

# Jollibee Foods Corp. (JFC)

## SEC Sustainability Report

### Contextual Information

Company Details	
Name of Organization	Jollibee Foods Corporation (JFC)
Location of Headquarters	Jollibee Plaza Building, Don F. Ortigas Jr. Rd., Ortigas, Pasig City, Philippines 1605
Location of Operations	<p>In the Philippines, we have 15 manufacturing plants, 20 distribution centers, and 3,316 stores.</p> <p>The list and locations of the manufacturing plants, distribution centers and stores may be viewed in the 2019 JFC Annual Report.</p>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	<p>Covered in the reporting boundary are Jollibee Foods Corporation and its subsidiaries operating the following brands (hereinafter referred to as the “Group”):</p> <ul style="list-style-type: none"> <li>Jollibee</li> <li>Greenwich</li> <li>Red Ribbon</li> <li>Chowking</li> <li>Mang Inasal</li> <li>Burger King</li> </ul> <p>Some brands have global presence, but we shall limit the boundary of this report to Philippine operations only. For the topics covering store operations, scope shall only include company-owned stores.</p>
Business Model, including Primary Activities, Brands, Products, and Services	The Group’s principal business comprises the development, operation and franchising of stores under the Jollibee, Chowking, Greenwich, Red Ribbon, Yonghe King, Hong Zhuang Yuan, Mang Inasal, Burger King, Highlands Coffee, PHO24, Hard Rock Cafe, Dunkin’ Donuts, Smashburger, Panda Express and The Coffee Bean and Tea Leaf® (CBTL) brands. The Group is also engaged in the manufacturing of food products, logistics services, and property leasing in support of its operations.
Reporting Period	January 1, 2019 – December 31, 2019
Highest Ranking Person responsible for this report	Mr. Jose Ma. A. Miñana, Jr, Chief Sustainability and Public Affairs Officer

## Materiality Process

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

The following specific steps were undertaken:

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

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

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

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

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

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

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

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount (2019)	Units
<b>Direct economic value generated:</b>	<b>188.78</b>	B PhP
<b>Direct economic value distributed:</b>	<b>185.17</b>	B PhP
a. Employee wages and benefits	28.02	B PhP
b. Operating costs		
Payments to suppliers of raw materials <sup>1</sup>	57.45	B PhP
Other operating costs <sup>2</sup>	85.68	B PhP
c. Dividends given to stockholders	2.81	B PhP
d. Interest paid to loan providers	2.79	B PhP
e. Taxes paid to the government	4.92	B PhP
f. Investments made to the community		
Donations	0.12	B PhP
Sales Discounts	3.38	B PhP
<b>Direct Economic value retained</b>	<b>3.61</b>	B PhP

<sup>1</sup>This only includes payments made to the local suppliers. This is reflected under the Cost of Inventories in the Financial Statement of the 2019 JFC Annual Report.

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

### Procurement Practices

#### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers <sup>1</sup>	83.93	%

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

<b>Direct Economic Performance &amp; Procurement Practices</b>
<b>Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected</b>

**Economic drivers and impacts:** Approximately 98.09% of our revenue flows back primarily to our key stakeholders, which include our employees, suppliers, investors, the government, and our partner communities. Our widespread presence in the Philippines shapes our financial performance and how we contribute to the local areas wherein we operate, through the various opportunities we give to our stakeholders.

Our businesses, which include 3,316 stores, 15 manufacturing plants, and 20 distribution centers in the Philippines, directly support 16,690 jobs. Other employment opportunities are created from our business operations through our franchising businesses and third-party service providers. Our investors are given their due returns on their investments in our company. We also make sure that our brands comply with the tax payment regulations set by the government, and that our financial gains are distributed to all our other stakeholders.

We also extend our economic gains to local communities. We conduct regular corporate social responsibility (CSR) initiatives through the Jollibee Group Foundation (JGF) and other CSR channels with a direction towards uplifting vulnerable and marginalized sectors in the country. We build capacity in these sectors and involve them in our business operations. Through our Farmers Entrepreneurship and ACE Scholarship Programs, we have enabled and supported more than 2,300 farmers since 2008, and assisted over 2,200 scholars across our various programs since 2005. Through our Busog, Lusog, Talino School Feeding Program, we have built 34 in-school kitchens since 2016. This has enhanced our capability to provide nutritious food to public school students nationwide, serving almost 240,000 pupils since the program's inception in 2007. Furthermore, we have distributed food items to over 8,700 calamity-affected families through our FoodAID Program, in partnership with other non-governmental organizations and local government units since 2013.

**Direct Economic Value Distribution:** In 2019, our biggest value distribution (45.24% of our revenue) went to our suppliers, whereby 80.25% are local suppliers. Given this, we constantly invest in improving on our supplier performance management, and sustaining our supplier accreditation and performance standards to avoid business or financial instability for both buyers and vendors. From our total revenue, 2.61% went to the government in the form of taxes. Moreover, 14.84% was allocated to the wages and benefits of our employees, while our investors received 2.97% as a return on their investments. In addition, 1.85% of our revenue was disbursed through community investments. These include donations that cover the allocated fund to JGF and donations to other charitable events; and discounts for PWDs, senior citizens, and employees.

Finally, we retained the remaining 1.91% of our revenue and reinvested it into our businesses.

<b>Management Approach for Impacts and Risks</b>
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The entire Group—from our top management down to our employees—maintains the highest standard of corporate governance, ensuring that we conduct business ethically at all levels of operation. This warrants that the economic value we generate flows only to the right stakeholders who drive the success of our company. Our Code of Business Ethics (COBE) outlines our commitment to act responsibly in all of our professional dealings and relationships.

In line with our written policy, a portion of our revenue is also allotted for our CSR, appropriating 1.50% of our consolidated income to the JGF. With a higher net income, we are able to provide more funds for our community and outreach programs. Furthermore, we also make sure that we provide fair compensation to our employees. We use industry and national standards as benchmarks for our compensation packages to ensure that our employees may afford decent living conditions.

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

The retained portion of our revenue is invested into further developing and expanding of our businesses. For the security of our operations, we maintain our business interruption insurance. Business Continuity Plans are also in place in order for us to efficiently withstand changes brought about by unforeseen events and occurrences.

### **Opportunities & Management Approach**

To continue delivering economic value equitably to all our stakeholders, we have identified the following opportunities for our businesses:

1. Continue organic growth through store expansion in existing and new markets, as well as continued innovation and differentiation in serving our products, through balancing quality, value, and convenience to our customers;
2. Scale various brands in the international and local market to capture key untapped segments and convert key customer groups;
3. Explore new investment and acquisition growth opportunities as well as potential strategic joint venture partnerships; successfully finance, close, and integrate such opportunities;
4. Enhance operational efficiency and synergies across the entire Jollibee Group; and
5. Partner with our various suppliers and franchisees in transforming the operations of our supply chain into a more sustainable one.

