



products

Ensuring food safety is critical to operating responsibly, and with the trust that each URC product is safe, of good quality and value, and, thus, a fun experience to be enjoyed. At every stage of the production process, URC ensures compliance with regulatory requirements. We also strive to become proactive in reaching best-in-class standards wherever we operate, based on our learnings as a multinational company serving diverse markets. We take initiative because we are aware of the changing demands of consumers for food and beverage companies like us to have better transparency on how we operate, from product development and sourcing, to manufacturing and distribution, and finally, communications.



**pg. 94 Our Passion
for Quality**

We follow through on our promise of food safety and quality by maintaining internationally recognized standards of production.

**pg. 96 Our Innovation
Pipeline**

A culture of innovation allows us to respond to consumer trends, and also to imprint our central message of “life is fun” on the products we develop.

**pg. 100 Robina-Raised,
Family-Safe**

Through “farm to fork” sustainable practices and a “no hormone, no antibiotic residue” policy, we safeguard the health and well-being of our consumers.

Our Process: Ensuring Quality and Food Safety

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URC provides high-quality food and beverage products designed to satisfy the needs of our various consumers. As we bring our delightful products to many more parts of the world, our passion for quality is driven by continuous improvement in how we operate, our technological investments, and more training. A trusted player now eyeing a purposeful transformation, we have earned the confidence of customers who equate our products with a fun, and safe, experience.

Our strong focus on quality management and food safety is intrinsic to URC's position as a leading Philippine food and beverage company. We ensure full compliance with food safety regulations while continuing to improve our own systems and operating standards, especially as the company grows its multinational presence throughout ASEAN and Oceania. We are well-aware that product responsibility is essential to our reputation, brand reception, and the health of our consumers.

From raw materials to the finished product, we provide food that is safe for consumption. Governing the effective management of product quality is the URC Quality Policy across all BUs,

as well as the standards and measures of food safety certification schemes that inform the policy. We conduct the required analysis on safety to avoid any potential hazards, and we cover the key elements of system management, interactive communication, and prerequisite programs and principles.

We ensure that 100% of our products conform to standards and quality measures as prescribed by our regulators. These include the Philippine Food and Drug Administration (FDA), Sugar Regulatory Administration (SRA), Bureau of Animal Industry (BAI), Department of Agriculture (DA), Department of Health (DOH), and Department of Environment and Natural Resources (DENR), among others.

Foremost of all, we adhere closely to the Philippine Food Safety Act (Republic Act or R.A. 10611) that protects consumer health and safety. Regulatory compliance encompasses product registration, sale, inspection, labeling, and marketing as part of our license to operate and furthermore, facilitates ease of doing business.

Across our operations, 100% of our product categories undergo a stringent quality assurance process. Equipped with efficient systems and an empowered team, we follow the URC Quality and Safety Plan at each stage of production as we deliver our innovative and exciting products.

PROCUREMENT & SUPPLY

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We adhere to relevant government regulations and to the highest ethical, legal, and corporate standard practices in procurement, from requirement identification, to sourcing, to contracting and order execution.

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. Our company has a dedicated supplier selection team that handles the stringent supplier selection process.

We prefer suppliers that share our values in promoting responsible production, fair trade practices, and a growing concern for origin. We already work with suppliers that have a strong commitment to sustainability, such as Cargill, Barry Callebaut, Louis Dreyfus Company, and Bunge, and seek to leverage regional procurement as we improve overall supplier management over time. In our developed market operations, like in Australia, we also locally source our potatoes and use agronomy to ensure we process only the highest quality of potatoes to meet the expectations of our consumers.

URC follows group-wide policies on managing procurement, which is implemented through the Corporate Supplier Accreditation Team (CORPSAT), and supervised by the Corporate Governance Management Systems and Procurement in

URC itself. Enforcing our Accreditation Policy guarantees all our suppliers are capable of providing high-quality and competitively priced products, including alternative sources of raw material. The Supply Selection Policy, meanwhile, ensures that all machineries and spare parts are sourced from countries with high-quality standards. We prioritize supply and cost management.

The URC Procurement department has the main responsibility to manage sourcing practices and coordinate properly with different technical groups. We conduct plant visits with full documentation, including technical specifications, technical analysis, and certificate of origin. URC keeps abreast with emerging trends, and provides adequate training to our people to enhance proficiency. We endeavor to identify potential problems, provide preventive measures, and correct non-conformities. Part of our process is to continuously evaluate key result areas to enhance efficiency.

As part of our initiative to embrace sustainability in our supply chain, we are also beginning to identify the most material aspects such as water sourcing, supplier training, multi-tier supplier management, traceability, and responsible sourcing.

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URC SUPPLY CHAIN

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Our supply chain is generally divided into four parts, namely: sourcing of raw materials, manufacturing and distribution, customers, and end consumers.

Sourcing. As we become more sustainable, 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 oil, which is one of our key raw materials, is already being sourced from RSPO-certified suppliers like Cargill.

URC maintains a mix of domestic and foreign suppliers. In our passion for quality, we are driven to find the finest sources of tea from famous tea regions in Vietnam for our C2 products, and patronize green coffee traders for our Great Taste brand. Meanwhile, our Piattos chips are industrial-fried in cholesterol-free and vitamin-enriched palm olein that is sustainably produced by Cargill, a company that actively promotes the production of certified sustainable coconut oil among smallholder farmers in the Philippines.

URC leverages on integrated and interrelated business units, and mutually reinforcing relationships, to strengthen and bolster the totality of our operations.

Generally, URC aims to take advantage of markets that are quite efficient in terms of sourcing raw materials. URC Sugar and Renewables (SURE) purchases sugar cane from local farmers. URC Flour and Pasta Division imports wheat from suppliers in the United States, Canada, and Australia. URC Agro-Industrial Group (AIG) purchases the parent stock for its layer chicks from suppliers in Europe and the United States. The feeds segment also gets its soya seeds from American suppliers.

