE intend to inspire our next generation to sustain the sugarcane planting tradition and livelihood. These future sugarcane growers will also be better equipped with best practices in sugarcane farming and entrepreneurship basics to sustain and grow their local agriculture business.



## Angat URC, Angat Sariaya, Angat Kabuhayan

URC also launched the Angat Kabuhayan Sariaya program, where our Flour Division donated baking tools and equipment to the Sariaya Livelihood Center and provided five days of bread and pastry production training to 13 women in Sariaya, Quezon as the pilot batch.



## Working Hand in Hand for the Future

As we make more progress in growing our communities, we will continue operationalizing our sustainability targets as well. The company will begin integrating the community in its sustainability projects addressing waste issues and challenges, through our Agile Project Management to be implemented URC-wide in 2022.

We will also continuously look for opportunities in our communities' waste management systems to see how segregation and recovery can be improved. The company will seek out collaborative projects that include linking with local recyclers to seize opportunities in scaling up partnerships with these stakeholders.



## Sustainable Potato Program

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

Since the program started in 2019, URC has distributed more than 365 tonnes of Granola potato seeds to 700 farmers from selected cooperatives in the Cordillera Administrative Region, Davao del Sur, and Bukidnon. To date, these farmer cooperatives have generated a total of Php 350 million in net income.

These high-yielding, quality seeds continued to provide sustainable livelihood to the farmers in 2021. A portion of the harvest was sold and provided an average income of Php 135,000 income per farmer per planting cycle. Meanwhile, the other portions were kept as seeds to sustain the next farming cycle.





# Focus Area: Climate Action

Focus Area	Commitments	Refreshed Targets
Climate Action	Move towards a low-carbon economy by optimizing the use of renewable energy and using offset mechanisms to reduce the impact of Greenhouse Gas (GHG) emissions	<ul style="list-style-type: none"> <li>•Net-Zero by 2050</li> <li>•30% EUR reduction by 2030 vs 2020 data</li> </ul>

Climate change is a global problem with irreversible consequences, linked to multiple aspects of society. URC recognizes its responsibility to manage climate-related risks that transcend the business, developing innovative solutions that are aligned with the UN SDG on Climate Action.

Since we began our commitment to take action on climate change back in 2016, our primary focus has always been to preserve and protect natural resources and raw materials. We expanded this commitment further by aligning it with our People and Planet Friendly Culture strategy across all levels of our organization.

Energy Consumption within the Organization (in GJ)	
DISCLOSURE	QUANTITY
Energy consumption (renewable sources)	890,013 <sup>1</sup>
Energy consumption (electricity)	1,459,621
Energy consumption (fossil fuel)	4,397,320 <sup>2</sup>
Energy consumption (Total)	6,746,954

Note:  
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)  
<sup>1</sup>Renewable sources include power generated from solar and biomass/biogas owned facilities and electricity purchased from our geothermal energy provider  
<sup>2</sup>Includes fossil fuel used from operations and company-owned vehicles

Energy Use Ratio (EUR)	
Definition	Energy Use Ratio (EUR) is a measurement of the total energy used to produce a kilogram or a liter of product expressed in giga-joule.
Calculation	$= \frac{\text{Total Energy Used}}{\text{Net Production Volume}}$
Unit of Measure	Giga-joules/metric ton (GJ/MT)

With this, we are driven to pursue our climate initiatives by setting a clear target to improve our Energy Use Ratio (EUR) to 30% by 2030. EUR is the measurement of the ratio of energy consumption (covering all energy sources of the company) in relation to the total volume of products produced per category.

Improving our EUR is one of the many ways that URC advocates for climate action at a greater scale, following the recommendations of several regulatory bodies, standardization organizations, and government offices and agencies.

To drive this commitment, URC continuously implements the LEAN Methodology under our Supply Chain Transformation strategy which aims to lower production downtime, reduce waste, optimize the use of our natural resources, and in the process, minimize GHG emissions. Our LEAN method integration is currently being implemented and replicated across our operations under the Branded Foods Business. We have charted our course to achieve our Net-Zero target in the coming years.



Greenhouse Gas Emission	
Accounting Metric	CY 2021 in metric tonnes
Scope 1 (excluding fugitive and biogenic emissions)	294,674
Fugitive emissions	5,131
Biogenic emissions	119,472
Scope 2 (location-based)	260,642
Scope 3 (business travel)	25,241
<b>Total</b>	<b>705,160</b>

Note:

Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)

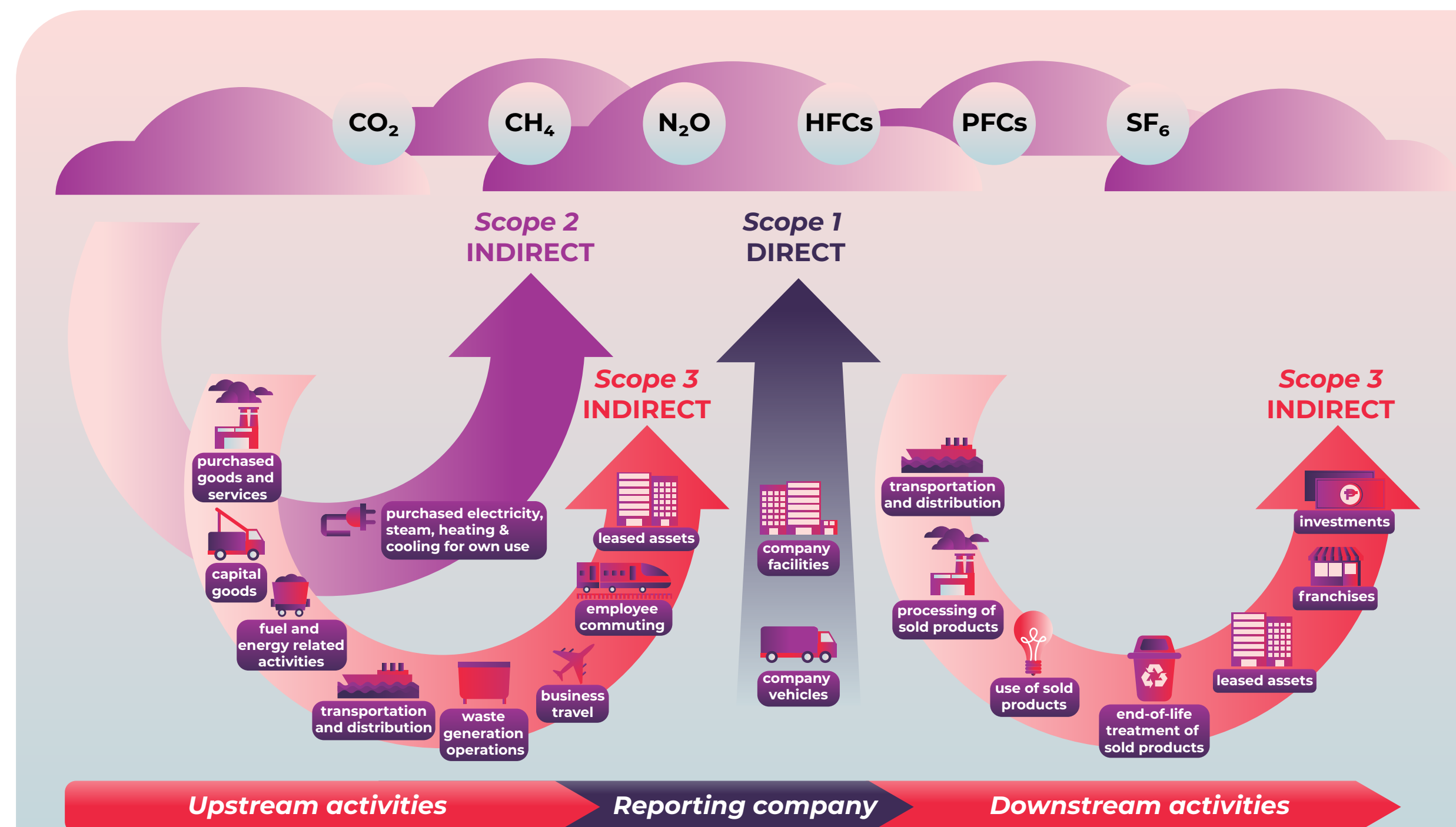
Our roadmap to complete our scope 1 and 2 emissions management is until 2025, while scope 3 will be completed until 2030. The detailed discussion about our initiatives and programs on climate action is presented in Pages 48-55 of this report.

Greenhouse Gas (GHG) emissions are the most significant driver of climate change. URC recognizes GHG emissions as part of our materiality and reducing these will have a positive impact on both the environment and our business. We collected activity data from our facilities with direct operational control and calculated Scope 1, Scope 2 (location-based approach), and Scope 3 (from business travels) emissions following the IPCC Guidelines for National Greenhouse Gas Inventories and The Greenhouse Gas Protocol and by using the following emission factors:

- Scope 1  
Fuel consumption emission: IPCC  
Biogenic emissions: DEFRA 2021  
Refrigerant emissions: DEFRA 2021
- Scope 2  
emission factors from grid  
Luzon, Visayas & Mindanao  
and as per country

These data points serve as our baseline for advancing programs that are targeted to reduce URC's carbon footprint, helping us track our progress towards our target, Net Zero by 2050.

The figure serves as our guide in identifying the sources of GHG emissions across scope 1 (direct emissions), scope 2 (indirect emissions), and scope 3 (indirect emissions from upstream suppliers and downstream customers). We aim to complete our scope 1 and scope 2 emissions inventory by 2025, while scope 3 by 2030.



Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

### Support for the Task Force on Climate-related Financial Disclosure (TCFD)

URC sought to better understand the impact of climate risks on the business and global markets. In line with TCFD’s systematic approach to mapping climate-related risks and opportunities, URC followed a five-step framework:

1. Quantify your baseline carbon footprint

2. Apply scenario analysis
3. Identify opportunities

4. Set targets

5. Engage and report

By practicing TCFD recommendations, URC was able to analyze its performance, outline its new targets, and align programs with the organization to create its own TCFD Journey.

The experience led us to become the first fast-moving consumer goods supporter of the TCFD in the Philippines. Alongside the organization, we will continue to progress with our sustainability transformation, further developing climate strategies and related scenarios that align with the TCFD recommendations.

Year	Our Approach in adopting TCFD Recommendations			
	Governance	Strategy	Risk Management	Metrics and Targets
	Disclose the organization’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
2021	Highlight how our management is proactive towards ESG particularly on managing climate change risks and opportunities	Discuss how we incorporate climate actions in URC strategies	Highlight how our sustainability risk program is embedded in our ERM framework	GHG reporting and its targets
2022-2025	Set up Board oversight of climate-related risks and opportunities	Conduct Scenario Analysis (30% of the sites) to identify and describe the climate related risks and opportunities	Develop processes for identifying, assessing, and managing climate related risks	Completion of Scope 1 and Scope 2
2026-2030	Evaluate and strengthen Board oversight of climate-related risks and opportunities	Conduct Scenario Analysis (80% of the sites) to identify and describe the climate related risks and opportunities	Integrate into organization’s overall risk mitigation plan	Completion of Scope 3
2050		All sites assessed and managed for Climate Risks	Strengthen risk mitigation plans	Net Zero



Climate Related Risks and Opportunities		
Pillar	Guidance	Details
Governance	URC's governance approach to climate-related risks and opportunities. This includes the Board's oversight and management's role	<ul style="list-style-type: none"> <li>The office of the <b>President and the CEO acts as an overarching Sustainability Champion for the company guided by the Board of Directors</b>. Together at the office and the Boards ensure alignment and consistency of sustainability goals and targets with the overall business strategy and risk management framework. Reporting progress on sustainability performance ultimately vests with this office and the CEO's performance scorecard is anchored around environmental and climate-related targets, including specific environmental KPIs like water and energy use intensity and packaging footprints.</li> <li>The <b>Sustainability Steering Committee is composed of corporate officers appointed by the CEO</b>. The roles of these corporate officers are closely related to their natural roles in the organization. They are responsible for designing and implementing the long-term climate strategy of the company. In 2021, URC started to formalize the roles and responsibilities of the Sustainability Steering Committee to strengthen commitments and initiatives under URC's sustainability focus areas.</li> <li>URC's <b>Sustainability Strategy is embedded within its overall Corporate Strategy</b> under the company's "People and Planet Friendly Culture" strategy. As a business URC has started to embed climate and sustainability performance metrics within the individual KPIs for relevant team members, thereby mapping their business units to production functions to people and targets.</li> </ul>
Strategy	Climate-related risks and opportunities' actual and potential impact on URC's business, strategy, financial planning, and the resilience of the strategy	<ul style="list-style-type: none"> <li>Mean temperature rise and related climate <b>risks have a substantive impact not only on URC's direct operations but also on its supply chain</b>. Disruptions to procurement operations and the quality of raw materials from the upstream supply chain are real risks. For example, climate-sensitive ingredients and critical raw ingredients for URC's business including coffee, cocoa, potato, and sugar, could become more expensive to produce and the volume of production is also likely to be impacted. Consumer behavior and purchasing power are also likely to change thus impacting the downstream value chain.</li> <li>URC operates in various industries such as branded consumer foods, commodity foods, and agro-industrial goods in many emerging markets and is at an early stage in its sustainability journey. URC endeavors to strengthen internal capabilities to further develop climate strategy and related scenarios, aligned with TCFD recommendations.</li> </ul>
Risk Management	The processes used by the organization to identify, assess and manage climate-related risks	<ul style="list-style-type: none"> <li>URC has begun <b>developing a climate-related risk management process</b>, which is being rolled out in two years. URC believes this process will broaden the sustainability risk perspective and will feed into the Integrated Enterprise Risk Management initiatives.</li> </ul>
Metrics & Targets	Metrics are used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>URC has set energy use targets to <b>optimize its Energy Use Ratio by 30% come 2030</b>, this target covers all its manufacturing units including the Branded Consumer Foods (BCF, domestic and international operations) and Agro-Industrial &amp; Commodities (AIC, agro-industrial, sugar and renewables, and flour and pasta).</li> <li>In 2019, URC also released sustainability targets aligned with the 2030 UN SDGs. URC will continuously monitor performance and gather data for its business units versus the target until 2030.</li> <li>URC has <b>recalculated the base year emissions</b> based on the GHG Protocol Framework and has embedded climate change in its environment materiality reporting. URC will continue to refine and improve its climate reporting in the coming years.</li> </ul>



## Planet-Friendly Sustainable Energy

We firmly believe that technology is a strong enabler in achieving our commitment to climate action. In the last year, we have made significant progress with integrated management systems and infrastructure upgrades, marking the first concrete steps towards more planet-friendly operations. URC seeks to invest in assets that will further drive resource conservation in line with the UN SDGs in Climate through programs that are in line with our materiality assessment.