### **Climate-related risks and opportunities**

We are in the process of understanding the climate-related risks and impacts to our business, where they may occur, and how we can measure and subsequently remedy them. We are looking into embedding these into our risk management and elevating the discussion to the Board level.

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

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity (2019)	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to <sup>2</sup>	100.00	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to <sup>3</sup>	100.00	%
Percentage of directors and management that have received anti-corruption training <sup>2</sup>	100.00	%
Percentage of employees that have received anti-corruption training <sup>2</sup>	100.00	%

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

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

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

### Incidents of Corruption

Disclosure	Quantity (2019)	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 in which contracts with business partners were terminated due to incidents of corruption	0	#

Anti-Corruption
Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

In 2019, no incident of corruption was recorded. We prevent any form of corruption<sup>1</sup> across our value chain, as this would go against our ethical and moral principles, and it may significantly affect our ability to generate and equitably distribute economic value to all of our stakeholders. It may also adversely affect our reputation among the public and our customers, which may lead to lower sales and by extension, lower revenue.

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

## Management Approach for Impacts and Risks

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

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

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

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

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

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

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

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

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

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

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

Moreover, our suppliers sign the inclusion of standard terms and conditions during accreditation. Buyers or managers are required to report any violations made by suppliers. We rigorously evaluate and investigate the report, and the confirmation of non-compliance leads to immediate delisting. To prevent the recurrence of such cases, we follow the stipulations indicated in our legal documents regarding non-compliance and the corresponding repercussions of the violation.

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

Our company's anti-corruption policies are already part of our COBE. Moving forward, we will be benchmarking and adopting best practices on anti-corruption from different local and international companies in order to strengthen our anti-corruption policy. In addition, we will continue to conduct a comprehensive and collaborative study to identify the aspects of our business operations that are most vulnerable to corruption. As our company's anti-corruption policies are only part of our COBE, there is also an opportunity to create a standalone policy on preventing corruption in our company at all levels, and across our supply chain.



## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization

Disclosure	Units	Stores <sup>4</sup>	Manufacturing Plants	Distribution Centers	Main Office
Energy consumption (renewable sources) <sup>1</sup>	kWh	184,147	58,343,270	8,510,204	0
Energy consumption (gasoline)	GJ	0	0	0	0
Energy consumption (LPG)	GJ	663,482	286,612 <sup>5</sup>	0	0
Energy consumption (diesel) <sup>2,3</sup>	GJ	24,102	615,032	1,219	234
Energy consumption (electricity)	kWh	269,906,654	31,499,124	30,047,385	5,238,534

<sup>1</sup>Power generation through solar panels installed in stores; the manufacturing plants have renewable energy source of electricity

<sup>2</sup>The conversion factor used in converting the volume of diesel used (liters) to energy in (gigajoules) is 0.0396 GJ = 1 liter of diesel.

<sup>3</sup>For manufacturing plants, this includes the consumption of generator sets and boilers, and fleet for employees. For distribution centers, this only includes 13 out of 20 distribution centers, due to unavailability of data. Systems are being put in place for data gathering in the next reporting cycle.

<sup>4</sup>This only covers the company-owned stores. It also excludes data of newly built stores in 2019. Systems are being put in place for data gathering in the next reporting cycle.

<sup>5</sup>Data was derived from cost spent on LPG. The conversion factor used in conversion is Php 26.51 = 1 liter of LPG.

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (gasoline)	N/A	GJ
Energy reduction (electricity) <sup>1</sup>	11,649,722	kWh

<sup>1</sup>The electricity consumption reduction data is only from stores.

Several energy-efficiency programs are being conducted across all our places of work. The conversion of fluorescent lights to LED-type lights and the replacement of non-inverter type air conditioning systems to inverter types cover our manufacturing plants, offices, and distribution centers (DC). Efforts are also made in the reduction of diesel consumption for the transportation of goods across the distribution chain. Among others, these efforts include streamlining and proper route planning for product deliveries, fully utilizing the load capacities of trucks, and using e-bikes and bicycles for food deliveries to customers.

Currently, we have set a data management system to effectively track the savings and energy reduction from these initiatives for our stores. This system enabled us to track a 11.65 MWh reduction. We also plan to apply

a similar system for our manufacturing plants, DCs, and offices to enhance both energy reduction and cost-saving initiatives in the future.

### **Energy and Reduction of Energy Consumption**

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

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

While almost all our operations rely on purchased electricity from the grid, some of our establishments utilize renewable energy to avoid additional GHG emissions. Our manufacturing plants and our main distribution center (DC) mostly utilize renewable energy from an industry-leading renewable energy company. In 2019, some of our stores have piloted installations of solar panels which reduces our electricity consumption from non-renewable energy sources. In total, our stores consumed 184,147 kWh of electricity through solar power generation.

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

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

The main DC, which is ISO 14001 certified<sup>3</sup>, has an internal Energy Conservation Program that targeted a 2.00% reduction on electricity and water consumption in 2019. Construction efforts were made to fulfill the target, such as rectification of the ceilings of cold storages for refrigeration efficiency in our warehouses. While this program is mandatory to our main DC, some of our other DCs practice this as well.

The transportation unit of our logistics division practices truck route optimization and conducts delivery load efficiency measures to lessen fuel consumption. Combi-trucks<sup>4</sup> are being used to lessen the number of trucks needed to be deployed for deliveries. In the event of prolonged road accidents or localized calamities, our logistics unit conducts an inter-DC transfer, wherein the affected DC transports the delivery operations and the product inventory to another DC that is able to deliver. These practices help to lessen the idle time of transport vehicles on the road and other operations that would cause unwanted fuel consumption.

Our stores are also using other modes of transportation in our delivery channel by using e-bikes and bicycles to further reduce our usage of fuel. To curb our energy use further, in 2019, we implemented Project 24 — a project which aimed to establish the store temperature setting at 24 degrees Celsius across all our stores. In addition to providing energy efficiency training to the store managers, the Comprehensive Maintenance Program (CMP) was enacted to avoid running the operations on inefficient equipment. Included in this maintenance is the monitoring of our refrigerant leaks, if any.

<sup>3</sup>More details on the ISO 14001 certification may be found on this link: <https://www.iso.org/standard/60857.html>.

<sup>4</sup>A loading truck that has both cold storage and dry storage.

The energy efficiency of the stores is monitored by our Energy Management team on a monthly basis. Identified stores which showed a decrease in the ratio of energy consumption over store sales are assisted to determine possible solutions to be implemented.

### Opportunities and Management Approach

We seek to lessen our environmental impacts by setting reduction initiatives specific to the different energy intensive functions of our Group. Our logistics division seeks to install rooftop solar panels in our main DC. Our stores nationwide are setting reduction targets in power consumption. Our manufacturing division moves to enhance the energy tracking methods in measuring the total energy consumed per product line or per group; to centralize the energy consumption data and to ultimately draw energy reduction management decisions.