URC leverages on integrated and interrelated business units, and mutually reinforcing relationships, to strengthen and bolster the totality of our operations. Each business unit serves internal as well as external customers. For example, URC's largest division, the Philippine Branded Consumer Foods Group, gets 100% of its flour and wheat requirements from the URC Flour and Pasta Division; 100% of its sugar requirement from URC Sugar Division; 60% of its fresh eggs requirement from the Agro-Industrial Group; and 70% of its wrapper requirement from URC Flexible Packaging (UFLEX). Meanwhile, Robina Farms obtains all of its minerals and antibiotics from its Commercial Drugs division, and all of its feeds requirement from its Commercial Feeds segment.

Manufacturing and distribution. We operate efficiently through our best-in-class regional practices. With the lifted trade barriers in the regions where we operate, we are able to take advantage of manufacturing our products at the lowest cost possible, and with the highest achievable quality, supported by our strategic regional procurement and distribution. Our well-established distribution network, with its strong retailer relationships, ensure that our goods reach their destination. We optimize our presence within our areas of operation by hand-picking

our distribution partners, ensuring that each has significant coverage and will make our products readily available and accessible to our customers and end consumers.

Customers and end consumers. Our customers are categorized into two groups: modern and traditional trade. Our modern trade customers are primarily composed of key accounts such as large supermarkets, wholesalers, and convenience stores, whereas our traditional trade customers are primarily composed of regional distributors who ensure our products get to retailers such as mom-and-pop stores, markets, and small grocery chains. From there, our products reach our end consumers.

We operate efficiently through our best-in-class regional practices.



For a cool and refreshing experience, C2 Cool & Clean ingredients are regionally sourced, using tea leaves from farmers in Vietnam, and sugar from our own sugar milling operations.

- Brewed and bottled on the same day, C2 is locally manufactured across various Branded Consumer Foods Group (BCFG) plants, using a single-step technology.

- We invested in chillers and coolers in some of our accounts to ensure optimum product experience, especially in traditional trade channels.
- Today, C2 is a dominant player in the ready-to-drink market with strong presence in both modern and traditional trade channels.

- Our consumers continue to enjoy a ready-to-drink tea that is light, refreshing, and packed with nutritional benefits — giving them a better alternative to carbonated drinks.



The corn we use for Jack 'n Jill Chippy across all lines is locally sourced, going through the due process of supplier accreditation. We have forged strong partnerships with our suppliers.

- Locally manufactured across various BCFG plants, Chippy corn chips are made from select high-grade yellow corn kernels.

- Chippy is widely available — from the local *sari-sari* store to major supermarkets — and brings the highest quality in corn chips to our consumers.

- Chippy is one of URC's heritage brands since the 1960s. It has provided kids and young adults from different generations a high-quality snacking experience.



QUALITY MANAGEMENT SYSTEM

URC manufacturing facilities are already certified in systems management specific to operations. These include: ISO 9001:2008 Quality Management System, ISO 22000:2005 Food Safety Management System, ISO 17205:2005 PAO Accredited Laboratory, ISO 140001:2004 Environmental Management System, and Hazard Analysis Critical Control Points (HACCP). *(More information about our quality assurance and certifications may be found in the feature, "Our Passion for Quality," on pages 94-95.)*

In 2016, we engaged SGS of Switzerland to re-assess and re-certify our total BCFG supply chain system, and incorporate standards such as FSSC 22000 Food Safety System Certification.

At URC BCFG, we are motivated by our Thrusts on World Class Facility as defined in existing plans to upgrade our manufacturing plants. At any point when we face new or updated requirements, including aspects on the testing of our ingredients and provision of product information, we ensure full compliance with such changes, as encapsulated in BCFG's five-year roadmap. Among these targets is the replacement of to-be-delisted colors with the approved synthetic and natural colors as regulated by FDA-DOH as well as the Codex General Standard for Food Additives.

Correspondingly, at URC AIG we are guided by our Farm to Fork Business Model, ensuring that our practices and policies adhere to both Good Manufacturing Practice (GMP) and HACCP. In 2016, AIG received its certificates for Good Animal Husbandry Practices (GAHP) from the Department of Agriculture and the National Meat Inspection service (NMIS) for both of its Cavite and Bulacan facilities. As of 2017, we have also achieved 100% compliance to GMP critical issues. We are currently targeting 100% compliance to the Risk Management Plan and Pharmaceutical Inspection Co-operation Scheme (PIC/S) for AIG-Robichem. We also expect to accomplish 100% compliance to microbial standards to reduce sampling to once every two months.



At URC Flour and Pasta Division, we maintain 100% Halal compliance as certified by the Islamic Da'wah Council of the Philippines, Inc. (IDCP). We are also targeting HACCP Certification for all our plants (Pasig and Davao) by 2019.

For its part, URC SURE's operations are all ISO- and Halal-certified. We have achieved 100% compliance to standards and codes of practice according to GMP, Sugar Regulatory Administration (SRA), and the Philippine National Standard (PNS) for Sugar.

Overall, URC provides continuous training for all workers to instill awareness and compliance to food safety and hygiene, following GMP. During their onboarding session, new hires are also oriented on industry best practices. This is part

of their training plan, as spearheaded by Human Resources and Functional teams.

We recognize that URC needs to be able to deliver quality despite shocks and disruptions, particularly in an era of climate-related risk and increasing pressure on global food supply. Our quality control measures guarantee that the products are safe for human consumption, and that the Company conforms to standards and quality measures prescribed by regulatory bodies. We have long assumed control and increased self-sufficiency through internal sourcing of raw materials, feeds, and animal health products. Our already stringent supplier accreditation policy is being boosted as we become more conscious about where we externally source our materials and how these are produced.