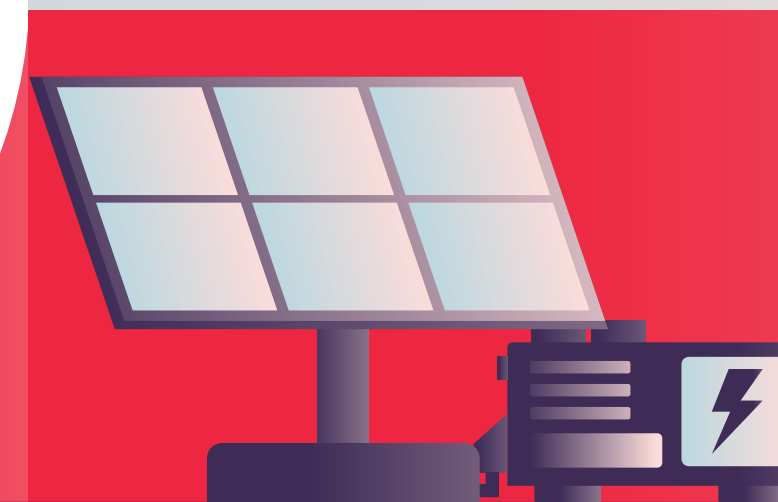
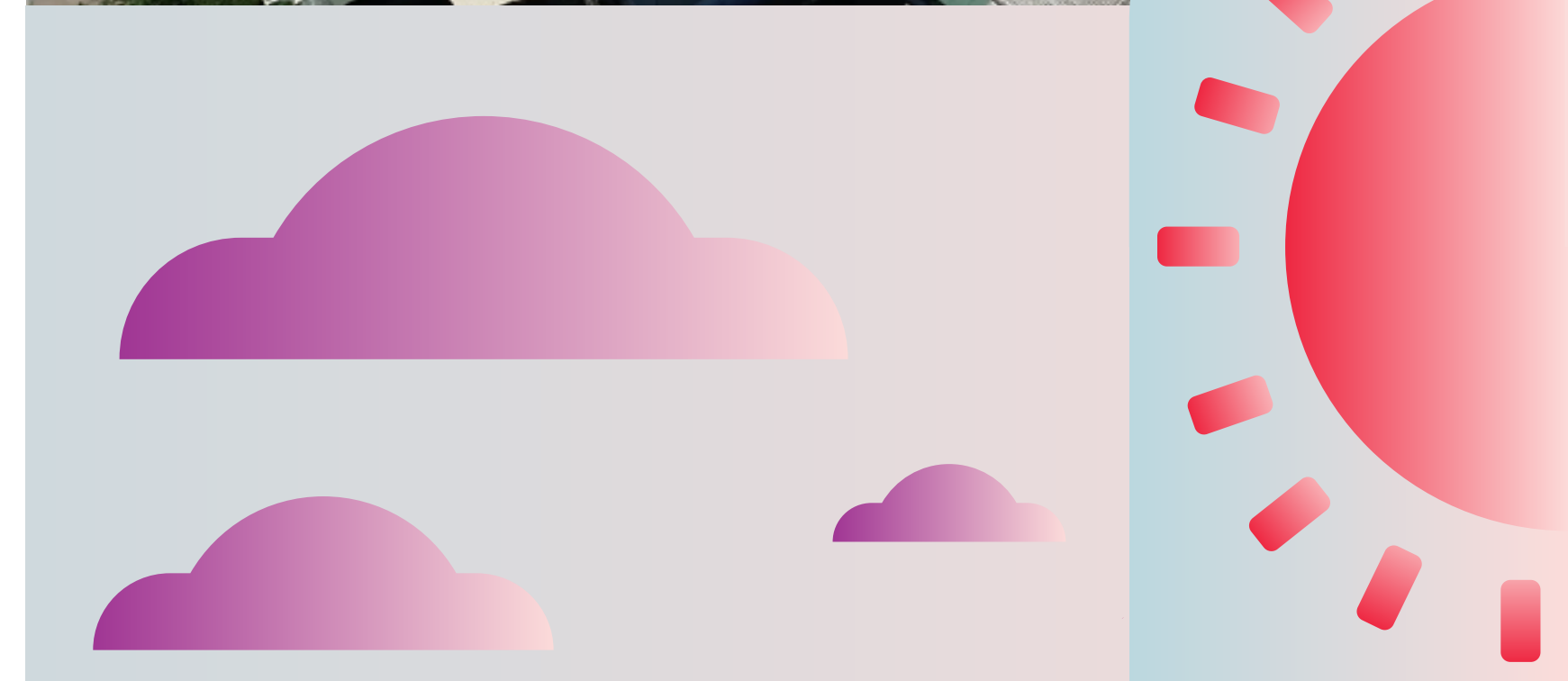
### Solar Projects

In our mission to reduce overall energy use, we began looking into alternative sources of energy that can be beneficial to both the business and the environment. Thus, we plan to expand our utilization of solar energy across power generation facilities in the Philippines and abroad, as we look to shift more of our footprint towards sustainable energy sources. Locally, BCF Canlubang operates solar panels up to 1 megawatt, while the Vitasoy facility in San Fernando, Pampanga generates up to 21

kilowatts. Internationally, BCF Thailand has finished installing solar panels on six factories and four warehouses at its compound in Samut Sakhon province, southwest of Bangkok. Together, the solar panels generate an estimated 6 megawatts of power.

Within the year, our URC SURE Passi utilized solar energy in its facilities, primarily in its staff house area, perimeter lights at the mill site, and other selected areas within the factory. We hope to replicate this across more of our plants by pushing more sustainable energy programs, such as Project Journey in Achieving Sustainability Goals thru Utilities and Assets Renewal (JAGUAR) among others.

URC will also continue to expand its solar projects at the Calamba, Laguna, Misamis Oriental, Tarlac, Pampanga, and Cebu plants. There are also plans to install solar panels in our international business units. BCF Vietnam is currently installing a 3 MW Solar rooftop system in its coffee plant located in the Vietnam Singapore Industrial Park Binh Duong. The solar panels cover 18,500 square meters of roof area and will supply 21% of the actual electricity consumption of the plant.



In 2021, URC generated a total of 12,500 GJ of energy from its BCF Canlubang and BCF Thailand solar power projects.



## Project JAGUAR

Adopting the LEAN Manufacturing Methodology in our energy conservation provided us with valuable insights into optimizing our use of power sources. It brought clarity to our existing energy-focused programs, which helped us plan for our next course of action, ideate new programs, and innovate existing projects a notch up to improve our resource consumption.

The implementation of the method proved to be effective, but along the way, we found that our equipment hindered us from achieving our target results. We recognized that in order to fully transition into an energy-efficient and sustainable manufacturing model, our plant infrastructure required upgrades

With our desire to replace outdated machinery with sustainable manufacturing equipment, we established Project JAGUAR, a facility enhancement program designed to support our adaptation of the LEAN Method. The program covers the improvement of major plant equipment to improve energy savings, which

supports our alternative energy sourcing programs. Across our facilities, we prioritized improving our major plant utility equipment, such as boilers, air handling units, and compressors, which comprise a large percentage of our consumption.

Since its launch, Project JAGUAR has been rolled out in 14 BCF Philippines plants with an investment of Php 868 million. In total, it is expected to generate Php 322 million in savings per year while improving energy efficiency.

As we expand the implementation of this project, we anticipate the energy use ratio of these plants to be reduced to 14% with an equivalent of 42,000 tonnes of CO<sub>2</sub> emissions. In turn, we aim to consistently modernize our facilities to reduce our consumption of traditional sources of energy for the betterment of air quality and health.





## Renewable Energy Sourcing (RES)

Thus far, the transition to renewable sources has shown promising results, with our BCF Bagumbayan facility procuring around 6,000 GJ of electricity from a geothermal source.

In order for URC to achieve its long-term sustainability goal of Net Zero target by 2050, the company has signed agreements with various renewable energy companies to supply 20 of its local facilities with geothermal, solar, and hydro energy by 2022.

These include our manufacturing sites in Pasig City, Laguna, Cavite, Pampanga, Antipolo, and Bulacan, as well as our facilities in Cebu and Negros Occidental.

## Biomass Power Production

Taking our commitment further, URC SURE has made steady progress in utilizing agricultural residue to create biomass as an alternative energy source. Biomass is a renewable organic fuel derived from plant and animal waste, such as energy crops and wood.

At URC SURE, bagasse, the biomass of fibrous material leftover extracted from sugarcane, is fed to boilers to produce electricity used to power the

mill operations of the business unit. During milling season (from September to June) when there is excess bagasse utilized in the Biomass-fired plant, SURE sells the excess energy it has collected back into the grid for the benefit of others.

Other URC business units also implement biomass production, such as URC BCF's plant-based product residue. The business unit makes use of coffee spent ground and spent tea leaves to generate biogas. Here, the used coffee grounds and tea leaves are collected and converted into green energy through anaerobic digestion, a process in which bacteria break down organic matter to produce biogas. Similarly, URC AIG uses the same method in its poultry and hog farms to generate biogas from manure.

URC's long-term goal is to have all the manufacturing plants running on electricity from 100% renewable energy by 2025. This year, renewable energy accounts for almost 38% of our total electricity consumption.



In 2021, a total of 871,000 GJ of energy was produced from the utilization of these biomass/biogas solutions.

This year, renewable energy accounts for almost 38% of our total electricity consumption.





# Capacity Building

## Energy Efficiency Policy

In 2021, URC amplified internal efforts with the goal of empowering employees to stay educated and mindful of their energy use and carbon footprint. We hope to ingrain this mindset not only inside the workplace but also in their lives, where it can carry on in their personal practices. Thus, we implemented an Energy Efficiency Policy with the aim of sustainable conservation and reduced overall energy consumption

## Sustainability Learning Series

For our people to put policies to practice, we also conducted a Sustainability Learning Series to teach employees about harnessing low-carbon lifestyles and climate change adaptation in manufacturing.

The Learning Series coincides with our capacity building initiatives under People & Communities, which provide our people with new pathways for higher learning on essential sustainability principles, methodologies, and accreditations standards. Our goal is to pair the technical skills of our employees and staff with innovative systems thinking skills to drive forward our existing climate action-focused programs – whether it’s discovering new renewable energy sourcing methods or developing biomass from other crops.

## Focus Area: Water

Focus Area	Commitments	Refreshed Targets
Water	Use water responsibly and safeguard its resources	<ul style="list-style-type: none"> <li>30% WUR* reduction by 2030 vs 2020 data</li> </ul>

\*Water Use Ratio (WUR) is the measurements of the liters of water used to produce a kilogram or a liter of a product, measured in cubic meter/metric ton (M³/MT)

Water Consumption within the Organization (in M³/MT)	
DISCLOSURE	QUANITY
Water withdrawal <sup>1</sup>	19,350,717
Water consumption <sup>2</sup>	14,081,714
Water recycled and reused <sup>3</sup>	866,792

Note:  
 Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)  
<sup>1</sup>Water withdrawal is the volume of water extracted from third party water, ground water, surface water and sea water  
<sup>2</sup>Water consumption is computed as difference between water withdrawal vs water discharge  
<sup>3</sup>Water recycled and re-used is the volume of water from wastewater and rainwater recovery

Water Use Ratio (WUR)	
Definition	Water Use Ratio (WUR) is a measurement of liters of water used to produce a kilogram or a liter of a product
Calculation	$= \frac{\text{Total Water Used}}{\text{Net Production Volume}}$
Unit of Measure	Cubic meter/metric ton (M³/MT)

The responsible and efficient use of water across URC’s operations is integral to our commitment in preserving natural resources and achieving true sustainability. As a food and beverage company, we recognize that water use is present at every stage of the value creation process. Thus, we have implemented systems, projects, and best practices that can help URC manage our consumption of this natural resource, which have allowed us to exceed expectations with our progress.

Water Use Ratio (WUR) is the measurement of water consumption in relation to total products produced per category. For instance, a company with a WUR of 3.25 means it consumes 3.25 liters of water to produce 1 kg of its product. This metric also covers both our internal sources (deep wells) and external sources.

We are proud of what we’ve accomplished so far, and we hope to continue the practices and methods we’ve adopted that have proven to be effective, which we will discuss in more detail in this section.



## LEAN Manufacturing Program

In 2019, we implemented our LEAN manufacturing mindset, a methodology that empowers businesses to minimize and optimize conversion costs. Precisely by taking a less is more approach, we are able to produce a transformative change to our water usage within our supply chain while also keeping track of other focus areas such as waste and greenhouse gas emissions.

After the pilot of LEAN in Calamba, we replicated this in other plants to enable more water savings. In the process, we upskilled our people and capabilities through education and training, immersion on the job, and the use of available analytical tools and techniques. It empowered our operations team to raise concerns and find ways to resolve them based on our new practices.

At present, the LEAN method is being implemented across all operations under the branded business, driving us to be more accountable and responsive towards addressing issues raised by operations, and in turn, it helped us improve our WUR by 19% vs. last year. The program was also one of the drivers of the company's 11.5 million cu.m. water savings since 2018, through continued capability building of workers and machine/equipment production improvements.