#### Water consumption within the organization<sup>1</sup>

Disclosure	Units	Stores	Manufacturing Plants	Distribution Centers <sup>1</sup>	Main Office
Water withdrawal	Cubic meters	218,322,905	2,083,220	134,872	43,128
Water consumption	Cubic meters	215,639,503	We have yet to collect this data	We have yet to collect this data	We have yet to collect this data
Water recycled and reused	Cubic meters	0	0	0	0

<sup>1</sup> The data includes 19 of 20 distribution centers.

### Water Consumption

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

Our establishments across all value chains utilize city water as a main source. Water-intensive processes are being done in our manufacturing plants, distribution centers (DC), and stores. Aside from domestic use, water is mostly used for sanitation and crate washing at our manufacturing plants and distribution centers. Washing activities in the kitchen (i.e. food preparation, sanitation and kitchen ware cleaning) are also intensive in water consumption in stores. Water waste such as leaks and unattended faucet runs are mitigated, and proper monitoring and segregation of water consumption are being explored. The effluents are being discharged in sewage treatment plants.

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

### Management Approach for Impacts and Risks

Our Group aims to reduce our water consumption. To this end, our different divisions conduct water reduction efforts specific for their function.

We mitigate potential water waste through daily inspections in our distribution centers and manufacturing plants. Our Facilities Management department also analyzes the wastewater discharge of our manufacturing plants daily. Our service-level agreements include proper tracking of all faucets and water sources. In addition to this, our main DC had a target of 2.00% reduction of water consumption as per the Energy Conservation Program embedded in the ISO 14001 certification. In cases of water leaks, there is a collaborative effort within the organization to report on these issues and address them immediately.

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

### Opportunities and Management Approach

With our goal of overall water consumption reduction, we have identified concrete initiatives that we target to implement in the future.

Our manufacturing plants seek to further granulate our data and establish measurements of water consumption per product line. We are also looking into the recycling of water discharge for reuse for our landscapes and restrooms. The sewage treatment plants also help recycle water for plant and landscape use in the DC perimeters. Lastly, we are conceptualizing a plan to improve on the existing crate washing processes of our DCs.

### Materials used by the organization

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

Disclosure	Quantity	Units
Materials procured by weight or volume:		
Raw Materials <sup>1</sup>	351,235,000	kg
Packaging <sup>2</sup>		
• renewable	159	SKU Count
• non-renewable	516	SKU Count
Percentage of recycled input materials used to manufacture the organization's primary products and services <sup>3</sup>	0.15	%

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

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

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

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

We acknowledge our impact to the environment brought about by the various materials that we use. Proper inventory and storage management, demand forecasting, and material sourcing strategies are crucial processes to prevent the unwanted waste of perishables.

For our non-perishable materials, our contribution to the use of packaging materials is primarily to accommodate food and beverage products for take-out transactions. On the basis of SKU count, the renewable materials that we use is at 23.56%.

In the manufacturing of products, a small percentage of the entire raw materials being used accounts as food loss. In the accounted food loss, about 5.23% of it was used again in the production line, while 22.99% of it was resold and used as a feed mix. The reselling and reprocessing of the accounted loss makes business sense as these optimize the material's use and reduce waste.

In the restaurant industry, we use and support goods that have inherent effects to the environment, as food production has its own ecological footprint. By creating demand for meat and livestock production, we contribute to these effects, which often include reduced biodiversity, pollution through effluent waste, land consumption, and methane emissions. Therefore, the responsible use of raw materials is imperative to lessen this impact.

<b>Management Approach for Impacts and Risks</b>
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Our Group qualifies potential and active suppliers using our general and specific sourcing criteria. Every year, we update our environmental monitoring, and specific sourcing criteria for all our product categories to ensure that our procurement strategies are still relevant and aligned with the mission, vision and values of our Group.

We constantly improve on our products in aspects such as food nutrition, taste, shelf life, and packaging. In our production process, we increase the utilization of our materials—reprocessing the trimmings from cake, bread, and pastries as feed mix. We sell meat trimmings through accredited buyers to resell and repurpose new meat products.

Moreover, in 2019, over 100,000 kg of materials were saved in the production of our spaghetti and chickenjoy boxes, burger wrappers, big order boxes, paper bags, and plastic utensils. To help maintain the reduction of our material production, we promote environmental consciousness to our customers, mainly through our stores. We display "Skip the Straw: Help Save the Environment" standees at our cashier tables to remind our customers to lessen the usage of plastic and other non-biodegradable materials. Where possible, we encourage the prevention of using single-use plastics and offer reusable and renewable alternatives like bamboo stirrers.

The reduction of materials used in our food packaging would mean less waste going to landfills, less natural resources used, and lower GHG emissions. Overall, this cutback not only benefits our people and the planet, but also our Group, as sustainability practices are proven to drive further growth and create long-term value.

## Opportunities and Management Approach

Sustainability is important to us, hence we will continuously innovate and venture into more sustainable packaging through Eco-watch, our cross-functional team for green packaging. Eco-watch researches and recommends alternatives to provide eco-friendly and sustainable packaging options whilst managing store profitability. Research and recommendations by the team are also guided by local and national government policies.

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

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

## Environmental Impact Management

### Air Emissions

#### Greenhouse Gas (GHG)

Disclosure	Quantity	Units
Scope 1 <sup>1</sup>	100,184	tCO <sub>2</sub> e
Scope 2	242,816	tCO <sub>2</sub> e

<sup>1</sup>This includes gasoline, diesel, and LPG consumption in stores, manufacturing and logistics operations

### Air pollutants

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

## Greenhouse Gas (GHG) Emissions

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

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

## Management Approach for Impacts and Risks

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

Moreover, the majority of our distribution centers and manufacturing plants are powered by solar energy and other renewable resources. Our total investment for solar power installations has reached over PhP 14 million. Through these green efforts, we are able to avoid and significantly reduce our GHG emissions. We avoided a total of 47,744 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) emissions through our solar power generation and through sourcing renewable energy from an independent power producer. With our energy efficiency efforts as well, we avoided 8,387 tCO<sub>2</sub>e of emissions.

## Opportunities and Management Approach

Our Group has an ongoing discussion on the shifting of old diesel-engine shuttle services of our commissary employees to Euro 4 emission standards-compliant<sup>5</sup> or electric engine vehicles. This is in response to the Public Utility Vehicle Modernization Program of the government. For 2020, we target to run our lines more efficiently to reduce utility consumption by the end of the year. We also see an opportunity in avoiding additional GHG emissions through solar panel installations in our main distribution center, manufacturing plants, and stores nationwide.

### Solid and Hazardous Wastes

#### Solid Waste

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

Disclosure	Quantity	Unit
Total solid waste generated		
In Stores <sup>1</sup>	12,158,768	kg
In Distribution Centers <sup>2</sup>	709,194	kg
In Manufacturing Plants <sup>3</sup>	35,816,293	kg
Reusable <sup>4</sup>	7.04	%
Recyclable <sup>5</sup>	4.25	%
Composted	0.00	%
Incinerated	0.00	%
Residuals/Landfilled <sup>6</sup>	88.71	%

<sup>1</sup> The wastes in stores are collected in bags and go to the landfill; Weight per bag is about 2kg each.