EVALUATION & FEEDBACK

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Supplier

URC evaluates how it manages its procurement and sourcing processes through monthly performance reviews to ensure that the company is within set standards; any necessary adjustments are duly made upon evaluation. To communicate and maintain dialogue about our procurement practices, we conduct regular business reviews with our suppliers. This enables us to discuss supply performance, necessary improvements, and service level agreements, thus addressing concerns and likewise avoiding any negative impacts in the supply chain.

Customer/Consumer

Our customer relations policy and procedures ensure that our consumers' welfare is protected

and their concerns are well-addressed. We have a customer care group dedicated to communicate directly with our consumers, and we have a sales account management team dedicated to respond to the needs and concerns of our accounts.

Evaluation mechanisms are in place in order to assess and monitor how effectively we manage customer health and safety. Quarterly internal audits are conducted throughout the manufacturing process by a central auditing team. Cross-audits are performed per plant for all BUs to ensure that there is no deviation from the standard and that we are able to improve our safety competence.

Moreover, consumer feedback regularly provides us input on product and process improvements, and any product complaints are monitored and are readily addressed through customer care and product/services mechanisms, particularly for URC BCFG, URC Flour and Pasta Division, and URC AIG.

Our customer relations policy and procedures ensure that our consumers' welfare is protected and their concerns are well-addressed.



Danilo Bitania credits URC with raising his own standards and obliging him to supply only good-quality raw materials.

"I'm proud to be a supplier of URC, kasi kaya pala namin maabot ang standards nila. Nakita ko na malaki talaga ang pagbabago dito sa Ilocos simula nang maging supplier kami ng URC."

"I'm proud to be a supplier of URC, because I realized that we are actually capable of achieving their standards. Since we became a supplier of URC, I have encountered significant improvements here in Ilocos."

Mr. Danilo Batania
Ilocos Sur Corn Farmer, Supplier

Our Products: Bringing Fun and Delight to Consumers

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Nutrition and well-being are part of URC's key sustainability priorities. By providing high-quality food with nutritional benefits, we will encourage consumers to patronize URC products, which will positively impact the business. We fully intend to seize the opportunity to cater to the growing, more globalized middle class — a market more discerning about consumption and materials sourcing, and ready to purchase nutritious or premium products.

CHANGING CONSUMER TRENDS

As the world and consumers change in the next five to 10 years, new external realities will define how we will compete in the market — one of which is the growing demand for premiumization. Given the strong growth of middle class consumers in the ASEAN region with expanding incomes, these consumers will look for better snacking and drinking experience.

These new consumers will continue to aspire for more brands toward health, wellness, and

nutrition, which is becoming more evident in the ASEAN region. The new challenge for FMCG companies is how to navigate this change through better innovation and portfolio management.

We need to adjust our organizational capabilities in our entire value chain to adapt to this new reality we're facing. As a company, we should be able to continuously learn, especially through our developed market operations and joint ventures.

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WATER

is the

New Age Beverage

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Since the start of 2017, bottled water has been the fastest growing beverage sub-category. We believe that water with functional benefits like better hydration and detoxifying function will be the new age beverage of consumers. As it continues to grab market share from other sub-categories, we are now strengthening our water business through a stronger innovation pipeline. We are also looking at more investments that will increase our production capacity to accommodate the growing demand in the next five to 10 years. Our joint venture with Danone, which pioneered functional water in the Philippines, will also be our platform to aggressively push innovation and brand equity in the functional water space.

PROMOTING WELLNESS

At URC BCFG, we look for ways to make nutritious meal replacements accessible to the mainstream market in the form of snacks and beverages. We believe that quality food should be made accessible to all.

URC Flour and Pasta Division supplies flour for products of partner diet planners and online platforms. This adds to the reputation and visibility of the URC brand on social media. We have also spearheaded baking and pastry courses, baking shows, and baking competitions (*Flourish Pilipinas*) where we emphasize the nutritional benefits of flour and pasta.

At URC AIG, we live out our core values in being a true *Kabalikat* (Partner) to all our shareholders in the various segments that we participate in. *Kabalikat*, for us, means nurturing a symbiotic relationship between URC AIG and its customers, suppliers, and partners. We create distinct brand experiences through both our product and services resulting to brand patronage and loyalty. Our latest Robina Farms campaign emphasizing food safety via our "Robina-Raised, Family-Safe" slogan, as well as our "No Hormone, No Antibiotic residue" claim, is a clear example of providing value-added products that are unique within the market space.

Walking the talk, URC strives to promote nutrition and well-being within the organization itself. In our canteens and cafeterias, options are

provided, and all food categories (meat, fish, and vegetables) are represented. For URC BCFG, located in Tera Tower, this is done through contract agreements, with concessionaires as part of our employee relations program.

NUTRITIOUS & AFFORDABLE

As global food demand grows, it puts pressure on food availability, and stresses the importance of providing food that is both health-giving and affordable. URC is well-positioned to provide consumers not only with what they want (delicious fun food), but also what they need (nutritious food).

Many of our consumers benefit from additional nutritious ingredients like fiber, vitamins, minerals, phytochemicals, and other functional food additives.

Vitamin fortification of commonly consumed foods or food staples is our way of reducing micronutrient deficiency in Filipino children. This is aligned with the government's long-term vision, hence, the FDA came up with the *Sangkap Pinoy* Seal (SPS) Program, a seal of approval from the DOH on consumer goods fortified with prescribed supplements such as Vitamin A, iron, and iodine.