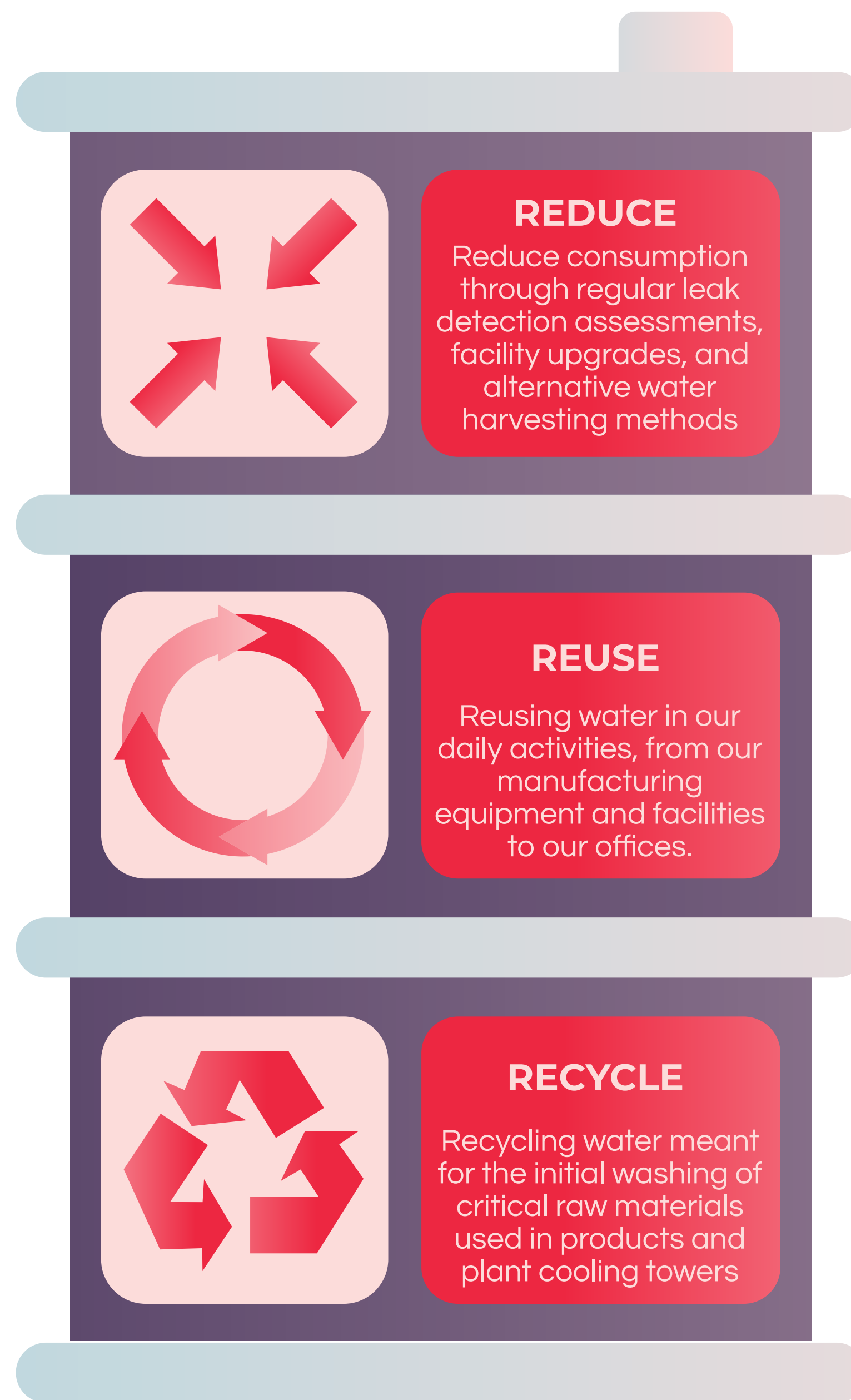
## Water Use Optimization

Aside from integrating the LEAN method, we were able to identify practical and systematic enhancements to optimize our water use, founded on three fundamental principles: Reduce, Reuse, and Recycle.

Implementing the Reduce, Reuse & Recycle (Three Rs) Program allowed us to assess the degree of water usage across all of our plants and operations. From here, we developed and adopted our own targeted approach to these principles for large-scale implementation within our manufacturing network:

### Reduce, Reuse, Recycle Program

Our water reduction journey began with a simple yet effective move to conduct consistent leak detection and correction measures in 2019, which greatly improved our ability to carry out water mapping activities.



Leakages can pose a threat to the ecosystem and the health of surrounding communities, and when left unaddressed, they contribute to resource depletion and pose a significant monetary impact on our operations when left unaddressed. To prevent this, we replaced damaged and worn-out pipes with more durable materials like stainless steel, and performed regular maintenance routines. We lessened production wastages and improved the efficiency of water treatment facilities for potential recycling, thereby reducing our water withdrawal from the environment.

As we enhanced our facilities, URC analyzed its water consumption, making necessary adjustments to ensure that our water withdrawal adheres to the maximum allowable extraction rate. For our raw water, we managed our water withdrawal rate to comply with the requirements of National Water Resources Board. Similarly, our treated wastewater complies with the General Effluent Standards and Water Quality Guidelines of The Department of Environment and Natural Resources-Environmental Management Bureau and Laguna Lake Development Authority, which is cleared for reuse.



In line with reducing our consumption further, we reuse water in our daily activities, such as cleaning pallets, watering greenery, and flushing toilets. We also collect hot condensate from steam using equipment and passed it through our Condensate Recovery System which supports both water and energy savings.

Lastly, we recycle non-virgin water in the initial wash of some of our critical raw materials in snacks like unpeeled potatoes, which is considered one of the most water-intensive activities in our value chain. Wastewater effluent is also utilized to top-up water for our cooling towers, while other forms are transferred into our Wastewater Treatment Plant (WWTP) to be used in Irrigation and Implementation of Closed-Loop Systems.

Our commitment to the Three Rs program is evident in the thoughtfulness we put into translating these principles into methods that best support the business. It encourages us to hold ourselves accountable and keep an open mind for other innovative ways to improve, gathering insights from our stakeholders: the government, waste pickers, and surrounding communities.

### **Scalable Conservation**

Our SURE division contributed greatly to reducing water consumption, recycling 855,994 cubic meters of water equivalent to 10% of their total water consumption. Auxiliary achievements in water conservation include the utilization of recycled water, the minimization of wastage, and the optimization of water-intensive cleaning activities.

In the coming years, we are challenging ourselves to achieve our goal eyeing a WUR reduction of 30% vs 2020 data. This lines up with our current long-term goal to align with the UN SDGs when it comes to water sustainability.

Aside from ramping up our existing projects, we recognize the need to conduct a Source Water Protection Plan to address water availability and protect the environment's natural assets. This inspired us to launch the Adopt-a-Waterbody program, which seeks to preserve and rehabilitate valuable water reserves within communities where we are present.

With the expanding application of the Three Rs Program, LEAN mindset, and supply chain transformation, we aim to sustain the success we've met in our Water programs with more projects to come.





# Adopt-a-Waterbody Program

Beyond transforming our manufacturing network and managing the volume of our water usage, URC has expanded its efforts to nurture different water bodies across the Philippines in partnership with the DENR through the Adopt-a-Waterbody program. It's our way of getting up close to, and immersing in, the surroundings that make business possible.



The Adopt-a-Waterbody program is a collaborative conservation effort between the company and various branches of government, involving the consistent maintenance and rehabilitation of creeks, rivers, and watersheds within the vicinity of our operation sites. This program, which demonstrates how the collaboration of the public sector and private sector can yield great fruit, is a significant step towards promoting biodiversity and ecosystem protection, all while being in touch with nearby communities and government partners. The company will continue to engage and partner with communities and other stakeholders as our way of contributing to a sustainable future.

As of 2021, URC has adopted five water bodies that are overseen by different business units of the company: Tambaling Creek, Asisig Creek, Mangala River, Ilog Hilabangan River, and Balicaocao Watershed. Through these programs, in nature, besides these bodies of water, we've seen entire communities come together and celebrate what green business can look like, and what a sustainable mindset can spell for the future.

We will continue our back-to-back coastal and river cleanup drives, conducted across URC sites. More importantly, we look forward to the continuous expansion of the program while learning from these activities in order to establish more impactful business policies, strategies, and operational processes in the near future. Like a river flows to the sea, we continue down the path our sustainability plan has laid before us until we come to a future bigger than ourselves.

BU - Plant		Adopt-A-Waterbody Program	
BCFG - ESMO		Tambaling Creek	
SURE - PASSI		Asisig Creek	
SURE - La Carlota	Mangala River		
SURE - LC Distillery			
SURE - SONEDCO		Ilog Hilabangan River	
		Balicaocao Watershed	
SURE - URSUMCO		Adopt-a-Forest Brgy.Lamogong, Manjuyod Negros Oriental	



## Focus Area: Products

Focus Area	Commitments	Refreshed Targets
Products	Improve choices in our product portfolio with quality, healthy and nutritious choices	<ul style="list-style-type: none"> <li>• 100% quality and food safety certifications</li> <li>• Improvement in achieving several metrics in the URC Wellness Criteria</li> </ul>

2021 has been a productive year for URC in improving its manufacturing and product development processes through sustainable methods. Our dedication to solidifying these fundamentals helped us attain multiple global certifications in 54 plants across the ASEAN region. As we escalate these efforts, we have mounted new goals moving into 2030, targeting 100% of plants having Food Safety and Systems Certification (FSSC 22000).

Aside from production compliance, we also saw this as an opportunity to refine the composition of URC products from within.

We strive to ensure that we deliver nutritious food and beverage selections that meet safe, world-class production standards.

The URC Wellness Criteria has served as our development guide since 2019 to improve the nutritional quality of our products, and as of this year, it has shown compelling results for our Philippine product portfolio.



Moving forward, URC will continue to drive progress by expanding the scope of its wellness criteria to all geographies where we operate. To enable our international businesses to participate in improving the nutritional profile of our products, we are upgrading the URC Wellness Criteria to align with the World Health Organization standards.

Throughout this section, we share how innovation has been the catalyst for URC’s sustainable growth. It has driven our strength in product development to anticipate consumer needs in wellness and eco-designed packaging. At the same time, we are able to expand our product portfolio to step-up market differentiation in a highly competitive landscape.





### **Ensuring Food Safety and Quality**

In URC, we are consistent in upgrading our Quality and Food Safety Standards as new best practices and methods surface, helping us improve production efficiency, safety, and consumer engagement. These standards served as our baseline for refining our internal policies and procedures, codifying them to guide our workforce moving forward.

URC strictly adheres to the Philippine Food Safety Act and our company's current Food Safety plan to make sure that our production can satisfy the need for innovative products that are healthy and safe for consumption. We continue to update our safety plans and policies based on global standards, investing in extensive research to mitigate risk of contamination at each stage of the production process while ensuring that product quality is preserved and sustained – from purchasing raw materials up to the delivery of finished goods.

The implementation of the LEAN Manufacturing method also proved to be one of the most effective ways to maximize plant productivity, which resulted in an enhanced product quality assurance process.

All of these developments have helped us secure Food Safety System Certifications (FSSC 2200) across 18 of our manufacturing plants and facilities, which cover local and international operations under the Branded Consumer Foods and the Agro-Industrial and Commodities groups.





Guided by the plant managers and engineers, we strictly abide by the guidelines provided by local government units, DOLE, DOH, BFP, DENR-EMB, and LLDA, as well as international standardization organizations. These actions ensure our conformance towards the reduction of risks and impacts, which have allowed us to achieve the following certifications:

2021 ONE URC QUALITY AND FOOD SAFETY CERTIFICATIONS STATUS												
BUSINESS UNIT	PLANTS	FSSC 22000	ISO 22000	ISO 9001	ISO 17025	ISO 14001	ISO 45001	ISO 50001	HACCP	GMP	HALAL	RSPO <sup>c</sup>
BCF PHILIPPINES	18	7	1 <sup>a</sup>	15	1				4	2, 1 <sup>a</sup>	15, 1 <sup>b</sup>	3
BCF THAILAND	6	6		11	1	10	10	1 <sup>a</sup>	6	6	6	
BCF VIETNAM	4	4		4	1	4	4		3	3	4	
BCF CHINA	2			1					2	2	1	
BCF INDONESIA	2		2	2							2	
BCF MALAYSIA	1		1	1 <sup>a</sup>					1	2	2	
BCF MYANMAR	1								1	1	1	
SURE	9	1, 2 <sup>b</sup>		6, 1 <sup>b</sup>					1	1	6	
FLOUR	5	1 <sup>b</sup>							3	1	5	
AIG	6				1				1, 2 <sup>b</sup>	3, 1 <sup>b</sup>		
<b>TOTAL ACTIVE</b>	<b>54</b>	<b>18</b>	<b>3</b>	<b>39</b>	<b>4</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>22</b>	<b>21</b>	<b>42</b>	<b>3</b>

Notes:

Data as of December 2021 (wherein not all plants are required to have third-party FSQ Certification and it is based only from the customers' requirements);

<sup>a</sup> refers to in-process/on-going certification and/or awaiting certificates

<sup>b</sup> refers to planned certification/for certification, no audit schedule yet and still undergoing preparatory works

<sup>c</sup> refers to 20% RSPO Mass Balance certified Palm Olein

Behind these certifications are the standards URC has met and implemented in its daily operations to ensure sustainable growth in the future: *Food Safety Management, Quality Management Systems, Laboratory Competence, and Environmental Management.*

## Food Safety Management

As a manufacturing company, it is critical that our products undergo research, inspection, and layers of reassurance to make sure that the food and beverages we produce are safe for human consumption. This is why our workforce is trained to identify and control food safety hazards, working alongside our research and development team in formulating our products.

We also have a Quality Assurance Team, composed of researchers and experts who are well-versed with the requirements of regulatory bodies before we introduce products to market. They assure that products are free from contamination and maintain their value and quality, from production up to delivery.