<sup>2</sup> Due to unavailability of data, this only includes 14 distribution centers. Systems are being put in place for data gathering in the next reporting cycle.

<sup>5</sup>DENR Administrative Order 2016-23 can be accessed using this link: [https://emb.gov.ph/wp-content/uploads/2019/04/DAO-2016-23\\_ADOPTION-OF-EURO-4.pdf](https://emb.gov.ph/wp-content/uploads/2019/04/DAO-2016-23_ADOPTION-OF-EURO-4.pdf)

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

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

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

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

#### Wash and non-wash materials used in Stores<sup>1</sup>

Disclosure	Quantity	Units
Reusable <sup>2</sup>	40.10	%
Recyclable	0.00	%
Composted	0.00	%
Incinerated	0.00	%
Residuals/Landfilled	59.90	%

<sup>1</sup> The available data is in Stock Keeping Count (SKU), hence data is presented in %. No data for the actual volume of material across brands, but systems are being put in place for the next reporting cycle.

<sup>2</sup> This includes stainless and washable cutlery like spoon, fork, plates, cups, etc.

#### Hazardous Waste

Disclosure	Stores (kg)	Manufacturing (kg)	<sup>1</sup> Logistics (kg)
Total weight of hazardous waste generated	7,067	1,790,360	15,238
Total weight of hazardous waste transported	7,067	1,790,360	14,737

<sup>1</sup> Due to unavailability of data, this only includes 13 distribution centers. Systems are being put in place for data gathering in the next reporting cycle. The part of the hazardous waste generated that is not yet transported by end of December 2019 will be hauled in January 2020.

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

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

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

Our solid waste management program is being implemented as required by Republic Act (RA) No. 9003<sup>6</sup> and

<sup>6</sup> Republic Act No. 9003 can be accessed through this link: <https://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/>



subsequent LGU ordinances. The solid wastes that can be recycled or re-used such as paper, newspapers, cartons, boxes and plastic containers from the warehouse are segregated and stored in a material recovery facility (MRF) then sold to LGU-accredited haulers.

Our hazardous wastes are disposed of through a third-party DENR accredited transporter and brought to a treatment facility. Guidelines on manifest systems are strictly implemented. The certificate of treatment that we obtain will be submitted to the Environmental Management Bureau of the DENR once hazardous wastes are disposed of and treated through a third-party accredited transport storage and disposal facility. This complies with RA No. 6969<sup>7</sup>.

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

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

For our distribution centers, regular ground and perimeter inspections are being done to ensure the compliance with solid and hazardous waste disposal regulations. Our stores practice their Cleaning and Sanitation (C&S) procedures to ensure that oil and grease from the kitchen are properly collected. To limit the occurrence of clogging of drainage due to traces of oil and grease coming from the store operations, the frequency of cleaning is also monitored, up to the primary wastewater treatment system. Since the early 2000s, our stores have implemented wash facilities and systems<sup>8</sup> which enabled the Group to significantly reduce the residual waste generated from dine-in transactions. Currently, more washable materials are used compared to our single-use packaging.

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

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

### **Opportunities and Management Approach**

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

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<sup>7</sup>Republic Act No. 6969 can be accessed through this link: <https://www.officialgazette.gov.ph/1990/10/26/republic-act-no-6969/>

<sup>8</sup>Wash facilities and systems refer to the store facilities that have transitioned to the use of dishwashing machines (or manual washing) for the reusables in dine-in transactions.

In the coming years, our stores plan to transition into biodegradable and recyclable packaging to further protect our environment.

Moving forward, we see opportunities in optimizing meat and pastry trimmings from commissary waste and reprocessing them into by-products within the Jollibee Group. We also plan to reduce our plastic waste used in delivery boxes by using reusable belts instead of plastic stretch film to keep our delivery boxes intact. Moreover, we aim to recycle all generated used oil and used lead acid batteries from our distribution centers by subjecting them to proper treatment processes and restore their usability.

#### Effluents

Disclosure	Quantity	Units
Total volume of water discharges <sup>1</sup>	2,683,402	Cubic meters
Percent of wastewater recycled <sup>2</sup>	0.00	%

<sup>1</sup>Only data for stores is available. For the next reporting cycle, systems are being put in place to gather data from the logistics and manufacturing units.

<sup>2</sup>True to all: distribution centers, manufacturing plants, stores, and main office.

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

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

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

Management Approach for Impacts and Risks
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Wastewater from our manufacturing plants go through Sewage Treatment Plants (STP) to ensure that our discharges are cleaner and non-polluting. These plants break down solid waste and remove contaminants from the effluents to discharge a more environmentally-safe liquid. In 2019, we had no failing parameters in the water quality of effluents discharged, as per DENR standards.

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

## Opportunities and Management Approach

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

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

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations <sup>2</sup>	195,000	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	18	#
No. of cases resolved through dispute resolution mechanism	19	#

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

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

## Environmental Compliance

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

Being one of the key players in the Quick Service Restaurant industry in the Philippines, we prioritize the management of our waste and its disposal, as this creates social and environmental impacts. We understand that non-compliance with regulations further exposes us to other financial and operational risks; hence we heavily invest in strategies to ensure that we meet these standards.

Risks include increased capital expenditures and/or increased operating expenses to meet more stringent regulations, and potential delays in production and operations due to varying requirements and standards between local regulators with respect to licenses and permits. Non-compliance may also result in fines and/or non-monetary sanctions. The risk of actual environmental damage that may also affect the company's operations, and possibly the surrounding communities is also present.

## Management Approach for Impacts and Risks

For our Group to be more organized and efficient in mitigating environmental risks, we appoint Pollution Control Officers across our operational facilities which monitor our environmental compliance. They secure all the permits needed to comply with environmental standards set by our law, as well as the submission of self-monitoring reports from our facilities.

**Hazardous Waste:** In compliance with RA No. 9003, RA No. 6969, and subsequent LGU ordinances, our solid and hazardous wastes are firstly treated and temporarily stored in facilities, then disposed of through third-party DENR accredited haulers. However, seven (7) of our stores have been issued a Notice of Violation (NOV) by the DENR citing violations in operating without hazardous waste ID; one (1) store has been issued with an

NOV by the DENR citing non-compliance with hazardous waste management standards. We have paid our fines in full and are currently securing the hazardous waste ID, and acquired DENR-accredited hazardous waste haulers for these stores.

**Generator Set Operation:** Three (3) stores have been issued NOVs by the DENR citing violations on operating generator sets. We have paid our fines in full and we are currently securing permits to operate generator sets for these stores.