Notably, URC Flour and Pasta Division is among the first recipients of the *Sangkap Pinoy* Diamond Seal for its fortification of Globe Flour, Blend 100 Flour, Universal Flour, and Continental Flour. With the full implementation of the Food Fortification

Law (Republic Act No. 8976), other URC Flour variants were also fortified with Vitamin A and iron.

In addition, URC BCFG has also added fortificants to noodles and several snack foods and bakery items directly marketed to children, as well as the RTD Beverage line for children and adults alike. Our Vitasoy Plus products, for example, are enriched with Vitamin D, whereas our B'lue Flavored Water is packed with Vitamins B3, B6, and B12.

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**CONSUMER PRODUCTS THAT CONTAIN NUTRITIOUS INGREDIENTS
LIKE FIBER, VITAMINS, MINERALS, PHYTOCHEMICALS, AND FUNCTIONAL FOOD ADDITIVES** **G4-FP7**

BCFG PH FOOD (Sangkap Pinoy Seal)

WITH IRON



Roller Coaster
Piattos Cheese
Granny Goose Tortillos
Jack 'n Jill Pretzels
Chiz Curls
Mr. Chips

WITH VITAMIN A



Magic Creams
Nissin Instant Mami
Payless Pancit Canton Xtra Big

BCFG PH RTD BEVERAGES

VITAMIN C



C500 Juice

**HIGH CALCIUM CONTENT,
AND WITH B1, B3, B6,
ZINC, MAGNESIUM,
PHOSPHORUS, POTASSIUM**



Cloud 9 Choco Milk Drink

FORTIFIED WITH ZINC



Refresh Flavored Drink
Big Sip

**WITH VITAMIN B3,
B6, B12**



B'lue Flavored Water

**NON-GMO PLANT
PROTEIN**



Vitasoy

**HIGH CALCIUM AND
VITAMIN D**



Vitasoy Plus

URC FLOUR AND PASTA DIVISION

G4-FP7

WITH VITAMIN A & IRON



- Globe Flour
- Blend 100 Flour
- Continental Flour
- Best Flour
- Noodlelicious Flour
- Universal Flour
- Cattleya Soft Flour
- Daisy Cake Flour
- My Rose Soft Flour
- Sampaguita Flour
- Customized Flour

A GOOD SOURCE OF FIBER, WITH VITAMIN A & IRON

- FibrA+ Whole Wheat Flour
- FibrA+ Whole Wheat Fine Flour
- "C" FibrA+ Whole Wheat Flour

WITH NATURAL CARROTS AND MALUNGGAY (MORINGA)



El Real Healthy Spaghetti

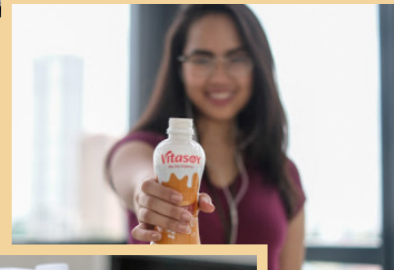
WITH IRON



El Real Party Pasta

Sustainable SOY

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Good health leads to a good life. At Vitasoy-URC, we choose the best ingredients to ensure that our consumers enjoy a nutritious and high-quality beverage. Our soy milk delivers all the nutritious health benefits of soy in a tasty, plant-based drink – something that vegans will love, and non-vegetarians will also enjoy.

Studies to date show that vegetarians, especially vegans, have a lower risk of obesity and cardiovascular diseases, and have lower cholesterol levels and blood pressure compared to non-vegetarians. Plant-based diets, in general, are associated with lower prevalence of risk factors for cardiovascular disease, and soy plays an important part in this healthy lifestyle choice.

Soy is considered a source of complete protein, providing all the essential amino acids for human nutrition. Therefore, soy protein is actually preferable to other types of plant protein such as whole wheat, rice, and roll oats protein, as these types of plant protein are deficient in one or more essential amino acids. Soy protein is cholesterol-free and low in saturated fat, while having similar protein quality to animal products, such as eggs, dairy (or cow) milk, and beef.

While VITASOY soy milk contains good quality protein providing essential amino acids for the human body, VITASOY PLUS soy milk is further enriched with calcium and Vitamin D, both important nutrients for improving overall bone health. Following the Vitasoy Group sustainability framework “Making the Right Products” and “Making Products the Right Way,” we are committed to providing products that are compatible with the healthy lifestyle of our consumers. VITASOY soy milk is also free from both cholesterol and lactose sugar.

VITASOY soy milk may have come a long way from its origins as a consumable peddled from the back of a bike in Hong Kong during the food shortages prior to and during WWII, but it remains true to its roots as a nutritious, protein-containing drink sold at an affordable price. Farming soy is an efficient way of producing protein, with a much higher yield per acre, and is a comparatively more sustainable practice than some of the other food sources.

For more than 70 years, the Vitasoy Group has stayed true to its founding vision of offering affordable nutrition to consumers around the world. Through the formation of Vitasoy-URC, these sustainable, plant-based products are now made available in the Philippines.

LESS IS BETTER, HEALTH-WISE

102-11

At URC BCFG, we strive to be an innovator, not only in creating new, nutritious products, but also in “re-creating” or transforming existing products by providing better alternatives: for example, the iconic Chippy is transformed into a less salty version, Chippy Mild & Tasty.

Our innovation is also geared toward lessening sugar content while maintaining the same quality experience of our existing products and developing, for example, new beverage products using alternative sweeteners with better nutrition benefits. Hence, we recently introduced the C2 Apple sugar-free variant.

At URC BCFG, we strive to be an innovator, not only in creating new, nutritious products, but also in “re-creating” or transforming existing products by providing better alternatives.