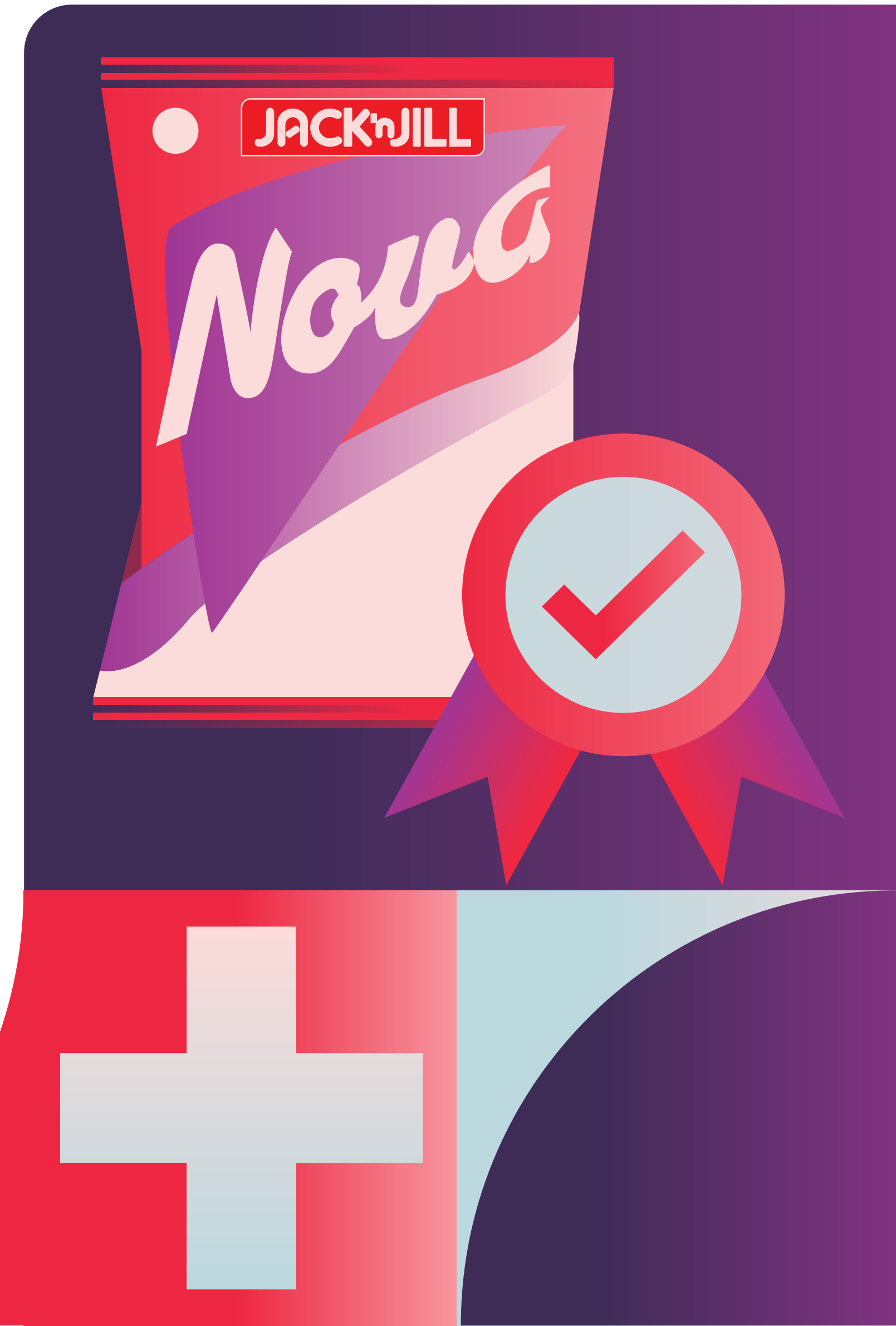
URC is keen on manufacturing products that will not go to waste, and to accomplish this, we pay attention to strategically maximizing our resources while maintaining proper food hygiene. This system reassures our customers that we prioritize their health and safety at every link of our food chain.

## Quality Management Systems

When it comes to quality management, we raise our standards to a higher level. All of our goods go through a quality assurance system; from testing raw materials up to the fully finished product.

In making this happen, URC has established superior and systematic methods that follow a synergized system that results in effective procurement practices, catering to our consumers' needs and lifestyles.

To augment and magnify our capabilities and eagerness for better service, URC is set to launch the 1-URC Quality and Food Safety Management System and Hygiene Zoning to continuously align our enterprise with existing international criteria.





## Laboratory Competence

Our laboratories and facilities are fully compliant with the permit conditions and requirements of the government and its branches. URC takes this a step further by seeking laboratory accreditations and abiding by international environmental laws and regulations.

Within our laboratories, we regularly conduct evaluations, performed by both internal and external auditors. The auditing process ensures that each piece of equipment and each facility passes its performance tests and quality inspections while providing insights on what can be improved. Similarly, it helps us orient our workforce in following the proper facility maintenance and management procedures.

The upkeep of our facilities is an integral part of our organization, built by strong and competent leaders who implement plans of action that are backed by its diligent employees.

## Environmental Management

Our managerial system conducts various assessments to identify risks and manage impacts, in order for our supply chain to run in an environmentally sustainable manner.

Through the years, we have established multiple initiatives to support this system: shifting to sustainable raw materials, implementing sustainable farming, and actively promoting climate protection programs.

In managing hazardous waste, haulers are strictly screened to ensure that they are providers that are accredited by the DENR. Such waste is then kept, monitored, and processed in a secure facility.

At URC, we hold ourselves responsible for handling environmental managerial duties because it is part of fulfilling our social duty in the communities where we operate, protecting locals and the area they reside.



## UPDATED URC WELLNESS CRITERIA

### GUIDING RISK REDUCTION

- 1** Threshold for Total Fat: No more than 30% of the total energy per serving and No more than 10% SaFa of the total energy (WHO 2016)
- 2** Threshold for Sugar: Less than 6% Added Sugar in Beverages & ≤10% of Total Kcal per serving for other products (WHO SSB)
- 3** Threshold for Sodium: 1mg Sodium per Kcal per 100g product or per serving (WHO 2012/2016)
- 4** Zero TransFat & Zero Cholesterol
- 5** ≤ 230 calories per serving of snacks and beverages (WHO 2016)

### GUIDING ENHANCED WELLNESS [Claims & Positive Product Values for Health & Wellness Promotion]

- 6** Products addressing one or more of the following micronutrient deficiencies - Iron, or Iodine, or Zinc, or Folate, or Vitamin A or Vitamin D - as source (CDC Micronutrient Facts 2021 / PAHO-WHO 2016 Nutrient Profiling)
- 7** Acceptable Macronutrient Distribution Range (AMDR) [Carbohydrate (55-70%), protein (10-20%) and fats (20-30% but Saturated Fat is less than 10% of total energy)] (National Academy of Science, FNB of the Institute of Medicine 2002/2004)
- 8** 100% Natural Ingredients (naturally sourced, minimally processed, free from artificial flavors, artificial colors, artificial preservatives, or synthetic additives regardless of source)
- 9** 100% Plant-based proteins
- 10** Products using functional quality ingredients to improve wellness (Such as Protein, Fiber, Bioactives as source)

### Inspiring Health and Wellness

With a new year and refreshed perspective, URC improved its Wellness Criteria, focusing on new thresholds for Total Fat, Sugar, Sodium, and Calories per serving of snacks and beverages, addressing Micronutrient deficiencies, Clean Labels, and more.

URC has gradually improved the nutritional qualities of our branded consumers food products across different countries. We made sure that our customers are well-informed about these changes by reflecting them on our nutritional profile, product labeling, and portfolio.

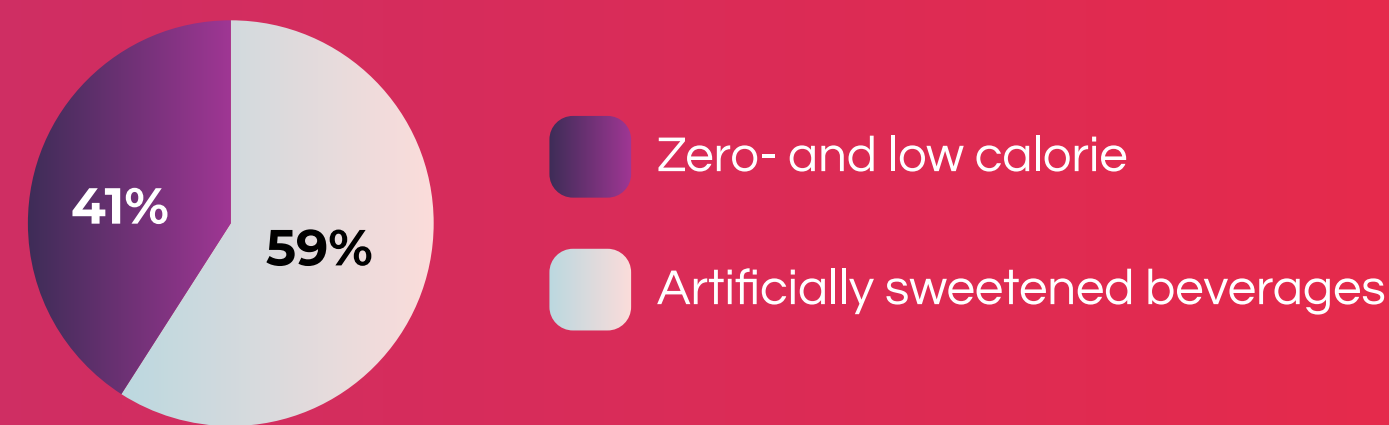
As the company progresses, URC has worked non-stop to live up to our duty in improving the nutritional value of our products. This is why we strive to fulfill our refined Wellness Criteria, transitioning the majority of our product portfolio into fulfilling at least one of these measures.

URC has also built strong relationships with our joint ventures in the Philippines (Danone-URC Beverages, Vitasoy-URC, and Nissin-URC), which will help us align our wellness profile with recent studies and data to refine our current and future plans.

We remain steadfast in our commitment to improving our way of living by protecting our environment and society through our constant efforts in implementing practices, programs, and initiatives that improve our Products in order to support our Sustainability Agenda.



## INCOME FROM HEALTH & NUTRITION BASED PRODUCTS



URC earns almost PHP 1,373 million (just under 1% of total revenue) from products marketed to promote health and nutrition-based attributes. Almost 60% of this revenue comes from zero and low-calorie products like C2 Apple Sugar Free and B'lue Zero Apple Cucumber.

Shift to **NON-PHO** for certain products and targeting to eliminate the use of PHOs by end 2022

Introduction of products **containing less than 6% added sugar** in beverages.

Introduction of functional beverages for **improved wellness i.e. C2 Immuno C**

Introduction of functional confectionery for **improved Vitamin C** content.

Functional bakery products for **improved wellness, high in B-Vitamins 1, 6 & 9.**

### Enhancing the URC Product Portfolio

To execute URC's premise to improve our products and reach global and greater heights, we made significant portfolio changes that were implemented in our products based on last year's programs and targets. These changes bring us closer to achieving the different metrics within the updated URC Wellness Criteria, making healthy enhancements in the formulation of our food and beverages, such as reducing sugar content, among others.

### Scaling Sustainability

Operationalizing our commitment to improve choices in our product portfolio with quality, healthy, and nutritious choices has generated opportunities to have more robust consumer insighting and stakeholder engagement. We back up our systems by utilizing our new capabilities, such as data analysis and digital transformation, customer care, and product/service mechanisms to establish better customer and end-consumer experiences.

Everything we do is patterned toward our care for society and the environment. We assure all of our stakeholders that our products and services are in full compliance and are faithful to our commitments.

## Focus Area: Packaging

Focus Area	Commitments	Refreshed Targets
Packaging	Reduce our packaging footprint and promote circular economy	<ul style="list-style-type: none"> <li>Plastic Neutrality* by 2030</li> </ul>

\*Plastic Neutrality means that for every amount of plastic created, a measured equivalent of plastic waste is recovered and removed from the environment through recycling/waste management efforts of plastic offset credits.

Plastic waste is a global issue, which adversely impacts the environment, wildlife, and human living conditions. Although challenging, this is why large-scale manufacturing companies such as URC aim to tackle the issue head-on through proper waste management and strive to decrease their single-use plastic production. We understand that poor waste management can create a variety of hazards, which is why we are mindful of the materials we use and the other components that go into our packaging process.

This is why we embedded responsible waste management systems in the way we operate, in line with our social responsibility to communities where we are present and our compliance with local governments. The company takes it a step further by constantly innovating processes and developing new programs to not only dispose of waste properly but also seize upcycling and recycling opportunities – giving safe, reusable materials a new purpose.

In improving our plan of action, we took the time to examine the compounded amount of waste produced across all our business units, which includes both solid and hazardous waste.

Solid Waste (in Tonnes)	
DISCLOSURE	QUANTITY
Total solid waste generated	3,133,574
Recyclable (Biodegradables <sup>1</sup> and Non-Biodegradables <sup>2</sup> )	984,511
Incinerated	0
Residual/Landfilled <sup>3</sup>	21,490
Renewable <sup>4</sup>	2,127,573

Note:  
 Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines).  
<sup>1</sup>Biodegradable wastes are originated from plant or animal sources which may be broken down by other living organisms  
<sup>2</sup>Non-biodegradable wastes are sold as scrap or returned to the recycling stream (e.g.: used as feeds to AIG, and waste to energy)  
<sup>3</sup>Residual/Landfilled - waste that poses substantial or potential threats to public health and the environment  
<sup>4</sup> Renewable are waste materials used as alternative fuel to generate our own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)

Hazardous Waste (in Tonnes)	
DISCLOSURE	QUANTITY
Total weight of hazardous waste generated	1,336
Total weight of hazardous waste transported	1,096

Note:  
 Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines).



## Solid Waste

### Waste Profiling

In 2021, URC began to gather more data and information on the composition and quantity of waste that is generated in its end-to-end operations. We started our waste profiling through the Waste Analysis Characterization Study (WACS) to extract more value from our waste to revert it back into a circular economy.

The study is currently being implemented in our BCF PH group, which allows us to look into multiple classifications of waste – from the production of foil packaging for food products to the amount of PET bottles produced for our beverages. We intend to put to use the findings from this study in the development of programs and projects while using existing data as our baseline to track our progress toward fulfilling our zero-waste-to-landfill agenda.

### Plastic Committee Workstream

Simultaneously, we have established the Plastic Committee Workstream composed of URC leaders who will spearhead initiatives, programs, and projects to address the threats, impacts, and risks of waste issues to our business. The committee is made up of three main workstream groups:



At present, our external affairs and public relations strategy workstream is proactively engaging with policymakers and relevant stakeholders in order to effectively communicate our position in terms of tackling plastic waste pollution (e.g. Extended Producer Responsibility Bill, Single-use Plastic Products Regulation Act).

The packaging and recycling strategy workstreams are tasked to develop solutions to address the potential regulatory risks to the business. Correspondingly, the company conducted GREEN WAR Games in 2021, a solid waste workshop with participation from URC leaders intended to strategize the company's response to the threat of solid waste pollution.

### Clean-up Drives

Among other initiatives, URC also made several waste management-related donations to LGUs, such as the shredding machine provided by BCF ESMO, and used sacks for clean-up drives provided by Flour and AIG. Our SURE group also donated empty drums to respective communities for garbage collection, aimed at promoting proper waste disposal and management.

## Hazardous Waste

The system for the classification of hazardous waste varies from country to country. Since the majority of our facilities are located in the Philippines, we follow the definition and classification of hazardous waste stipulated in DAO 2013-22 Revised Procedures and Standards for the Management of Hazardous Wastes.

Hazardous waste refers to substances that are without any safe commercial, industrial, agricultural or economic usage. It includes by-products, side products, process residues, spent reaction media, contaminated plant or equipment, or other substances from manufacturing operation sand as consumer discards of manufactured products which present unreasonable risk and/or injury to health and safety and to the environment.

For URC, we manage hazardous waste by maintaining a strict screening process for our haulers, ensuring that they are DENR-accredited providers prior to engaging with their services.