**Effluents:** Eight (8) of our stores have been issued Cease and Desist Order (CDO) by Laguna Lake Development Authority (LLDA), while ten (10) have been issued CDOs by DENR, citing violations to the standards for wastewater discharge. We have been granted a Temporary Lifting Order (TLO) upon meeting their requirements.

We do corrective action upon the provision of NOVs and CDOs to validate our request for TLOs. Immediately after the issuance of the CDOs to the stores of concern, we have connected three (3) of which to sewer lines; while for the other fifteen, we have engaged a DENR-accredited third-party provider to haul-off and properly treat our wastewater. On top of the floor-mounted grease traps, some of our stores have also installed central grease traps, to intercept most solids and greases before the discharge.

The immediate corrective actions applied to our facilities in response to NOVs and CDOs are utilized to validate our appeals (e.g. TLO) to the environmental regulatory bodies. For the aforementioned stores of concern, we have submitted appeals to the Pollution Adjudication Board (PAB) of DENR to mitigate the regulatory risks that our Group has undergone. We also adjust our daily operations and facilities in order to comply with environmental regulations.

#### Opportunities and Management Approach

Environmental compliance is a priority of our Group's business. Hence, we remain vigilant with the regulations, and we continuously investigate our facilities and operations to prevent noncompliance. We are also strengthening our relationship with the regulatory bodies (i.e. DENR and LLDA) to identify action plans to improve the system and the environmental regulatory standards across the Quick Service Restaurant industry.

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity (2019)	Units
Total number of employees <sup>1</sup>	16,690	#
a. Number of female employees	7,800	#
b. Number of male employees	8,890	#
Attrition rate <sup>2</sup>	13.00%	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

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

<sup>2</sup>New Hires in 2019 = 4,199; 2018 average employee count = 14,583.

##### Employee benefits

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

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS <sup>3</sup>	Y	49.00%	51.00%
PhilHealth	Y	9.90%	3.10%
Pag-ibig	Y	17.59%	15.97%
Parental leaves <sup>1</sup>	Y	20.41%	7.65%
<i>Magna Carta</i>		0.33%	N/A
<i>Solo Parent</i>		1.21%	0.07%
<i>VAWC</i>		N/A	N/A
Vacation leaves <sup>1</sup>	Y	71.00%	52.00%
Sick leaves <sup>1</sup>	Y	24.95%	53.49%
Medical benefits ( <i>aside from PhilHealth</i> ) <sup>2</sup>	Y	No reported values from HMO provider	No reported values from HMO provider
Housing assistance ( <i>aside from Pag-ibig</i> )	N	-	-
Retirement fund ( <i>aside from SSS</i> )	Y	4.71%	4.25%
Further education support	Y	1.70%	1.30%
Company stock options	Y	1.97%	1.37%
Telecommuting <sup>4</sup>	Y	18.46%	11.66%
Flexible-working Hours <sup>4</sup>	Y	22.00%	13.00%

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

<sup>2</sup>HMO provider does not report the benefit used per gender.

<sup>3</sup>Values reported are the number of loan benefits availed only. The use of the maternity benefit is 7%, of sickness benefit 1% for females and 1% for males (the SSS sickness benefit only gets filed when an employee is on a prolonged sick leave).

<sup>4</sup>The percentages reflected herein are based on the percentage of employees who are eligible to telecommute or use flexible working hours based on the guidelines vs total JFC headcount.

### Diversity and Equal Opportunity

Disclosure	Quantity	Units
Percentage of female workers in the workforce	46.73	%
Percentage of male workers in the workforce	53.27	%
Percentage of female in management positions <sup>1</sup>	57.00	%
Number of employees from indigenous communities and/or vulnerable sector <sup>2</sup>	Not being tracked at the moment	#

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

<sup>2</sup>Vulnerable sector includes the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

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

At JFC, we are committed to providing equal opportunities across diverse sets of people, regardless of gender, ethnicity, age, and vulnerability. Hiring policies and practice are merited based on the potential, skills and capability of the aspirants, as well as their compatibility with the requirements of the job.

We ensure that the compensation we provide to our employees is commensurate to the services they give. For every region encompassing our operations, our entry-level salary packages are above the minimum wage rate as set by the National Wages Productivity Commission. Beyond the statutory benefits required by law, our employees are also given benefits that add value to the quality of their lives. These benefits include vacation and sick leaves, medical subsidy for employees and health plan coverage for their dependents, as well as company stock options.

For the statutory benefits, the low uptake of SSS loans and PhilHealth benefits emphasizes the effectiveness of the collective benefits that we offer to our employees. The SSS loan uptake communicates that the compensation received by the employees, and the option of having an interest-free salary loan, are sufficient. For the PhilHealth uptake, the low percentage is attributable to the effectiveness of our Integrated Health Management Program where we promote preventive care for our employees to remain in good health.

Meanwhile, our employees also enjoy benefits that are beyond what is mandated by law. For instance, our maternity benefit covers more than what the government provides through SSS. Of the number of pregnant employees in 2019, all of them availed of the leave and took the full term option. The difference in the 105 days of salary is paid for by JFC. We also support stillborn cases by providing the same benefits as to those who delivered.

Lastly, our Group promotes the work-life balance and professional productivity of our employees by offering flexible work hours and telecommuting options. While this initiative was piloted in 2018 and launched in July 2019, further plans on the telecommuting arrangement is in place to help more employees work from home.

## Management Approach for Impacts and Risks

**Hiring, Diversity and Equal Opportunity:** With a very wide segment of the population supported by the jobs created by the Group, we find it important to ensure that we hire a diverse talent pool. Our Human Resources Department has institutionalized a Diversity and Inclusion function which started in 2017. This function surfaces and eliminates unconscious biases in the employee lifecycle (which includes hiring processes), and even in the customer experience journey. We are also sustaining our membership as the only Filipino company in the Diversity and Inclusion in Asia Network (DIAN), supporting initiatives that promote Diversity and Inclusion not just in the Philippines, but in Asia as well.

In the 2019 Women in Business Report released by Grant Thornton International, the Philippines, of the 32 countries surveyed, had 37.00% of Filipino women executives holding senior management positions. At our Group, our representation of women leaders, from senior managers and up, is 57.00% women—a testament to our commitment to a diverse culture and equal opportunities for all.

The tenure among critical positions, specifically senior managers and up, is 15 years for male leaders and 16 years for female leaders.

Among others, policies on anti-discrimination and sexual harassment are also in place to protect all our employees, and to provide them with a safe and open work environment.

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

We ensure that we are compliant with all the minimum wage orders, given that this varies across regions. Following our compensation philosophy of pay for performance, the base salary increases through the payment of an annual merit increase and variable pay, beyond that of the 13<sup>th</sup> month pay. Target employee groups are paid higher than the minimum wage as we benchmark our salaries against industry standards, to ensure our competitiveness in attracting and retaining talents.

**Attrition:** We put human capital at the center of our business strategy, making certain as well that our Group values are shared with our employees. In 2019, we are rewarded with a low attrition rate of 13.00%, faring better in comparison to the industry average of 16.00%<sup>9</sup>.