- ✓ Made from naturally brewed tea leaves, not from powder or concentrate
- ✓ Contains 78% more “catechins” – antioxidants that are more potent than Vitamins C and E to help boost the immune system – compared to other teas
- ✓ Non-carbonated, fights bloating
- ✓ Offers sugar-free variant (C2 Apple)
- ✓ Brewed and bottled on the same day, to lock in benefits
- ✓ Packed in a protective recyclable PET bottle with re-sealable cap

As the emerging trends in health and wellness in beverages are becoming more evident, our innovation team will be developing more beverage products that are geared toward functionality such as better hydration, vitamin fortification, and reduced sugar content.

In addition, we also take care to provide just the right portioning to satisfy our customer’s cravings and energy intake, particularly as a many of our loyal patrons are children. The World Health Organization has directly linked increasing rates of overweight and obese children to the larger portion sizes in food and beverage products in supermarkets, restaurants, and homes. We do our part by limiting our portion sizes based on the recommended caloric and nutritional intake. This allows us to offer our mainstream products, such as Piattos and C2 Solo, not only in guilt-free size, but also at better price points. Similarly, Calbee products, which started out in big packs as is the trend in developed markets, have been adjusted to smaller sizes in accordance with the portion-controlled trend in the Philippines.

CONSUMER PRODUCTS THAT HAVE MINIMUM OR ZERO SATURATED FAT, TRANS FAT, SODIUM, AND ADDED SUGARS G4-FP6

BCFG PH

LOWERED IN SODIUM



Chippy

ZERO SUGAR/CALORIE



Refresh

LOW SUGAR



C2 Apple
Sugar-Free

LOWERED IN TRANS FATS



Griffin's Biscuits

*Fat used in all Griffin's products are low in trans fats

LOW SUGAR, AND A SOURCE OF PROTEIN AND FIBER



Griffin's Nice & Natural
Protein Nut Bars

LOWERED IN SATURATED FATS



Huntley & Palmers Crackers
(H&P Litebread, H&P
Reduced Fat Cracker)

LOWERED IN SATURATED FAT, AND LACTOSE- AND CHOLESTEROL-FREE



Vitasoy

TRACEABLE LIFE CYCLE

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As part of our commitment to food safety and quality, URC ensures that every product is well-managed throughout its life cycle, from pre-production warehousing to disposal.

Storage & Checks. In line with company policy, warehouse and storage conditions are kept at the maximum standard requirement to keep production inputs sanitary. Process inspections are conducted to check the issuance of semi-finished and finished goods upon passing all the

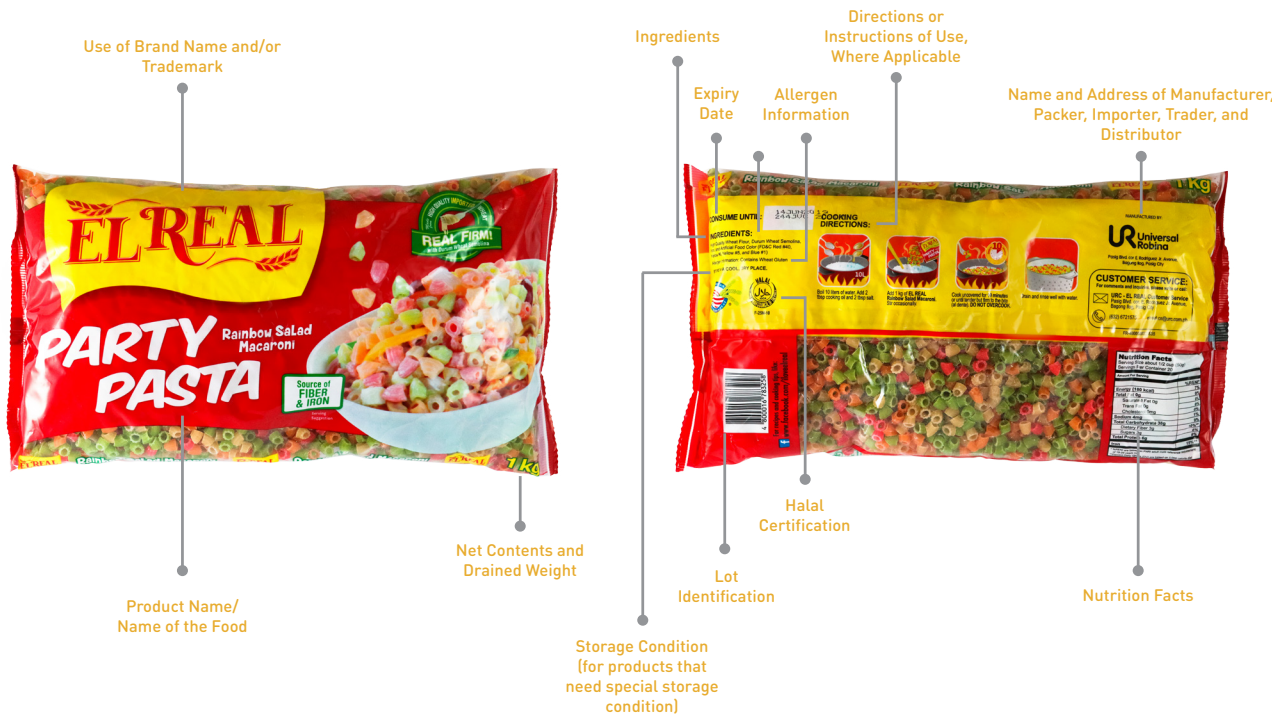
requirements of pre-requisite programs, including the Quality Plan, Safety Plan, and Cleaning & Sanitation Plan. Warehouse audits are conducted based on good warehousing practices to check storage conditions and finished goods across the BUs. Import documentation is also checked against consignment conditions prior to the importation of goods. Inventory management on product supply, aging monitoring, and slow-moving products' monitoring is done on a daily basis.