The company also holds regular training sessions for each individual involved in the waste management process, primarily the designated staff, accredited Pollution Control Officers (PCO), and key employees. Before handling hazardous waste, they are taught to practice critical safety measures and follow the company's protocol for waste management.

Our people see to it that hazardous waste is handled appropriately across all aspects of our business, including facilities, equipment, and turnover to treatment facilities. All our hazardous waste is transported and processed in a DENR-accredited treatment, storage, and disposal facility (TSD).





# Innovative Upcycling

URC also put together a variety of sustainability projects that focus on diverting plastics and creating local partnerships through recycling. We also collaborate with various business units to develop a series of waste reduction and upcycling projects toward achieving our goal of zero waste in landfills.

## Scrap Recovery

Part of the company’s standard practices is to sell waste materials with high potential value, including used cartons and PET bottles that are still in good condition, to verified scrap buyers. This helps drive circularity back into the recycling stream.



## Project LTE (Laminates To Energy)

URC established co-processing and refuse-derived fuel (RDF) initiatives made possible by establishing partnerships to divert plastic laminates from landfills. So far, we have successfully implemented this in 10 BCF plants, which processed and redirected 323 Tonnes of plastic waste.

YEAR	PLANTS	SAVINGS	DIVERSION RATE
2020	Bagumbayan and Bagong-ilog	Php 91,930/year	64 MT/year
	San Pedro 1 and 2	Php 186,000/year	84 MT/year
2021	Biñan	Php 179,424/year	66 MT/year
	Cavite and NURC	Php 157,000/year	60 MT/year
	Cebu 1	Php 20,485/year	66 MT/year
	ESMO	Php 230,000/year *including Baler	200 MT/year

## Project BAR (Boiler Ash Recycling)

Here we partnered with local concrete hollow blocks (CHB) producers to divert coal ash away from landfills by recycling them into CHB. Giving ash debris a second life promotes circularity while helping the partner communities where we operate through the recycling of alternative raw materials for construction. URC prioritizes the use of recycled construction materials in its development projects in order to help its local partner and rightfully close the loop.

## Project LITRO (Liter of Recycled Oil)

Ensuring sustainable management also includes inspecting our food resources within the manufacturing process and discovering innovative ways to maximize them. Initially, we set into motion a used oil management program that collects data on vegetable oil and ensures proper management in compliance with the law.

We partnered with an accredited TSD facility that ensures proper handling and management of waste in compliance with DENR EMB laws and regulations.

### **Project RESCUE (Reuse of Sacks through Circular Business for the Environment)**

This initiative marked the beginning of URC's inter-business unit collaboration and its feasibility. Project RESCUE is a joint project between our BCF, Flour Division, and Agro-Industrial Group (AIG) to reuse old sugar sacks to reduce the consumption of virgin packaging plastic material. At present, we have established a workflow that is undergoing assessment, in preparation for its pilot run.

### **Achieving Plastic Neutrality**

Operationalizing our target of Plastic Neutrality by 2030, the company will begin to integrate its sustainability projects to address our waste issues and challenges by adopting Agile Project Management by 2022. URC will continuously look for opportunities in their waste management systems to see how segregation and recovery can be improved. The company will seek out collaborative projects

on waste management that include community engagement and linking with local recyclers to seize opportunities in scaling up partnerships with these stakeholders.

Lastly, the company will conduct feasibility studies for venturing into a new business of PET recycling which includes PET collection, sourcing, and conversion to recycled PET resin. We will also establish conglomerate-wide post-consumer plastic waste collection programs and study the different waste diversion options and how they can fit waste collection within the conglomerate.





## Focus Area: Sourcing

Focus Area	Commitments	Refreshed Targets
Sourcing	Promote responsible sourcing of key ingredients (e.g. Palm Olein, Chipping Potato, Coffee, Cocoa, and Corn)	<ul style="list-style-type: none"> <li>• 100% RSPO-certified Palm Olein</li> <li>• 100% GAP-certified potato</li> <li>• 50% Responsibly sourced coffee + cocoa</li> </ul>

At the core of our business is a deep respect for the raw ingredients we use to develop and manufacture our products. From palm oil and potatoes to corn and cocoa, URC simply would not be able to function without these resources, and thus, we cannot ignore the mechanisms that govern the way we source them.

As such, URC is committed to promoting responsible sourcing of natural goods and produce, in order to uphold the standard of quality that validates our reputation as a world-class manufacturer.

### Sourcing Framework

URC has expanded the breadth of its network and the depth of its experience over the years. This growth has introduced us to like-minded global companies and partnerships that enable us to constantly improve our standards and expertise when it comes to sourcing. At present, we share best sourcing practices with our joint venture partners, such as Nissin of Japan and Danone of France.

Our Sustainable Sourcing framework covers three major areas:



**Sustainable Raw Materials**  
Promote sustainable resource use of commodities and strengthen partnerships goals with suppliers



**Sustainable Supply Chain**  
Drive sustainable procurement within the supply chain of total URC



**Sustainable Agriculture**  
Engage in community involvement and promote sustainable agriculture method and practices

These three parts are instrumental in ensuring that we are transforming towards a sustainable supply chain. At the same time, we strengthened this framework by following the Eight Guiding Principles for Responsible Sourcing:

1. Transparency and fairness to all stakeholders
2. Good Governance
3. Risk-based engagement
4. Innovation eco-system
5. Strategic Partnership for shared success
6. Resource efficiency and circularity
7. Safe and healthy workplace
8. Climate action for a sustainable future

All these principles are relevant to business control, stakeholder inclusiveness, and materiality, and are anchored on internationally recognized standards such as the UN Guiding Principles on Business and Human Rights and the International Covenant on Economic, Social, and Cultural Rights. As such, these standards and principles become evident in our various efforts and initiatives.

## Key Ingredients and Key Efforts

One such effort is upholding our membership within the Roundtable of Sustainable Palm Oil (RSPO), which we secured in 2020. The RSPO is a non-profit organization and international certifying body that ensures the sustainable production, sourcing, and usage of palm oil. The organization has since provided valuable insight into our transition to more sustainable means of sourcing palm oil. At present, 20% of Palm Olein used has been RSPO-certified under Mass Balance Supply Chain Model.

For our potato supply, 100% of the Chipping Potatoes we use are sourced from Good Agricultural Practice (GAP) suppliers. This works in tandem with our Sustainable Potato Program, where we distribute potato seeds to 645 partner farmers. In 2021, we have distributed 135MT of seeds to local farmers, to support and develop the Philippine potato industry.

This year, we've also baselined the traceable supply chain for Cocoa and Coffee with 100% of our materials sourced from UTZ (Rainforest Alliance) and 4C (Common Code for the Coffee Community) certified suppliers, respectively.

The results of these initiatives are in line with our 2030 refreshed target of making sure our key ingredients such as palm oil and chipping potatoes are all 100% responsibly sourced, and our coffee beans and cocoa are sourced likewise by 50%. Because our supply chain is part of our materiality, and because we acknowledge our suppliers as indispensable parts of our materiality process, we will continue to influence our suppliers towards responsible sourcing through our accreditation process.

## Source and Supplier Policy and Code

Included in our accreditation and material processes are our URC Responsible Sourcing Policy and Supplier Code of Conduct, which we created this year, and have begun to cascade to our partners within the year.

Our sourcing policy ensures the training and compliance of our employees with company policies and government rules and regulations. It is because of our sourcing policy that our company has a dedicated supplier selection team that handles our stringent purchasing process. The criteria of our process ensure that our suppliers share our values when it comes to

fair trade practices, responsible production, and mindful concern for origin.

Our Supplier Code of Conduct pays attention to our sourcing practices to ensure that our products are of safe and good quality for our consumers. This code of conduct also verifies if suppliers' business practices are fair, legal, and honest and that all relevant laws and regulations apply.

Both our policy and code play a significant part in risk management when it comes to sourcing. We at URC recognize risks such as severe weather conditions and how they may have an impact on our raw materials, our suppliers, and the cost of our goods, which are all pertinent to our ability to operate as a food and beverage company. Strategies such as vertical integration and physical hedging allow us to balance quality and







## Straight to the Source

We are on track in terms of meeting our short, mid, and long-term sustainability goals on sourcing, with the implementation of our sourcing policy and code of conduct, helping to modify and transform our supply chain. The next few years will see us increasing our efforts to responsibly source our palm oil, corn, chipping potato, coffee, and cocoa. By 2030, we see all our efforts coming to fruition in the form of a deforestation-free supply chain, and a mode of business that empowers our farmers to improve both their livelihood and their agricultural techniques.

In defining the future of food, URC will strive to be part of the pivotal change that will normalize sustainable sourcing within the FMCG industry, recognizing it as a fundamental shift in securing our global food supply. Especially in this time of great climate shifts, which make the work of sourcing more uncertain, we secure certainty with smart policies and regulations. We will continue to do our part to achieve our target raw ingredient ratios across the business, fine-tune our materiality matrix, and make our supply chain truly sustainable and green.



# Economic Performance and Governance





# Economic Performance

## Direct Economic Value Generated and Distributed (In PHP million )

Disclosure	Quantity
Direct economic value generated (revenue)	148,710
Direct economic value distributed:	131,938
a. Employee wages and benefits	17,746
b. Payments to suppliers, other operating costs	101,778
c. Dividends given to stockholders and interest payments to loan providers	9,021
d. Taxes given to government	3,371
e. Investments to community (e.g. donations & CSR)	22

Note:

- Employee wages and benefits include salaries and wages, other employee benefits, pension expense, direct labor under cost of goods sold (COGS) and contracted services
- Payments to suppliers and other operating costs include cost of sales, operating expense (excluding personnel cost, direct labor under COGS, contracted services, licenses and taxes), net foreign exchange gains (losses), market valuation loss on financial assets and liabilities at fair value through profit or loss – net, other income (expense)
- Dividends given to stockholders and interest payments to loan providers include dividends paid and finance cost
- Taxes given to the government include provision for income tax and payments (taxes and licenses)
- Investment to community include significant community engagement initiatives, COVID-19 donations in cash, food and beverage conducted by the company within the year
- Gross revenue includes sale from goods and services, market valuation gain on fair value through profit or loss, finance revenues, forex gains and other revenues (e.g. gain from sales of Oceania Business and idle land)

## What is the impact and where does it occur? What is the organization’s involvement in the impact?

**Impacts:** About 89% of our revenue flows back to society. The remaining 11% is reinvested in the organization given that we are on the path to growth that is based on our 5-year strategy.

Stakeholders: Shareholders, employees, regulators, consumers, communities where we operate, suppliers, and customers.

### Risks:

We recognize risks in the following areas:

#### 1) Competition

The Company and its subsidiaries face competition in all segments of its businesses, both in the Philippine market and in the international markets where it operates. The Philippine food industry in general is highly competitive. Although the degree of competition and principal competitive factors vary among the different food industry segments in which the Company participates, the Company believes that the principal competitive factors include price, product quality, brand awareness and loyalty, distribution network, the proximity of distribution outlets to customers, product variations, and new product launches.

The Company’s ability to compete effectively is due to the continuous efforts in product sales and marketing of its existing products, new product development, and cost rationalization.

#### 2) Financial Market

The Company has a foreign exchange exposure that is primarily associated with fluctuations in the value of the Philippine Peso against the U.S. dollar and other foreign currencies. The majority of the Company’s revenues are denominated in Pesos, while a certain portion of its expenses, including debt servicing and raw material costs, are denominated in U.S. dollars or based on prices determined in U.S. dollars. Prudent fund management is employed to minimize the effects of fluctuations in interest and currency rates.

#### 3) Raw Materials

The Company’s production operations depend upon obtaining adequate supplies of raw materials in a timely manner. Its profitability depends on obtaining materials at competitive pricing that considers foreign currency exchange rates since a portion of the Company’s raw material requirements is imported. To mitigate these risks, multiple alternative sources of raw materials are used in the Company’s operations.



#### 4) Food Safety Concerns

The Company's business could be adversely affected by actual or alleged contamination or deterioration of its flagship products, or of similar products produced by third parties. The risk of contamination or deterioration of its food products exists at each stage of the production cycle. This includes the purchase and delivery of food raw materials, the processing and packaging of food products, the stocking and delivery of the finished products to its customers, and the storage and display of finished products at the points of the final sale. The Company conducts extensive research for the development of new products, line extensions for existing products, and for improved production, quality control, packaging, and customizing products to meet the local needs and flavors in the international markets for its food business. For its agro-industrial business, its researchers are continually exploring advancements in breeding and farming technology. The Company regularly conducts market research and farm-testing for all of its products. Moreover, the Company ensures that the products are safe for human consumption and that the Company conforms to the standards and quality measures prescribed by regulatory bodies such as the Bureau of Food and Drugs, Sugar Regulatory Authority, Bureau of Animal Industry, and Department of Agriculture.

#### 5) Mortalities

The Company's agro-industrial business is greatly affected by the outbreaks of various diseases. The Company faces the risk of outbreaks of foot-and-mouth disease and African Swine Fever, which is highly contagious and destructive to susceptible livestock such as hogs, and avian influenza (bird flu) for its chicken farming business. These diseases and many other types could result in mortality. Disease control measures are adopted by the Company to minimize and manage these risks.

#### 6) Intellectual Property Rights

Approximately 71.4% of the Company's sale of goods and services in 2021 were from its branded consumer foods segment. The Company has put considerable effort to protect the portfolio's intellectual property rights, which includes its trademark registrations. Security measures are continuously taken to protect its patents, licenses, and proprietary formulae against infringement and misappropriation.

#### 7) Weather and Catastrophe

Severe weather conditions may have an impact on some aspects of the Company's business. An example is its sugar cane milling operations which were reduced because of the unavailability of sugarcane. Weather conditions may also affect the Company's ability to obtain raw materials and may cause an impact on the cost of those materials. Moreover, the Philippines have experienced a number of major natural catastrophes over the years including typhoons, droughts, volcanic eruptions, and earthquakes. The Company and its subsidiaries continue to maintain sufficient inventory levels to neutralize any shortfall of raw materials from major suppliers whether local or imported.

#### 8) Environmental Laws and Other Regulations

The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety, among others. The nature of the Company's operations will continuously be subjected to stringent environmental laws and regulations that may increase the costs of operating in its facilities that are currently above projected levels and may require future capital expenditures. The Company is continually complying with the environmental laws and regulations mandated by the Department of Environment and Natural Resources (DENR). The Company shall continue to adopt policies and controls that are financially conservative that can manage the various business risks it faces.