For the past three years, our employee engagement scores have steadily been increasing. This trend is attributable to our collective efforts, such as giving recognition to employees, conducting trainings that improve the managerial skills of our talents, and doing regular performance reviews.

Employees are also given several channels to voice out and address issues or concerns, including one-on-one discussions, regular meetings and town halls, and our annual engagement survey.

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<sup>9</sup>According to the Towers Watson survey that JFC participated in to benchmark its competitiveness at par with other industries.

## Opportunities and Management Approach

**Talent Retention and Benefits:** There is an opportunity in monitoring and analyzing how employees avail of their benefits across different benefit types. Given this, we continuously assess and improve the overall effectiveness of the current benefits structure, to ascertain that we attract and retain the best talent.

**Diversity & Inclusion:** We are exploring avenues to enhance the access of employment opportunities to specific areas where the presence of vulnerable groups is higher. Our Group also looks into developing a tailor-fit hiring process to bring into these areas to aid this process. For instance, an initiative on Diversity & Inclusion, borne out of the initiative of the City of Manila for the employment of Senior Citizens and PWDs, is something that we are looking at expanding further through partnerships with Local Government Units (LGUs).

### Employee Training and Development

#### *Mainstream (Leadership and Technical) Program*

Disclosure	Quantity	Units
Total training hours provided to employees <sup>1</sup>	37,694	hours
a. Female employees	23,448	hours
b. Male employees	14,246	hours
Average training hours provided to employees <sup>1</sup>	28.02	hours/employee
a. Female employees	28.11	hours/employee
b. Male employees	27.93	hours/employee

<sup>1</sup>Training hours reported are for employees not under the Accelerated Development Program (covers 1,345 employees).

#### *Accelerated Development Program*

Disclosure	Quantity	Units
Total training hours provided to employees <sup>1</sup>	25,023	hours
a. Female employees	16,646	hours
b. Male employees	8,377	hours
Average training hours provided to employees <sup>1</sup>	177.47	hours/employee
a. Female employees	177.08	hours/employee
b. Male employees	178.23	hours/employee

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

## Employee Training and Development

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

Because the Group cares for the career development of our employees, we invest in numerous training programs for their benefit. In 2019, the investment for these programs reached PhP30.30 million. As these foster personal and professional growth and development, well-trained employees tend to be more engaged and productive, hence positively impacting the Group as well.



Our Talent Philosophy focuses on five main areas:

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

Consistent with our Talent Philosophy, we provide a standard Learning and Development process to all our employees for them to become fully and holistically competent, and for them to deliver quality business results in their current and future roles.

In 2019, under our Leadership and Technical training programs, about 23,448 training hours were given to female employees, and 14,246 training hours were given to male employees. The average training hours for male and female employees do not significantly deviate from the other—a testament to providing balanced training opportunities. However, these figures do not include all the training hours logged for technical and functional training.

Another line of our development program is the HICAP, or the Holistic Integrated Career Advancement Program. HICAP is a fast track developmental program for our key talents—employees who exhibit high potential and high performance. This program is composed of four sub-programs, specifically, Future Leaders Program (FLP Support track and FLP Operations track) for high potential fresh graduates, Emerging Leaders Program (ELP) for Officers or Restaurant Managers, Leap Advancement Program (Leap) for Managers and Area Managers, and Leadership Enrichment through Accelerated Development (LEAD) for Senior Managers and Directors. The program was designed to give our key talents the opportunities to develop and demonstrate priority leadership competencies that are two levels higher than their current level. Specific to the Accelerated Development Program, an average training time of 177.08 hours per female employee and 178.23 hours per male employee were recorded. This affirms that we invest in building the talent pipeline and in securing the foundation of the Group for years to come.

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

We aim to uphold and improve our training policies and practices to ensure that up-to-date knowledge and skills are absorbed across and within the different levels of the Group. The implementation of the General Training Policy focuses on improving the retention and engagement of employees.

At JFC, online training is also made available to the employees. To us, providing access to education via different learning platforms makes business sense because this translates to increased business acumen and operational excellence. We also conduct follow-through training programs for knowledge reinforcement.

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

### Opportunities and Management Approach

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

We also explore the enhancement of the learning and development (L&D) infrastructures through L&D benchmark exercises. Updates on the training curriculum for both leadership and functional requirements are already being conducted.

Lastly, we are improving our current system in place to be able to collect data on functional training. We expect our records on the training hours and average training hours per employee to rise when functional training hours are also taken into account.

### Labor-Management Relations

Disclosure	Quantity	Units
Percentage of employees covered with Collective Bargaining Agreements (CBA) <sup>1</sup>	8.70	%
Number of consultations conducted with employees concerning employee-related policies <sup>2</sup>	18	#

<sup>1</sup>Covered here are rank-and-file employees in Jollibee (1,281 employees) and in Red Ribbon (171 employees).

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

### Labor-Management Relations

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

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

### Management Approach for Impacts and Risks

Our management team strives for a win-win approach in its labor-management relations. We conduct regular dialogues with the employee representatives through a monthly meeting between the Human Resources Department and union officers, held to discuss plant-level concerns, and to open consultations on policies or programs that may affect the labor's working conditions and general welfare. As a testament to good labor-management relations, there has been no apparent labor unrest at JFC.

Moreover, team-building activities are occasionally held, particularly at times when there has been a change in organizational composition such as an election of a new set of union officers.

## Opportunities and Management Approach

The opportunity to strengthen the partnership with the labor group is constant amidst the changes in corporate leadership. A more collaborative relationship between JFC as a group and its labor group is catalyzed by leveraging on the Labor Management Councils (LMC), and targeting the involvement of more employees to fully maximize the benefits of this mechanism. This shift from mere cooperation to collaboration allows for joint problem-solving and an amplified employee voice on programs and policies.

### Workplace Conditions, Labor Standards, and Human Rights

#### Occupational Health and Safety<sup>1</sup>

Disclosure	Quantity*	Units
Safe Man-Hours		
Manufacturing division	3,854,760	Man-hours
Logistics division		
<i>Employees</i>	367,720	Man-hours
<i>Third-party</i>	4,438,904	Man-hours
No. of work-related injuries <sup>2</sup>	24	#
No. of work-related fatalities	0	#
No. of work-related ill-health <sup>3</sup>	451	#
No. of safety drills	1,281	#

<sup>1</sup>Unless otherwise stated, the disclosures under this topic covers data across the main office, stores, manufacturing and logistics divisions.

<sup>2</sup>Tagged as total number of disabling injuries, which was based on the filing of EC claims for disabling injuries in 2019

<sup>3</sup>Data is only relevant to manufacturing and logistics divisions concurrent to DOLE 184 submission<sup>10</sup>. This includes sudden injuries, such as a slip or trip, or slow injuries.