Product Labeling. URC's presence may cut across national borders, but our commitment to quality and safety remains consistent throughout the

supply chain. We strive to preserve the integrity of our production, and to manage all hazards and risks from end to end. Furthermore, URC ensures that we fully comply with regulatory labeling and product information requirements, and also implement the required analysis for nutritional facts and claims.

Use and Service. Monitoring and trade checks, trade diagnostics evaluation, and benchmarking studies are practiced in URC. With these, we are able to evaluate the use and service of our products at the consumer end, validate the effectiveness of our promotions, study market receptiveness, and further improve our product categories.

Disposal, Reuse, or Recycling. Recognizing that the product life cycle can be further optimized, URC facilitates the reuse and recycling of waste when possible. We aim to properly manage product scraps, bad order returns, and reclamation to ensure proper disposal of waste (e.g., bottle caps and wrappers are pulverized before disposal), reuse of materials, and upcycling of residue or by-products. To this end, we leverage URC's diverse and vertically integrated business that allows us to optimize the operational linkages between the BUs. *(More information on URC's waste reutilization efforts may be found in the feature, "A Wealth of Uses for URC Waste," on pages 50-51.)*



Our Passion for Quality

G4-FP5

As a leading food and beverage player with a growing multinational presence, URC is committed to upholding consumer satisfaction and confidence. We intend to do much more in the coming years to further promote responsible production and consumer well-being.

Following through on our promise of food safety, we ensure that our consumers are protected at each stage of our supply chain, by adopting standards set down by the International Organization for Standardization (ISO). These international accreditations are renewed every three years and with constant checks to ensure consistent practice. Our certifications include: ISO 9001:2008 Quality Management System, ISO 140001:2004 Environmental Management System, ISO 17205:2005 PAO Accredited Laboratory, and Hazard Analysis Critical Control Points (HACCP).

Internal controls are in place at each stage of production for all URC products. Furthermore, we emphasize audit and mitigation processes in our manufacturing sites, especially in line with globally accepted standards.

In 2016, we also engaged SGS S.A., a leading multinational providing inspection, verification, and certification services, to do another round of assessment and recertification for our total Branded Consumer Foods Group (BCFG) supply chain system. SGS has more than 1,800 offices and laboratories worldwide, and with their assistance, we are in the process of attaining the HACCP certification and the Food Safety System Certification (FSSC) 22000 for all the BCFG plants by 2017 and 2018, respectively.

For the Philippine Branded Consumer Foods Group (BCFG PH), certain product lines were certified according to standard in the following manufacturing sites: San Pablo (all bottled water according to HACCP); Pampanga (crackers according to FSSC, RTD Beverage according to Food Safety Management System, and snacks according to HACCP); Bagumbayan (Potato Rings, Piattos, and Hunts Universal Robina products under the Meat and Canning Division according to HACCP); Calamba 1 (RTD Beverage PET Bottles according to FSMS); Biñan (biscuits according to FSMS); Rosario (bakery products according to FSMS, chocolate according to HACCP); Cavite



SGS



(crackers according to FSSC, Maxx and XO candy according to HACCP, and Chooy according to FSMS); Bagong Ilog (all biscuits according to HACCP); Canlubang (entire Chippy line according to HACCP); and Cavite-Nissin URC (noodles according to HACCP).

All product lines by Griffin's Foods and Snack Brands Australia have been certified by the Safe Quality Food Institute (SQFI), also GSFI-recognized, which proves that their food is produced, processed, and handled according to the highest standards.

Meanwhile, all URC factories in Vietnam are already certified to ISO 9001:2008 Quality Management System and ISO 22000 Food Safety Management System. Moving forward, URC Vietnam expects to attain the more stringent FSSC 22000 by 2018.

Under the URC Flour and Pasta Division, all three plants in Pasig and Davao are certified Halal.



URC Vietnam Laboratory

Our Innovation Pipeline

Innovation is crucial to the growth and long-term survival of any business. While innovation is by no means a linear process, it is usually visualized as a “pipeline,” which includes inputs, processes, and outputs. Innovation pipelines differ per company, and we here at the URC Branded Consumer Foods Group (BCFG) have clarified our process into five phases, namely: (1) idea, (2) feasibility, (3) capability, (4) launch, and (5) review.

We usually generate a high number of ideas and concepts in the early phases, and then create mechanisms to select, evaluate, and refine the most valuable ideas that can be turned into new products. After its launch, we evaluate a new product’s wide acceptability and profitability. For example, in order to retain a new stock keeping unit (SKU), it should be able to gain net sales of more than or equal to Php 1 million within 18 months after launch, and its gross profit margin should not be less than 25 percent.

This strategy in developing new products is aligned with URC’s strategic priorities. While our existing innovation pipeline addresses emerging

market trends and consumer needs, the creation of new products should always be in line with the Company’s purpose of providing products of high quality and value while maximizing our resources.

ALIGNING WITH MARKET AND CONSUMER TRENDS

We are always on the lookout for trends that shape market and consumer behaviour. Worldwide, there has been a growing demand for “premiumization,” the process of making a brand or a product appeal to consumers by emphasizing its superior quality and exclusivity. It serves as the bridge between luxury and the mass market.

This is the direction we are taking for the innovation of some of our beloved products, such as Great Taste 3-in-1 Coffee. We created the Great Taste White and Great Taste Double White variants to address the demand for café-quality instant coffee macchiato. Great Taste White was well-received by consumers from its launch, and became one of the primary drivers of the Company’s double-digit growth from 2012 to 2015.



“Premiumization” has also changed the eating habits of consumers, worldwide, increasing demand for on-the-go convenience without sacrificing quality and nutrition. We address this growing need for healthy and nutritious ready-to-drink and ready-to-eat items through our products such as C2 Cool and Clean, and Nova Multigrain Snacks, among others. We also leverage our strength in the mass market by offering these food products at affordable price points.