#### Management Approach (Impact and Risks)

URC currently has mitigation plans that may affect financial risks. These include operational improvements such as upgraded processes, regular review, and follow-ups for accounts receivables, retraining of employees and regular audits, ensuring that third-party service providers understand the process regarding billing, mitigating declining market value of assets, sourcing of input materials, and foreign exchange risk mitigation, among many others.

#### Management Approach on Opportunities

Our Economic contribution and performance are part of our materiality and have a more comprehensive approach in addressing both the risks and opportunities that are associated with its current developments. On top of our financial risks and opportunities, URC recognizes that non-financial risks could grossly affect its bottom line, thus affecting its economic value distribution. In light of this, a more comprehensive approach to consolidating and understanding these risks will be made in the short-term to the mid-term horizon as part of our overall sustainability strategy.



## 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	58	%

Note: Data covers BCF-PH and BCF-INT which are composed of direct materials (raw material and packaging material) only

## Impact, Stakeholders, and Management Approach

**Impact:** As a food and beverage business, the procurement process plays a significant role within our value chain. Our procurement policies have set parameters on quality, traceability, and compliance. We also make sure that we involve the quality management team in the procurement process to ensure safety and quality from the source. Implementing an efficient and effective procurement practice can provide timely and tangible cost improvements to the company.

**Stakeholders:** Suppliers, farmers, employees, shareholders, customers, and end-consumers

### Management Approach:

#### Accreditation Policy

The Company follows the Supplier Accreditation Policy (found in Annex 2) to ensure that the Company's suppliers and contractors meet the standard criteria for supply agreement. Suppliers and contractors undergo accreditation and orientation on Company policies.

URC follows group-wide policies on managing procurement, which is implemented through the Business Supplier Accreditation Team (BUSAT), supervised by each Business Unit's Procurement team.

### Quality Management across the Value Chain

URC's passion for quality is anchored to its vision of providing our customers with brands of exceptional quality and value. Good manufacturing practices are strictly implemented in our facilities. Our Quality Management Systems are regularly assessed and aligned with international standards. Quality at the source is heavily promoted, starting with our supplier partners.

We conduct regular testing of our raw materials, in-process goods, and finished products to ensure that we uphold our high-quality measures in every area of our value chain.

## What are the Risk/s Identified?

### Sourcing Risks:

As part of our business continuity, we recognize that the risks in severe weather conditions may have an impact on some aspects of the Company's business. This includes raw materials sourcing that will impact our cost of goods. As a food and beverage company, URC uses significant input materials to sustain its production. The availability of these raw materials can be affected by the changes in climate, especially climate-sensitive critical raw materials such as coffee, cocoa, potato, and sugar. These changes can affect the livelihood of the farmers whom we source our materials from and can result in lower yield and quality of the harvest. On top of this, crisis situations such as a pandemic and supply chain disruptions can pose serious risks in the sourcing of our raw materials, packaging, essential services, and spare parts.

### Currency Devaluation:

42% of our raw and packaging input materials from domestic and international businesses (excluding our Myanmar, China, Hong Kong, and Singapore business units) are imported. If the Peso experienced devaluation, especially against the US dollar, it may impact our profitability.

### Breach:

The company recognizes the risk once a supplier fails to deliver their commitments in the agreed-upon contract. This will potentially cause delays and production disturbances in the company.

### Management Approach:

Our procurement practices are aligned with our commitment to ensuring the quality of our products. Our growth and experience in the last 65 years enabled us to improve our standards and technical expertise in sourcing. Through the years, we ensure that we look for the finest sources of materials through stringent material and supplier accreditation. We also share the best practices in terms of sourcing amongst our strategic partners like Danone of France and Nissin of Japan, where we look for synergistic opportunities and learnings.

Given that we operate in different regions and we produce high-quality products, our input materials are sourced both locally and abroad. For our top materials (based on spending and the number of products that use them), we ensure that we have three different sources from different locations for business continuity. For other materials that may have less than three alternative sources, we established ongoing risk management programs like alternative supplier qualification and alternative site qualification.

As for our procurement process, we centralize our procurement where negotiations are done in the headquarters to leverage scale, harmonize quality specifications, provide corporate visibility, and ensure alignment with our policy.

### Physical Hedging:

We do forward contracts or physical hedging on specific raw materials that we believe will have material changes in price and/or face possible supply constraints.

### Vertical Integration:

Our sugar and flour milling operations in URC give us benefits in sourcing in terms of availability and quality management, especially since sugar and flour are part of our top 10 input materials. On top of sugar and flour, we also have our own packaging company through URC Flexible Packaging.

### Supplier Accreditation:

URC's procurement and sourcing practices are managed from supplier accreditation, and requirement identification to sourcing, contracting, and order fulfillment. In doing so, we consistently meet the needs of our stakeholders by sourcing from accredited suppliers at the right time, quality, quantity, and at the most competitive price. Specific to the food processing sector, it is also critical that URC's raw materials and production inputs are traceable. Thus, ensuring that we uphold food safety standards. Proper procurement practices are also given priority to avoid any incidence of missing targets and objectives.



## Opportunities, Stakeholders, Management Approach

### Key opportunities in our strategy towards more sustainable sourcing:

#### 1. Influence our Supplier Towards Responsible Sourcing and Traceability

As we focus more on sustainable operations, it is critical for URC's raw and input materials to be traceable and responsibly sourced, thereby ensuring that we uphold the highest food safety standards. For example, our palm olein, which is one of our critical raw materials, are already being sourced from Roundtable on Sustainable Palm Oil (RSPO)-certified suppliers like Cargill. Moving forward, given that the Supply Chain is part of our materiality, we have to influence our suppliers towards responsible sourcing through our accreditation process and cascading of our Responsible Sourcing Policy and Supplier Code of Conduct.

#### 2. Strategic Partnerships and Programs

As a company, we support sustainable sourcing of tea, potato, and corn with our existing programs. We can further increase our scale across markets where we operate as we embed sustainability in our international business strategy ensuring inclusive growth and quality from the source.

#### 3. Partnership with Suppliers for Innovation

We started doing partnerships with some suppliers that will drive our competitive advantage. We believe innovation

can also be sourced from our partners. This is an excellent opportunity to strengthen our sourcing practices further as we become more hands-on and involved with our suppliers in their respective operations.

#### 4. Enhance Supplier Accreditation

We continue to update our supplier accreditation based on best-in-class practices on our input materials. Audit and management should cover tier 1 to tier 2 levels of suppliers to ensure responsible sourcing.

#### Stakeholders:

Farmers, Suppliers, Consumers, Shareholders

URC commits to the highest standards of legal, environmental, ethical, and social responsibility. The company commits to promoting responsible sourcing of raw and packaging materials, which demonstrate environmental stewardship and enable the sustainable development of communities where we operate.

We aim to create and contribute to shared success with our stakeholders. Towards this goal, the approach will be a collaboration with suppliers to continuously improve our sourcing activities. By 2030, our vision is to responsibly source 100% of our key ingredients such as palm oil and chipping potato, and 50% of our coffee beans and cocoa.

URC will transform towards a sustainable value chain through our sustainable raw materials, sustainable supply chain, sustainable farming, and climate protection programs. We will integrate responsible sourcing into the corporate sourcing strategy, business practices, and Supplier Code of Conduct and leverage other sourcing functions to drive responsible sourcing practices. We will

conduct formal risk and materiality assessments to identify and prioritize risks and impacts in the supply chains. We work with suppliers that have a strong commitment to sustainability and leverage regional procurement as we continue to improve our overall supplier management. For the past three years, we promote and build the foundation of sustainable agriculture for our stakeholders:

In 2021, we procured and used 20% RSPO Mass Balance certified palm olein in our operations, to ensure that the highest standards and industry practices in sourcing palm oil and its derivatives are in place. Also, this year, 100% of our chipping potatoes were sourced from GAP-certified suppliers. Additionally, AIG received recognition from US Soybean Export Council as the first to use sustainable US Soy Seal in Southeast Asia while SURE has signed a Memorandum of Agreement (MOA) on Sustainable Sugarcane Farming for a hundred (100) hectares of farmland near the URC SONEDCO Sugar Mill Site.

In the Philippines, we continue to help the local farmers increase their yield and scale-up productivity by providing high-quality chipping potato seeds as farm inputs to selected potato farming communities in Cordillera, Bukidnon, and Davao del Sur through our Sustainable Potato Program. We also continue to support sugar cane farmers in Negros, Batangas, and corn farmers in Ilocos Sur, in partnership with the local government through Project Salig.

Further details regarding the Sustainable Potato Program and Project Salig are discussed under the Relationship with Community section.



## Anti-Corruption

### Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to <sup>1</sup>	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to <sup>2</sup>	100	%

Note:<sup>1</sup>100% of new employees undergo onboarding training. The Code of Business Conduct and Offenses Subject to Disciplinary Action are part of the onboarding presentation. These policies and programs are also made available online for easy access to the rest of the employees for their reference and guidance.

<sup>2</sup>This accounts for total suppliers to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.

Upon boarding, the board of directors (BOD) receives orientation on URC's Code of Conduct which includes an anti-graft and corruption policy. The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and OSDA, among others.

## Incidents of Corruption

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

The anti-corruption policies and programs are made available online for easy access to the rest of the employees in the organization for their reference and guidance. Through the facilitation of the HR team, URC will also roll out an e-Module of the Code of Business Conduct where all of the Company employees shall be asked to watch and take the exam to gauge their comprehension and retention of the Company policies and guidelines.

An anti-corruption and conflict of interest training was held last Oct. 15, 2021, and was attended by the following members of the Board of Directors:

- |  |                       |
|--|-----------------------|
| 1. Lance Gokongwei (November 25, 2021) | 5. Irwin Lee          |
| 2. Antonio Periquet                    | 6. Johnson Robert Go  |
| 3. Cesar Purisima                      | 7. Patrick Henry Go   |
| 4. Christine Marie Angco               | 8. Rizalina Mantaring |

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

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

**Stakeholders:** Employees, Management

**Risks:** Our governance recognizes the risk incidents of corruption such as government penalties and reputational risk to URC, which in turn could result in plummeting stock market price.



## Management Approach for Impacts and Risks

Anchored on JG Summit's anti-corruption program, we are committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and OSDA, among others. The same is disseminated to all employees across the Company through various training sessions, so they can immerse themselves in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Furthermore, all concerned employees are required to comply with the Annual Self-Disclosure Activity on an annual basis, to disclose potential conflicts of interest.

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

### Conflict of Interest

The Company's Code of Business Conduct and Conflict of Interest Policy requires employees to make a conscious

effort to avoid conflict of interest situations such that their judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

### Conduct of Business and Fair Dealings

The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.

### Receipt of Gifts from Third Parties

The Company allows the acceptance of gifts only during the Christmas Season. There is no restriction on the value of the gift accepted. However, accepted gifts with an estimated value of over Php 2,000 must be disclosed to the Conflicts of Interest Committee.

### Compliance with Laws and Regulations

The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

### Respect for Trade Secrets / Use of Non-Public Information

The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.

### Use of Company Funds, Assets, and Information

Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

## Employment and Labor Laws and Policies

The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.

### Disciplinary Actions

Violation of any provision of the Code of Business Conduct may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

### Whistle Blower

Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee (CICOM). Reports or disclosures can be made in writing or by e-mail. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without the prior consent of CICOM.

### Conflict Resolution

The CICOM submits recommendations on courses of action to be taken in conflicts of interest situations. Decisions are made by the Executive Committee. Integral to URC Purpose, Values, and Ambition (PVA), which employs a four-pronged approach to cultivating trust within the organization, the Open-Door Policy is a management commitment to leave the proverbial door open to all employees and cultivate trust across all levels of the chain of command.

### Opportunities & Management Approach

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

## Governance

### The Board Committees

To enable better and more focused attention on the affairs of the Company and aid in the optimal performance of its roles and responsibilities, the Board delegates particular matters to the Board Committees, which consists of the following: (a) Audit Committee, (b) Corporate Governance Committee (c) Board Risk Oversight Committee (BROC) and (d) Related Party Transaction Committee.

#### A. Audit Committee

The Audit Committee provides oversight over the Company's financial reporting, Internal Control System, and Internal and External Audit processes, and monitors compliance with applicable laws and regulations. It ensures that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations, and internal policies, efficiency and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets.

Position	Director	Date of Election	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chair	Cesar V. Purisima	May 13, 2021	4	4	100%
Member	Antonio Jose U. Periquet, Jr.*	May 13, 2021	2	2	100%
Member	Rizalina G. Mantaring	May 13, 2021	4	4	100%
Advisory Member	James L. Go	May 13, 2021	4	4	100%

\*Elected on May 13, 2021

#### B. Corporate Governance Committee

The Corporate Governance Committee oversees the development and implementation of Corporate Governance principles and policies and recommends a formal framework on the nomination, remuneration, and evaluation of the performance of the Directors and key Management Officers consistent with the Company's culture, strategies, and the business environment.

Position	Director	Date of Election	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chair	Antonio Jose U. Periquet, Jr.*	May 13, 2021	1	1	100%
Member	Christine Marie B. Angco	May 13, 2021	2	2	100%
Member	Cesar V. Purisima	May 13, 2021	2	2	100%

\*Elected on May 13, 2021



### C. Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of the ERM framework which effectively identifies, monitors, assesses and manages key business risks and double checks the effectiveness of risk management strategies. The BROOC is responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control, or manage risks or possible threats to its operational and financial viability.

Position	Director	Date of Election	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chair	Rizalina G. Mantaring	May 13, 2021	2	2	100%
Member	Cesar V. Purisima	May 13, 2021	2	2	100%
Member	Christine Marie B. Angco	May 13, 2021	2	2	100%
Member	Irwin C. Lee	May 13, 2021	2	2	100%

### D. Related Party Transaction Committee

The Related Party Transaction (RPT) Committee ensures that there is a group-wide policy and system governing Material Related Party Transactions (MRPTs), particularly those that breach the materiality threshold. The policy shall include the appropriate review and approval of MRPTs, which guarantee fairness and transparency of the transactions.

Position	Director	Date of Election	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chair	Christine Marie B. Angco	May 13, 2021	2	2	100%
Member	Antonio Jose U. Periquet, Jr.*	May 13, 2021	1	1	100%
Member	Rizalina G. Mantaring	May 13, 2021	2	2	100%

\*Elected on May 13, 2021

## Board Composition & Independence

### THE BOARD OF DIRECTORS

The Board of Directors (“The Board”) is primarily responsible for the governance of the Company and provides an independent check on management. Its duty is to foster the long-term success of the Company and to ensure that the Company’s competitiveness and profitability will be sustained in a manner that is consistent with its corporate objectives; for the best interest of the company and its stakeholders.