## Occupational Health and Safety

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

The Occupational Health and Safety (OHS) protocols cover all our direct employees and the indirect hires in the supply chain. Through strong OHS protocols and the proper implementation, there are very few incidents of disabling injuries, and no cases of fatalities for 2019. Because we keep our hires informed and equipped, our employees have a full understanding of the importance of safety and adhere to this mindset and behavior at work.

<sup>10</sup>More information on the Department of Labor and Employment's Department Order 184 may be found here: <https://blr.dole.gov.ph/news/department-order-no-184-series-of-2017-safety-and-health-measures-for-workers-who-by-the-nature-of-their-work-have-to-spend-long-hours-sitting/>

## Management Approach for Impacts and Risks

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

We comply with the Department of Labor and Employment's (DOLE) standards on Safety and Health<sup>11</sup>. Everyone is provided with an 8-hour training on safety, as well as Personal Protective Equipment (PPE) to safeguard the safety of all individuals when they are at work. Emergency drills are done at least once a year at each office and store unit to simulate the evacuation protocols in the event of an earthquake or fire. This overall health and safety program covers all employees across the Group.

In terms of the management of employee health, we implement various policies to prevent the spread of certain diseases, and encourage a healthy lifestyle among our employees.

### OHS Structure and Management: Stores

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

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

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

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

## Opportunities and Management Approach

We are in the process of reviewing the existing OHS programs and practices to further strengthen them, with the goal of establishing an OHS Management System that defines the OHS-related objectives and the various elements of this system by 2021.

### Labor Laws and Human Rights

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

<sup>11</sup>More information on the Department of Labor and Employment's standards on Health and Safety may be found here: <http://www.oshc.dole.gov.ph/images/OSH-Standards-2019-Edition.pdf>

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	No policies on these that are explicitly written, but we follow what the law mandates.
Child labor	N	
Human Rights	N	Our Code of Business Ethics highlights the following: <ul style="list-style-type: none"> <li>• We conduct our business with integrity</li> <li>• We treat everyone with respect</li> <li>• We are committed to lawful business practices</li> <li>• We safeguard the company's resources and interests</li> </ul>

### Labor Laws and Human Rights

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

We ensure the provision of a safe environment by upholding labor laws and human rights, as reflected in our Group's Code of Business Ethics (COBE)<sup>12</sup>.

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

### Management Approach for Impacts and Risks

Our Group's approach to managing discrimination is mainly anchored on our COBE. As part of the on-boarding process, we orient our newly hired employees with the COBE to ensure that the importance of such policies is given emphasis. An annual COBE orientation refresher course is also conducted. All employees are then expected to uphold the principle of treating everyone with respect. Additionally, we encourage our employees to report any deviation from the COBE standards through the "Ethics Hotline", an anonymous feedback or complaint mechanism wherein the identity or any details of the informant is kept confidential.

We have numerous policies regarding health conditions, sexual harassment, drug use, and violence against women and children that are currently in place. These policies have relevant provisions to eliminate discrimination in the workplace and ensures the safety and protection of our employees. The aforementioned policies and relevant stipulations <sup>13</sup> are listed below:

1. **Tuberculosis (TB) Control and Prevention in the Workplace Policy and Guidelines** – "Part of JFC's commitment in maintaining a healthy and safe environment to ensure the well-being of its employees, the Company commits to increase the employees' level of awareness on TB, reduce the risk of its

<sup>12</sup>More information on our COBE may be found here: <https://bucketeer-db71ed0b-178e-4a82-bfd6-d68a68e0de55.s3.amazonaws.com/public/uploads/COBE-Booklet-March-2017.pdf>

<sup>13</sup>The scope of the following policies encompasses not only Group, but the entire corporation.

transmission in the workplace, and eliminate discrimination against TB-positive employees.”

2. **Policy on HIV/AIDS Prevention and Control Program** – “HIV/AIDS screening/testing shall not be used as a pre-condition to hiring/employment. Utmost confidentiality of the HIV test results is the company’s responsibility. The company must see to it that integrity in the workplace is maintained especially among the management representatives handling such cases”.
3. **Leave for Victims of Violence Against Women and their Children** – “The Company recognizes the family unit as central to nation-building and therefore each of its family members, particularly women and children, must be protected from violence and threats to their personal safety. In line with this, the Company shall provide female employees under the JFC Group of Companies, regardless of rank, position and employment status, paid leave benefit to attending to medical and legal concerns related to violence committed against them in accordance with the provisions of Republic Act 9262 otherwise known as “Anti-Violence against Women and Their Children Act of 2004”.
4. **Hepatitis B Workplace Policy and Guidelines** – “JFC recognizes that Hepatitis B continues to be a major public health concern globally. While the spread of the Hepatitis B disease is not transmissible through the usual workplace activities, considering that it’s spread or transmission is mainly through blood or exchange of bodily fluids, JFC is fully committed to maintaining a healthy and safe environment to ensure the well-being of its employees. In this regard, the Company commits to increase employees’ level of understanding and awareness on Hepatitis B. Furthermore, in compliance to DOLE Department Advisory No. 05, Series of 2010 (Guidelines for the Implementation of a Workplace Policy and Program on Hepatitis B), JFC is committed to ensuring that employees’ right against discrimination and their right to confidentiality is protected”.
5. **Policy on Drug-free Jollibee Program** – “Utmost confidentiality of the ‘client’s’ case is the company’s responsibility. The company must see to it that integrity in the workplace, especially amongst the management representative handling the case, is observed and implemented”.
6. **Sexual Harassment Policy and Procedure** – “JFC is committed to maintaining a work environment that is free of sexual harassment and all forms of sexual intimidation and exploitation. In keeping with this commitment, we will not tolerate the harassment of Jollibee employees by anyone, including any of its supervisors and co-workers. JFC considers as a violation of its sexual harassment policy retaliation/reprisal in any way against everyone who has articulated any concern about sexual harassment, whether that concern directly relates to sexual harassment or results to discrimination against the individual raising the concern or against another individual”.

Despite the many programs JFC currently has, the continuous improvement of the process is being observed internally. A review of the internal investigation procedures and due process being implemented in the workplace may help in the fair and speedy resolution of any complaint on discrimination.

As part of managing incidents, our Employee Assistance Program was developed to support those who went through traumatic experiences.

## Opportunities and Management Approach

A recent change in the Performance Management System is the inclusion of the core values of JFC, and not just the achievement of performance objectives. This measurement of the key behaviors, directly tied in with our Vision and Mission, is also a testament to how we strengthen our culture of shared accountability.

Consistent with our commitment to promote and practice inclusivity, we also form partnerships with Local Government Units to provide employment opportunities to senior citizens and differently-abled persons (e.g. the deaf).