CREATING SAFE, FUN AND DELIGHTFUL PRODUCTS

While products such as C2 Cool and Clean and Great Taste White show that our innovation pipeline has produced winning products over the years, quality is still the main thrust of the Company. We believe that innovation shouldn’t come at the cost of product safety, so we ensure that 100% of our products comply with food safety standards.

A culture of innovation also allows us to imprint our central message of “life is fun” on the products we develop. This fun element can be translated to our products’ shape (e.g., the hexagonal shape of Piattos), texture (e.g., the multi-grained texture of Nova), flavor (e.g., the wide range of flavors developed for C2 Cool and Clean), and packaging (e.g., the Solo and Twin Pack variants of Great Taste White).



We strive to create safe, fun and delightful products so that they can be enjoyed by all ages in different markets. Our innovation pipeline is centralized; we have standardized our product innovation process for the domestic and foreign markets. However, we localize some products to

either cater to local consumer preferences or to local food manufacturing regulations, such as Halal certification.

For the fiscal year 2016, the contribution of our new products is 11% to total sales.

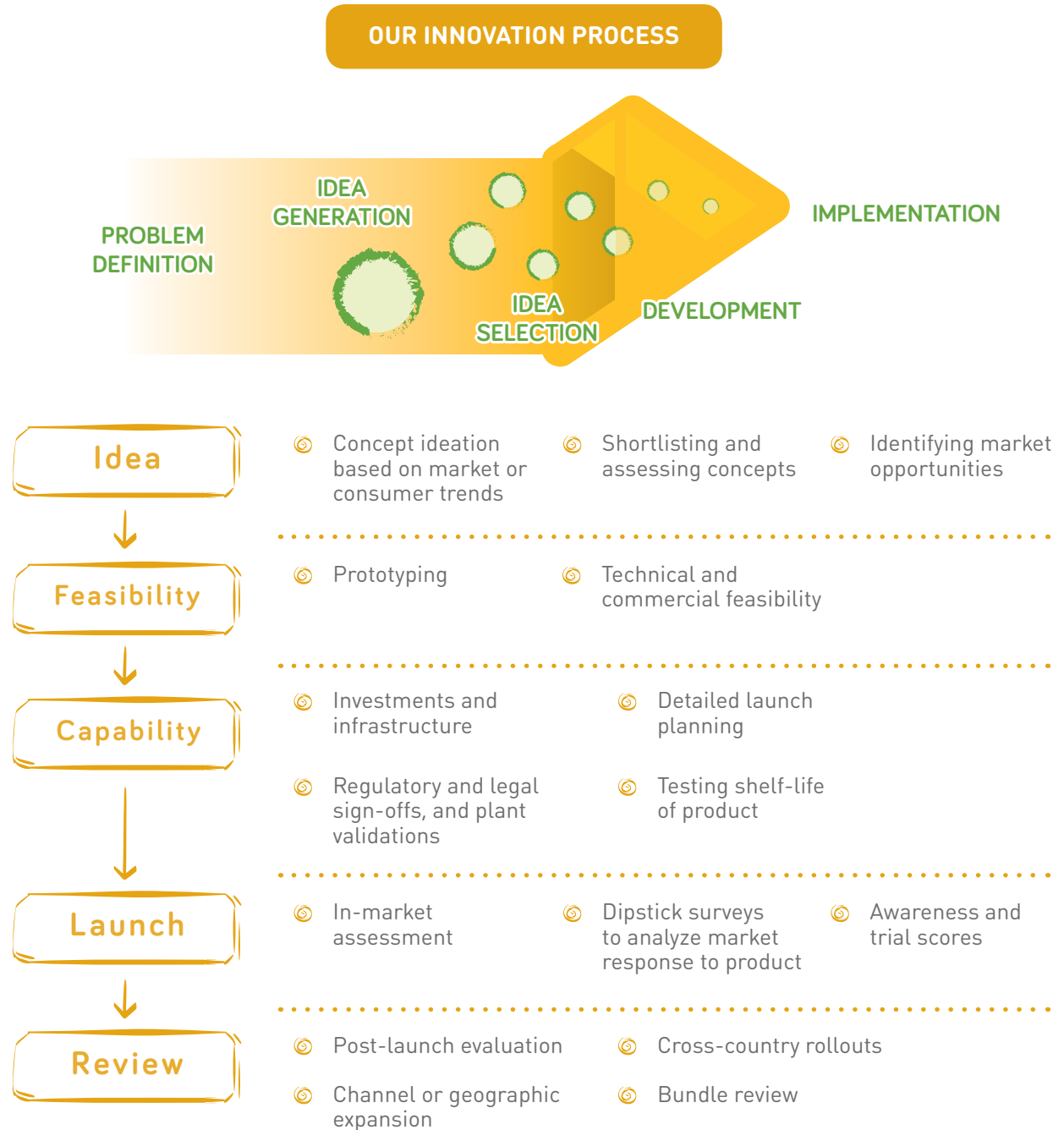
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COLLABORATING ON PRODUCT INNOVATION

We strengthen and diversify our innovation pipeline by engaging in joint ventures and acquisitions. We partnered with Danone to strengthen our ready-to-drink (RTD) beverages line, Nissin for on-the-go cup noodles, and Calbee for premium potato-based snacks. We also acquired Griffin's to expand our portfolio in indulgence biscuits and nutrition bars line.

In February 2017, we also formed a joint venture with Hong Kong-based Vitasoy Group. This addresses not just the health and wellness trend, but also sustainable nutrition by venturing into the plant-based milk market, further expanding our RTD beverage portfolio in the Philippines.