The Board formulates the Company’s vision, mission, strategic objectives, policies, and procedures that guide its activities, including the means to effectively monitor Management’s performance. It provides direction and approval in relation to matters concerning the Company’s business strategies, policies, and plans while the day-to-day business operations are delegated to the Executive Committee.

The Board exercises care, skill, and judgment and observes good faith and loyalty in the

conduct of managing the business and affairs of the Company. It ensures that all its actions are within the scope of power and authority as prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules, and regulations. To uphold high standards for the Company, its Shareholders, and other Stakeholders, the Board implements honesty and integrity in performing its duties and responsibilities.

### ***Board Duties and Responsibilities***

The Company’s Corporate Governance Manual specifies the roles, duties, and responsibilities of the Board of Directors in compliance with relevant laws, rules, and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

### ***General Responsibilities***

It is the Board’s responsibility to foster the long-term success of the Corporation and to sustain its competitiveness and profitability. It should be consistent with its corporate objectives and must be in the best interest of the Corporation, its Shareholders and Stakeholders, and as a whole.





## Duties and Functions

To ensure a high standard for the Corporation, its Shareholders, and other Stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- Oversee the development, and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength. The Board shall review and guide the corporate strategy, major plans of action, risk management policies and procedures, annual budget and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures;

- Oversee the adoption of an effective succession planning program and remuneration policies;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- Oversee the implementation of the policy and system on RPTs which shall include the review and approval of material or significant RPTs and ensure fairness and transparency of the transactions;
- Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- Annually review, together with Management, the Company's vision and mission;
- Ensure the Corporation's faithful compliance with all applicable laws and regulations, and best business practices;
- Establish and maintain an Investor Relations Program that will keep the Shareholders informed of important

developments in the Corporation. The Corporation's CEO shall exercise oversight responsibility for this program;

- Identify the Corporation's Stakeholders in the community in which it operates or is directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such a system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- Ensure that the Corporation has an independent audit mechanism for the proper audit and review of the Corporation's financial statements by independent auditors;
- Ensure that the Corporation establishes appropriate Corporate Governance policies and procedures pursuant to this Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

### ***Balanced Board Composition***

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. The Board Members' biographical details are set out in the succeeding section and may also be found in the Information Statement. The Board is diverse in terms of expertise and professional experience. Furthermore, the posts of Chairman and Chief Executive Officer of the Company are separate. This is to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in the Revised Corporate Governance Manual.

### ***Board Independence***

The Board has four independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position. The Company reinforces proper mechanisms for disclosure, protection of the rights of shareholders, the equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company must abstain from participating in the deliberation of the same.

### ***Board Training and Orientation***

The Company ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of the business.

Orientation programs are conducted for first-time directors to ensure that new members are appropriately apprised of their duties and responsibilities. This includes an overview of the Company's operations, Code of Conduct, Corporate Governance framework, and other relevant topics essential in the performance of their functions. As a matter of continuous professional education, the Company facilitates the training opportunities that are provided for the Directors and Key Officers.





## Board Meetings

The Board schedules meetings at the beginning of the year, as well as holding regular meetings in accordance with its By-Laws and convening in special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials are furnished to the Directors at least five (5) business days prior to each meeting. Meetings are duly minuted. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, to promote transparency, the Board may require the presence of at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits to the Commission an advisement letter on the Directors' record of attendance in Board meetings.

## Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chairman	Lance Y. Gokongwei	May 13, 2021	4	4	100%
Member	James L. Go	May 13, 2021	4	4	100%
Member	Irwin C. Lee	May 13, 2021	4	4	100%
Member	Patrick Henry C. Go	May 13, 2021	4	4	100%
Member	Johnson Robert G. Go, Jr.	May 13, 2021	4	4	100%
Independent Director	Cesar V. Purisima	May 13, 2021	4	4	100%
Independent Director	Rizalina G. Mantaring	May 13, 2021	4	4	100%
Independent Director	Christine Marie B. Angco	May 13, 2021	4	4	100%
Independent Director	Antonio Jose U. Periquet, Jr.*	May 13, 2021	2	2	100%

\*Elected on May 13, 2021

## OTHER MATTERS

### Audit and Audit-Related Fees

Name of Auditor	Audit Fee	Non-Audit Fee
SyCip, Gorres, Velayo & Co.	Php11,328,000	-0-

### Ownership structure

Holding 5% shareholding or more (as of December 31, 2021)

Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	1,215,223,061	55.21%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	574,510,744	26.10%	PCD Participants & their clients
PCD Nominee Corporation (Filipino)	379,695,775	17.25%	PCD Participants & their clients

### Dealing in securities (changes in shareholdings of directors and key officers)

#### A. Elected Directors for the calendar year 2021

Name of Director	Number of Direct Shares	% to Total Outstanding Shares
James L. Go	407,001	0.02%
Lance Y. Gokongwei	913,235	0.04%
Patrick Henry C. Go	45,540	0%
Johnson Robert G. Go, Jr.	1	0%
Irwin C. Lee	300,001	0.01%
Cesar V. Purisima	1	0%
Rizalina G. Mantaring	7,401	0%
Christine Marie B. Angco	1	0%
Antonio Jose U. Periquet, Jr.	500,000	0.02%



## B. Elected Officers for the calendar year 2021

Name of Director	Position/Designation	Number of Direct Shares	% to Total Outstanding Shares
James L. Go	Chairman Emeritus	407,001	0.02%
Lance Y. Gokongwei	Chairman	913,235	0.04%
Irwin C. Lee	President & Chief Executive Officer	300,001	0.01%
Patrick Henry C. Go	Executive Vice President	45,540	0%
Anna Milagros D. David	Chief Marketing Officer	49,630	0%
Francisco M. Del Mundo	Chief Financial Officer	0	0%
David J. Lim, Jr.	Chief Supply Chain and Sustainability Officer	0	0%
Shanie Ann S. Kawpeng	Chief Strategy Officer	1,500	0%
Elisa O. Abalajon	Chief Human Resources Officer	0	0%
Krishna Mohan Suri	Vice President, Global Innovation, Research & Development	0	0%
Socorro M.L. Banting	Vice President	0	0%
Karen Therese C. Salgado	Chief Information Officer	0	0%
Rhodora T. Lao	Corporate Controller and Chief Compliance & Risk Officer	0	0%
Maria Celia H. Fernandez-Estavillo	Corporate Secretary	0	0%
Charles Bernard A. Tañega	Treasurer	0	0%
Elvin Michael L. Cruz	Corporate Legal Counsel	0	0%
Jose Miguel T. Manalang	Director, Strategy and Investor Relations	3,000	0%

## Dividends

The Board of Directors of Universal Robina Corporation ("URC") approved on April 29, 2021 and July 30, 2021 the declaration of the following cash dividends from the unrestricted retained earnings of URC as of March 31, 2021 and June 30, 2021, respectively:

a) Regular Cash Dividend of One Peso and Fifty Centavos (P1.50) per share and paid on June 15, 2021 and

b) Special Cash Dividend of One Peso and Eighty Centavos (P1.80) per share and paid on September 15, 2021.



## Diversity

Board Age Limit:

### Qualification of Independent Directors

An Independent director shall have the following qualification:

- 1.1 He shall have at least (1) share of stock of the Corporation;
- 1.2 He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education;

- 1.3 He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified Independent Directors up to the age of eighty (80);
- 1.4 He shall have proven to possess integrity and probity; and
- 1.5 He shall be assiduous.

### Directors and Executive Officers of the Registrant

	Name	Age	Position	Citizenship
1	James L. Go	82	Director, Chairman Emeritus	Filipino
2	Lance Y. Gokongwei	55	Director, Chairman	Filipino
3	Irwin C. Lee	57	President and Chief Executive Officer	Filipino
4	Patrick Henry C. Go	51	Director, Executive Vice President	Filipino
5	Johnson Robert G. Go, Jr	56	Director	Filipino
6	Antonio Jose U. Periquet Jr.	60	Director (Independent)	Filipino
7	Cesar V. Purisima	61	Director (Independent)	Filipino
8	Rizalina G. Mantaring	62	Director (Independent)	Filipino
9	Christine Marie B. Angco	53	Director (Independent)	Singaporean
10	David J. Lim, Jr.	58	Chief Supply Chain and Sustainability Officer	Filipino
11	Francisco M. Del Mundo	51	Chief Financial Officer	Filipino
12	Anna Milagros D. David	41	Chief Marketing Officer	Filipino
13	Shanie Ann S. Kawpeng	55	Chief Strategy Officer	Filipino
14	Krishna Mohan Suri	49	Vice President, Global Innovation, Research and Development	Indian
15	Socorro M.L. Banting	67	Vice President	Filipino
16	Elisa O. Abalajon	54	Chief Human Resources Officer	Filipino
17	Karen Therese C. Salgado	51	Chief Information Officer	Filipino
18	Rhodora T. Lao	50	Compliance and Risk Officer	Filipino
19	Charles Bernard A. Tañega	49	Treasurer	Filipino
20	Maria Celia H. Fernandez-Estavillo	50	Corporate Secretary	Filipino
21	Elvin Michael L. Cruz	43	Corporate Legal Counsel	Filipino
22	Jose Miguel T. Manalang	41	Director, Strategy and Investor Relations	Filipino

## Tenure

Board Age Limit:

Director's Name	Date Elected
James L. Go	1964
Lance Y. Gokongwei	1988
Patrick Henry C. Go	2000
Johnson Robert G. Go, Jr.	May 5, 2005
Irwin C. Lee	May 14, 2018
Cesar. V. Purisma	May 30, 2018
Rizalina G. Mantaring	August 13, 2020
Christine Marie B. Angco	August 13, 2020
Antonio Jose U. Periquet, Jr.	May 13, 2021

All of the above directors and officers have served their respective offices since May 13, 2021. There are no directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders for any reason whatsoever.



# ESG Index



## Energy Management

The category addresses environmental impacts associated with energy consumption. It addresses the company’s management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company. More specifically, it includes management of energy efficiency and intensity, energy mix, as well as grid reliance.

I. Electricity			
Metric ID	Accounting Metric	CY 2021	Country of Origin
PHL_SEC GRI 302-1a	Electricity Use	1,032,232 GJ	Philippines
		33,481 GJ	Malaysia
		4,924 GJ	Myanmar
		119,518 GJ	Thailand
		241,898 GJ	Vietnam
		27,567 GJ	Indonesia
PHL_SEC, GRI 302-1b	Purchased Electricity from Renewables	6,368 GJ	Philippines
GRI 302-1b	Electricity Generated On-site from Renewables	883,645 GJ	

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)

II. Fuel Consumption (excluding vehicles)		
Metric ID	Fuel Use	CY 2021
GRI 302-1a	Coal	2,659,573 GJ
GRI 302-1a	LPG	632,078 GJ
GRI 302-1a	Bunker	288,906 GJ
GRI 302-1a	Diesel	342,326 GJ
GRI 302-1a	CNG	316,239 GJ
GRI 302-1a	LNG	104,037 GJ

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)





### III. Fuel Consumption from company-owned vehicles

Metric ID	Fuel Use	CY 2021
PHL_SEC, SASB-FB-NB-110a.1, GRI 302-1a	Gasoline	459,131 GJ
PHL_SEC, SASB-FB-NB-110a.1, GRI 302-1a	Diesel	971,195 GJ

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)



## GHG Emission

The category addresses direct (Scope 1) greenhouse gas (GHG) emissions that a company generates through its operations. This includes GHG emissions from stationary (e.g.: manufacturing facilities) and mobile sources (e.g.: trucks and delivery vehicles), whether a result of combustion of fuel or non-combusted direct releases during activities such as natural resource extraction, power generation, land use, or biogenic processes. The category further includes management of regulatory risks, environmental compliance, and reputational risks and opportunities, as they related to direct GHG emissions. Indirect GHG emissions (Scope 2) are also considered here.

Metric ID	Accounting Metric	CY 2021 in metric tonnes
PHL_SEC, SASB-FB-AG-110a.1	Scope 1 (excluding fugitive and biogenic emissions)	294,674
GRI 305-1a, GRI 305-1c	Fugitive emissions	5,131
	Biogenic emissions	119,472
	Scope 2 (location-based)	260,642
SASB-FB-AG-110a.2, GRI 305-1a	Scope 3 (business travel)	25,241
	<b>Total</b>	<b>705,160</b>

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)

Our roadmap to complete our scope 1 and 2 emissions management is until 2025, while scope 3 will be completed until 2030. The detailed discussion about our initiatives and programs on climate action is presented in Pages 48-55 of this report.



# Water and Wastewater Management

The category addresses a company’s water use, water consumption, wastewater generation, and other impacts of operations on water resources, which may be influenced by regional differences in the availability and quality of and competition for water resources. More specifically, it addresses management strategies including, but not limited to, water efficiency, intensity, and recycling. Lastly, the category also addresses management of wastewater treatment and discharge, including groundwater and aquifer pollution.

Metric ID		Accounting Metric	Unit	CY 2021
PHL_SEC SASB FB-PF-140a.1 GRI 303-3a	Water Withdrawal	Total water withdrawn	Cubic meter	19,350,717
PHL_SEC SASB FB-PF-140a.1 GRI 303-3a	Water Withdrawal	Percentage of water withdrawal in regions with High or Extremely High Baseline Water Stress	%	21% of URC water withdrawal was in High Baseline Water Stress regions
PHL_SEC SASB FB-PF-140a.1 GRI 303-3a	Water Consumption	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Cubic meter	14,081,714  25% of URC water consumption was in High Baseline Water Stress regions
PHL_SEC	Water Discharged	Total volume of water discharged	Cubic meter	5,269,003
PHL_SEC	Water Recycled	Water recycled and reused	Cubic meter	866,792
SASB FB-PF-140a.2	Water Management	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	%	0

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)  
To address the risk in water availability, the company recognizes the need to conduct Source Water Protection Plan based on the result of source vulnerability assessment (SVA).





# Non-Hazardous and Hazardous Waste Management

The category addresses environmental issues associated with hazardous and non-hazardous waste generated by companies. It addresses a company’s management of solid wastes in manufacturing, agriculture, and other industrial processes. It covers treatment, handling, storage, disposal, and regulatory compliance.

Non-Hazardous Waste		
Metric ID	Classification	CY 2021 in metric tonnes
GRI 306-5a	Total Non-Hazardous Waste	3,133,574
GRI 306-5c	Recyclable (Biodegradables <sup>1</sup> and Non-Biodegradables <sup>2</sup> )	984,511
	Incinerated	0
	Residual	21,490
	Renewable	2,127,573

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines).

<sup>1</sup> Biodegradable wastes are originated from plant or animal sources which may be broken down by other living organisms

<sup>2</sup> Non-biodegradable wastes are sold as scrap or returned to the recycling stream (e.g.: used as feeds to AIG, and waste to energy)

<sup>3</sup> Residual/Landfilled – waste that poses substantial or potential threats to public health and the environment

<sup>4</sup> Renewable are waste materials used as alternative fuel to generate our own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)

Hazardous Waste		
Metric ID	Classification	CY 2021 in metric tonnes
GRI 306-5a	Class B - Acids	0.2
GRI 306-5b	Class C - Alkali	196.0
	Class D - Inorganic	15.2
	Class F - Solvent	0.1
	Class I - Oil	172.0
	Class J - Container	12.8
	M - Miscellaneous	8.4
	*Others	931.0
	<b>Total</b>	<b>1,335.7</b>

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

Ecological Impact

The category addresses management of the company’s impacts on ecosystems and biodiversity through activities including, but not limited to, land use exploration, natural resource extraction and cultivation, as well as project development, construction, and siting. The impacts include, but not limited to, biodiversity loss, habitat destruction, and deforestation at all stages – planning, land acquisition, permitting, development, operations, and site remediation.

Metric ID	Accounting Metric	CY 2021
PHL_SEC	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	12.548 Hectares
PHL_SEC	Habitats protected or restored	7,699 seedlings across 16 URC sites
PHL_SEC	IUCN Red List species and national conservation list species with habitats in areas affected by operations	0

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)





## Employee Engagement, Diversity, and Inclusion

### Employee Training

This relates to the training and development opportunities available to employees.

Metric ID	Accounting Metric	CY 2021
PH_SEC	Total training hours	268,698 hours
GRI 404-1 a(i)(ii)/ PH_SEC	Average training hours	21 hours/employee
	Senior management	71 hours/employee
	Middle management	63 hours/employee
	Function (such as technical, administrative, and production)	12 hours/employee
GRI 404-2a	Type and scope of programs implemented and assistance provided to upgrade employee skills	<p>URC has various types of training which cover categories such as leading self, leading teams, and leading business. The training programs include:</p> <ul style="list-style-type: none"> <li>• Executive Development Program (Excellerate)</li> <li>• Management Development Program (LEAD and LEAP for Line Managers)</li> <li>• Basic Management Program (LEAP for Supervisors)</li> <li>• Core Program</li> <li>• Human Resources Development Program</li> <li>• Function/Technical Program</li> </ul>
GRI 404-2b	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	To support transition following the end of a career, URC provides severance pay and retirement benefits

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

Metric ID	Accounting Metric	% total training
GRI 404-3	Senior management	3
	Middle management	57
	Function (such as technical, administrative, and production)	40

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)



# Diversity and Inclusion

The category addresses a company’s ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the bases of race, gender, ethnicity, religion, sexual orientation and other factors.

Metric ID	Accounting Metric		Executive	Non-executive staff	Total
PHL_SEC GRI 405-1ai	Gender	Male	66	8,529	8,595
		Female	44	3,678	3,722
GRI 405-1aii	Age Group	Under 30	1	3,509	3,510
		30-50	68	7,470	7,538
		Over 50	41	1,228	1,269

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

Metric ID	Accounting Metric		Executive	Office	Non-office	All employees
GRI 405-2a	Average monthly basic salary and remuneration of women to men for each employee category	Male	PHP 486,578.39	PHP 73,236.24	PHP 19,803.15	PHP 35,405.55
		Female	PHP 442,092.76	PHP 81,635.49	PHP 26,539.47	PHP 51,493.84

Note: Data covers information of URC PH (BCF-PH, Flour, SURE, and AIG)







### Employee Safety & Health

The category addresses a company’s ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). It is traditionally accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices as well as those of their subcontractors. The category further captures how companies ensure physical and mental health of workforce through technology, training, corporate culture, regulatory compliance, monitoring and testing, and personal protective equipment.

Metric ID	Accounting Metric	CY 2021
SASB FB/AG/MP-320a.1	The number and rate of fatalities as a result of work-related injury	3
PHL_SEC	The number and rate of high-consequence work-related injuries (excluding fatalities)	1
GRI 403-9a	The number and rate of recordable work-related injuries	320
SASB FB - AG/MP 320a.1	The number and rate of fatalities as a result of work-related ill health	0
GRI 403-10a	The number of recordable work-related ill health	0
SASB FB - AG/MP 320a.1 GRI 403-9a	Total number of hours worked by employees	70,590,482
PHL_SEC	# of safety drills	79

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)  
 As part of our commitment to promote a safe working environment, we will continuously strive to mitigate occurrence of any work-related incidents. Page 31-38 of this report discusses our Projects, Programs, and Practices for Employee Safety.

### Community Relations

The category addresses management of the relationship between businesses and the communities in which they operate, including, but not limited to, management of direct and indirect impacts on core human rights and the treatment of indigenous peoples. More specifically, such management may cover socio-economic community impacts, community engagement, environmental justice, cultivation of local workforces, impact on local businesses, license to operate, and environmental/social impact assessments.

Metric ID	Description	Pages
GRI 413-1, PH_SEC	Operations with local community engagement, impact assessments, and development programs	41-47
GRI 413-2, PH_SEC	Operations with significant actual and potential negative impacts on local communities	41-47

## Customer Welfare

The category addresses customer welfare concerns over issues including, but not limited to, health and nutrition of foods and beverages, antibiotic use in animal production, and management of controlled substances. The category addresses the company's ability to provide consumers with manufactured products and services that are aligned with societal expectation. It does not include issues directly related to quality and safety malfunctions of manufactured products and services, but instead addresses qualities inherent to the design and delivery of products and services where customer welfare may be question. The scope of the category also captures company's ability to prevent counterfeit products.

Metric ID	Description	Accounting Metric	CY 2021	Details
PHL_SEC	Customer Satisfaction	Customer Satisfaction Score	-	URC BCF PH ranked 5th out of 34 in 2021 Advantage Report (shows the performance of suppliers as evaluated by retailers). This marks an improvement from 7th place in the previous year.
PHL_SEC	Customer Satisfaction	Did a third party conduct the customer satisfaction score (Y/N)?	Yes	
SASB FB-PF-260a.1	Health & Nutrition	Revenue from products labeled and/or marketed to promote health and nutrition attributes	PHP 1,374 Million	C2 Plus Immuno-C (Immune System), Presto Cookies Peanut Butter (B-Vitamins and Peanut for Focus), Sangap Pinoy Seal (Tortillos Cheese, Tortillos Chili, Tortillos Barbecue, Chiz Curls, Mr. Chips, Roller Coaster, Chippy Barbecue, Piattos - Fortified with Iron), Maxx Vitamin C
SASBFB-PF/NB-260a.2	Health & Nutrition	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among customers.		Page 66-67
SASB FB-NB-260a.1	Health & Nutrition	Zero- and low calorie	PHP 816 Million	C2 Apple Sugar Free, C2 Suger Free Green Tea Apple, C2 Green Tea, C2 Green Tea Apple, C2 Green Tea Lemon, B'lue Flavored Drink with Vitamins (Lychee, Calamansi, Orange, Cactus Tangerine, Cucumber Lime), B'lue Zero Apple Cucumber
		Artificially sweetened beverages	PHP 558 Million	C2 Apple Sugar Free, C2 Lemon, C2 Immuno-C, C2 Plus Fiber (Green Apple and Pineapple)





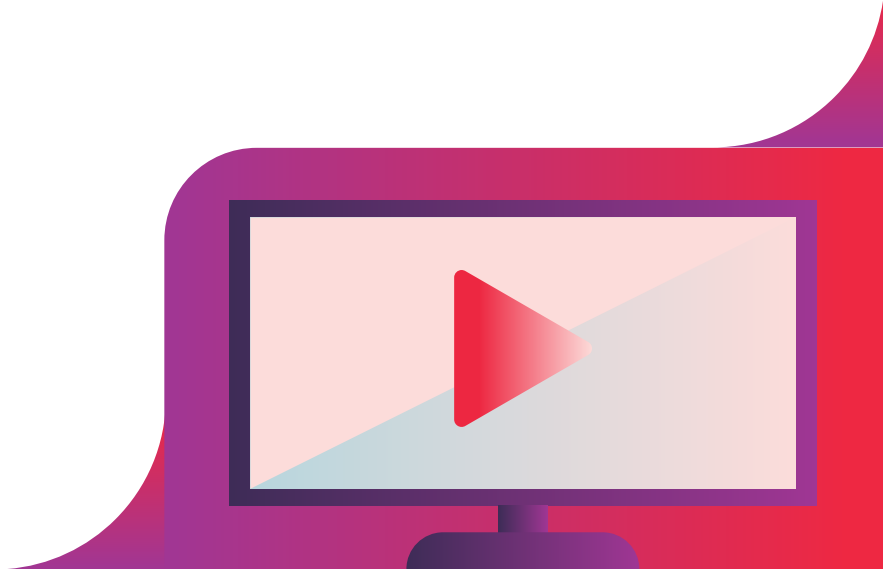
### Selling Practices and Product Labelling

The category addresses social issues that may arise from a failure to manage the transparency, accuracy, and comprehensibility of marketing statements, advertising, and labelling of products and services. It includes, but is not limited to, advertising standards, and regulations, ethical, and responsible marketing practices, misleading or deceptive labelling, as well as discriminatory or predatory selling and lending practices. This may include deceptive or aggressive selling practices in which incentive structure for employees could encourage the sale of products or services that are not in the best interest of customers or clients.

Metric ID	Accounting Metric	CY 2021
PHL_SEC	# of substantiated complaints on marketing and labelling <sup>1</sup>	0 <sup>1</sup>
PHL_SEC	# of complaints addressed	N/A
SASB FB-PF/NB-270a.1	Percentage of advertising impressions (1) on children and (2) made on children promoting products that meet dietary guidelines	Youtube Wafrets - 0.08% Knots - 0.50% TV Wafrets – 1,874 TARPS <sup>2</sup> Knots – 985 TARPS <sup>2</sup>
SASB FB-PF/NB-270a.2	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	0
SASB FB-PF/NB-270a.3	Number of incidents of non-compliance with industry or regulatory labeling and/marketing codes	0 <sup>1</sup>
SASB FB-PF/NB-270a.4	Total amount of monetary losses as a result of legal proceedings associated with labeling and/or marketing practices	N/A

Note: <sup>1</sup>In connection with the above, the company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings involving fines or non-monetary sanctions that could be expected to have a material adverse effect on the Company’s financial position or results of operations.

<sup>2</sup>TARPS: Target Audience Rating Points



**Product Quality and Safety**

The category addresses issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users. It addresses a company’s ability to offer manufactured products and/or services that meet customer expectations with respect to their health and safety characteristics. It includes, but is not limited to, issued involving liability, management of recalls, and market withdrawals, product testing, and chemicals/content/ingredient management products.

Metric ID	Accounting Metric	Details
PHL_SEC	Substantiated complaints on product or service	0 <sup>1</sup>
PHL_SEC	Complaints addressed	N/A
SASB FB-PF-250a.3	Food safety violation received	0
SASB FB-PF-250a.3	Food safety violation received, percentage corrected	N/A
SASB FB-PF/AG/MP-250a.4	Recalls issued	None
SASB FB-PF/AG/MP-250a.4	Total amount of food product recalled	0
SASB FB-MP-250a.4	Discussion or markets that ban imports of the entity's products	None

Note: <sup>1</sup>In connection with the above, the company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings involving fines or non-monetary sanctions that could be expected to have a material adverse effect on the Company’s financial position or results of operations.





## Supply Chain Management

The category addresses management of environmental, social, governance (ESG) risks within a company's supply chain. It addresses issues associated with environmental and social externalities created by suppliers through their operational activities. Such include, but are not limited to, environmental responsibility, human rights, labor practices, and ethics and corruption. Management may involve screening, selection, monitoring, and engagement with suppliers on their environmental and social impacts. The category does not address the impacts of external factors – such as climate change and other environmental and social factors – on suppliers' operations and/or on the availability and pricing of key resources, which covered in a separate category.

Metric ID	Description	Pages
GRI 413-1, PH_SEC	Operations with local community engagement, impact assessments, and development programs	34-36; 41-47; 73- 75



## Material Sourcing and Efficiency

The category addresses issued related to the resilience of materials supply chains to impacts of climate change and other external environmental and social factors. It captures the impacts of such external factors on operational activity of supplier, which can further affect availability and pricing of key resources. It addresses a company’s ability to manage these risks through product design, manufacturing, and end-of-life management, such as by using of recycled and renewable materials, reducing the use of the key materials (dematerialization), maximizing resource efficiency in manufacturing, and making R&D investments in substitute materials. Additionally, companies can manage these issues by screening, selection, monitoring, and engagement with suppliers to ensure their resilience to external risks.

Metric ID	Total input materials used for operations	CY 2021 in metric tonnes
SEC_PH	<b>*Renewable Materials</b>	<b>1,858,277</b>
	Bagasse	1,617,943
	Spent Wash	17,912
	Molasses	208,243
	Chicken Manure	2,466
	Pig Dung	4,289
	Coffee Spent Ground	6,877
	Spent Tea Leaves	547
	<b>**Non-renewable materials</b>	<b>600</b>
	PET Flakes	600
	<b>Total recycled input materials used</b>	<b>1,858,877</b>

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

<sup>1</sup>Renewable are waste materials used as alternative fuel to generate our own energy. Data include coffee spent ground, spent tea leaves, bagasse, spent wash, molasses, chicken manure, and pit dung

<sup>2</sup>Non-renewable are waste materials re-used or recycled for other purposes other than conversion to energy. Data includes re-grind PET bottles reused to mix with virgin resin for bottle making of BCF-PH.





Product Design and Lifecycle Management

The category addresses incorporation of environmental, social, governance (ESG) considerations in characteristics of products and services provided or sold by the company. It includes, but is not limited to, managing the lifecycle impacts of products and services, such as those related to packaging, distribution, use-phase resource intensity, and other environmental and social externalities that may occur during their use-phase or at the end of life. The category captures a company’s ability to address customer and societal demand for more sustainable products and services as well as to meet evolving environmental and social regulation. a separate category.

Metric ID	Accounting Metric	Pages
SASB FB-PF-410	Discussion of strategies to reduce that environmental impact of packaging throughout its lifecycle	68 - 72





# UR Universal Robina

## 2021 Sustainability Report