Aside from pushing for continuous product innovation, we also constantly innovate on our manufacturing processes, based on current best practices in the industry, to ensure that our operations are efficient and sustainable. URC will continue to develop safe, fun, and delightful products while growing the business responsibly.



C A S E S T U D Y

C2 Cool and Clean



THE BIG IDEA

Back in 2004, the URC Branded Consumer Foods Group (BCFG) saw the dominance of carbonated beverages in the Philippine market. However, we also saw that there was a growing trend of health and wellness worldwide — and the Philippines was sure to follow. We captured this opportunity to offer Filipino consumers a better alternative to carbonated beverages through a new product, C2 Cool and Clean.

UNIQUE SELLING PROPOSITION

Through C2 Cool and Clean, we were able to create a ready-to-drink beverage that captures the nutritional benefits of freshly brewed green tea in a handy PET bottle. C2 Cool and Clean is made out of naturally brewed tea leaves, and contains 78% more catechins than other bottled tea beverages. Catechin is a type of natural phenol and antioxidant found in certain types of fruits and tea leaves. It is more potent than Vitamin C and E, and has been found to help boost the immune system.

MARKETING STRATEGY

We were able to penetrate the market by offering C2 Cool and Clean as a beneficial beverage alternative at an affordable price. By having a dedicated sales team and exclusive regional distributors, we were able to deploy our C2 Cool and Clean branded chillers in strategic locations such as offices, universities, and recreational centers. We also advertised through different media such as television, radio, print, and even through event partnerships. C2 Cool and Clean was the primary driver of URC's double-digit growth from 2006 to 2010, and remains to be one of the Company's leading branded consumer products.

Robina-Raised, Family-Safe

In a bid to transform its poultry and piggery businesses into strong consumer brands, URC's Agro-Industrial Group (AIG) launched Robina Farms as a premium supplier of pork meat and table eggs. Not only is Robina Farms the first homegrown agro-industrial producer with a fully-integrated animal rearing and meat processing facility, it is also the first to have a "no hormone, no antibiotic residue" policy. This shows our commitment to produce high-quality products, with consideration for the health and well-being of both our animals and our customers.

ROBINA-RAISED

With our brand promise of "Robina-Raised," we assure consumers that our meats and eggs have been produced through sustainable "farm to fork" practices. Animal rearing and meat production for Robina Farms is directly managed by URC's AIG; this ensures that we have better control over the quality of the meats we produce compared to our competitors, most of which still outsource animal rearing or buy meats from meat dealers.

Robina Farms upholds world-class animal rearing practices, which call for a more humane



treatment of animals. For example, for our poultry division, we implement infrared beak trimming, a more humane way to prevent feather pecking and cannibalism among chickens, instead of the traditional manual hot-blade beak trimming, which causes acute and chronic pain among chickens.

To further support our move toward sustainable animal rearing and meat production, URC's AIG made significant investments to improve its internal capabilities and to fully integrate its farms with a slaughterhouse, a meat-cutting facility, and a cold storage plant.

In 2016, all farms for both our piggery and poultry businesses secured a Good Animal Husbandry Practices (GAHP) certification from the Bureau of Agriculture and Fisheries Standards of the Department of Agriculture. A GAHP certification is awarded to farm operations that have met international standards of quality, and serves as a major requirement before allowing companies to export their products.

Aside from a GAHP certification, the AIG Slaughterhouse and Meat Fabrication Facility has also secured Current Good Manufacturing



Practices (cGMP) and Hazard Analysis and Critical Control Points (HACCP) certifications, both of which ensure that our products are of high quality and do not pose any health risk to consumers. In addition, our fully integrated facilities boast of an AAA slaughterhouse, an abattoir with the proper facilities, and operational procedures for export production.

Through these investments, URC's AIG ensures that Robina Farms is well-equipped to become a world-class consumer brand that upholds sustainable "farm to fork" practices.

FAMILY-SAFE

It is also through our investments in sustainable "farm to fork" practices that we ensure our products are not only humanely produced and affordably priced, but also fresh and safe for human consumption, thereby safeguarding the health and wellness of the Filipino family.

Robina Farms carries the brand promise of "no hormone, no antibiotic residue" for both our poultry and piggery businesses. This means that we raise our hogs and chickens responsibly, without using hormones to speed up their growth.

While we use antibiotics to treat and prevent diseases in the animals we raise, we test them for antibiotic residue prior to slaughter. We allow for a withdrawal period of seven to 14 days before animals are processed, during which time the animals are not administered any antibiotics to ensure that there will be no antibiotic residue left in the meat.

Healthy animals mean that both our meat cuts and our table eggs are family-safe. We go to these great lengths to ensure that our products do not pose any health risk to our consumers. Several international studies have shown that hormone residues in food can increase the likelihood of breast cancer and other reproductive system cancer among women, and of prostate cancer among men. Antibiotic residue in food, on the other hand, can make humans more susceptible to new breeds of antibiotic-resistant bacteria.

Thus, instead of resorting to the excessive use of hormones and antibiotics, Robina Farms ensures the health of its animals through high-quality feeds, sanitary living conditions, and world-class processes and practices.

HIGH-QUALITY

Through strategic marketing efforts, Robina Farms makes its high-quality products known and accessible to Filipino families nationwide.

We have established the Agri Consumer Sales and Operations Group to focus on key markets that can be tapped to further enhance Robina Farms' premium product positioning. URC's AIG was successful in penetrating the Hotels, Restaurants, and Institutions (HRI) market, known for demanding high standards of quality from its suppliers.

Robina Farms' retail arm has also grown significantly, now with more than 60 pork meat and egg shops inside major supermarkets nationwide such as Metro Gaisano and Robinsons Supermarket, just to name a few. Through the continued growth of its retail operations in different locations, Robina Farms makes its quality meats and eggs within reach, ready to be enjoyed by Filipino families nationwide.