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: **Yes.**<sup>14</sup>

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	<p><b><i>Standard Terms and Conditions of Purchase of the Jollibee Group of Companies</i></b></p> <p><b>14. COMPLIANCE WITH LAW.</b>  <b>14.1</b> “Supplier represents and warrants to Buyer that the Goods will and have been designed, manufactured and delivered and/or the Services will and have been performed in compliance with all applicable laws and regulations (including, without limitation, environmental, health and safety laws and regulations) and Buyer’s policies or guidelines on the environment and banned substances, as may be from time to time informed to the Supplier, and all applicable industry standards.”</p>
Forced labor	Y	<p><b><i>Service Agreement</i></b></p> <p>“It is and will be throughout the Term, in full compliance with all law, regulations, ordinances, and other governmental issuances and applicable to it and its business, including without limitation those related to labor and labor standards, the protection of minors, occupational health and safety, environmental protection, and anti-corruption. Without limiting the generality of the foregoing, the Contractor confirms that is and shall continue to be throughout the Term, in compliance with all the requirements of DOLE 18-A and DOLE 174, and that it shall not commit any acts prohibited thereunder throughout the Term.”</p>
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

<sup>14</sup> A copy of the Supplier Accreditation Policy is attached as Annex “A”.

## Supply Chain Management

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

About 45.24% of our revenue flows to our suppliers—both local and foreign. All of our food products and non-food items are garnered from our suppliers, and some of our operational services are being carried out by them. Their impacts to the environment, society, and economy (ESE) are, by extension, our impact as well. Our supplier's success and best practices in delivering their output determine our own success. Hence, we hold our supplier performance management in very high regard.

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

Following the SLM flow, we anchor all decisions on our structured and comprehensive Purchasing Value Matrix (PVM). The PVM serves as our decision-making backbone for a fair, transparent, consistent, and objective supplier evaluation. It is also used as a basis for our sourcing criteria and supplier scorecard, which are used to determine the status of suppliers' MBIC status and performance. In effect, from the qualitative and quantitative measures brought about by the PVM, we are able to continuously optimize our supplier pool and award allocation to high-performing MBIC suppliers.

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

## Management Approach for Impacts and Risks

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

**Environmental impacts:** Our sourcing criteria for some product categories (i.e. chicken, rice, and eggs) evaluates the waste management and material recycling facilities of our suppliers. This is done during our plant visits to our suppliers. At present, we are improving on our methods of assessing the environmental impacts of our suppliers, and are working to integrate them into the supplier scorecards and criteria in all our product categories.

**Social impacts:** We compare different suppliers within the industry in terms of the management of their labor relations, and the ratio of their regular employees and contractual employees. We partner with suppliers



that have well-managed labor relations systems to ensure that they value and respect the rights of their workforce.

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

1. All statutory rights and benefits under the Labor Code<sup>15</sup>, DO 18-A<sup>16</sup>, and DO 174<sup>17</sup>
2. Safe and healthy working conditions
3. Labor standards such as but not limited to, premium pay in cases required by law, service incentive leave, rest days, overtime pay, 13th-month pay, and separation pay
4. Retirement benefits under the Social Security System or retirement plan of the Contractor, if there are any
5. Contribution and remittance of SSS, PhilHealth, Pag-ibig Fund, Employees' Compensation Commission and other applicable welfare benefits
6. Right to self-organization, collective bargaining, and peaceful concerted action
7. Security of tenure

**Economic impacts:** We prioritize partnering with local suppliers by considering the availability of commodities in the Philippines, which is why 80.25% of our current supplier pool is local. We only source outside the Philippines for commodities where our requirements cannot be met or sourced locally and for risk mitigation purposes. We mitigate these limitations by securing or listing at least two suppliers for each product category and at least two country sources if the need to partner with a non-local supplier arises.

**Supplier performance assessment:** As mentioned, our suppliers go through paper and ground validation throughout the supplier lifecycle management. Plant visits are done regularly with our suppliers. Rejected suppliers can re-apply after a year to give them time to improve on the items that did not meet our standards. If suppliers get classified as non-performing or non-MBIC, they will be required to devise an improvement plan to cater to the needs of both vendor and buyer. If the timelines are met, then the buyer reassesses if the supplier has met the sourcing criteria and required scores. If the non-performance of the supplier persists, we phase them out. The volume allocation of goods we acquire from non-performing and/or non-MBIC suppliers would hence be reduced.

### Opportunities and Management Approach

At JFC, we practice good housekeeping in terms of tracking our impact to ESE and implement efficient mitigating measures to minimize risks and negative impacts. It is our goal to influence our suppliers to adapt to our good procurement practices. We can achieve this by developing feasible methods to measure the suppliers' capacity towards their:

1. Environmental impacts

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<sup>15</sup>More information on the DOLE Labor Code may be found here: <https://www.dole.gov.ph/wp-content/uploads/2017/11/LaborCodeofthePhilippines20171.pdf>

<sup>16</sup>More information on the DOLE Department Order 18-A may be found here: <https://blr.dole.gov.ph/news/department-order-no-18-a-series-of-2011-rules-implementing-articles-106-to-109-of-the-labor-code-as-amended/>

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

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

These can be integrated into the sourcing criteria of our accreditation process, as well as in our supplier scorecards. With this, we find great value in reassessing the inclusions in our current supplier assessments and quality management audits.

## Relationship with the Community

### Significant Impacts on Local Communities

1. Operations with significant impacts on local communities: Farmer Entrepreneurship Program
<p>In order to help local farmers, we implement the Farmer Entrepreneurship Program (FEP) through our foundation, the Jollibee Group Foundation (JGF). This program aims to help smallholder farmers improve their financial stability by organizing and equipping them for collective marketing to become viable direct suppliers for corporate buyers.</p> <p>FEP was conceived as a way to address a social issue – the farmers’ low income and poverty – by harnessing our resources, which, as a food service company, requires vegetables as raw materials for its products. By buying directly from the farmers, we enable farmers to earn more and live with better security.</p> <p><b>Location:</b> Facilities of 17 farming groups across 14 provincial towns in Luzon, 1 town in Cebu and 1 town in Davao del Norte</p> <p><b>Vulnerable groups:</b> Everyone including vulnerable groups are served, especially smallholder farmers</p> <p><b>Impact on Indigenous Peoples:</b> No negative impacts to indigenous groups</p> <p><b>Community rights and concerns of communities:</b> Living wages and food security; Food safety</p> <p><b>Mitigating Measures:</b> Typical of our other fresh produce suppliers, farmers cooperatives under the Farmer Entrepreneurship Program are required to be compliant and have certification on Good Agricultural</p>

Practices (GAP)<sup>18</sup>. As defined by the Food and Agriculture Organization of the United Nations, GAP is a globally recognized certification which covers principles for application to on-farm production and post-production processes, resulting in safe and healthy food and non-food agriculture products, while considering economic, social and environmental sustainability. This certification enables the farmer groups to meet our standards and allows us to buy directly from them.

Together with our multisectoral partners such as Local Government Units (LGU), financing institutions, and non-governmental organizations, we assist the farmer groups in securing GAP certifications. We also implement multiple interventions to help capacitate the agriculture extension staff of local partners and the farmer groups that they organize for FEP.

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

JFC's ACE Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO), through the Jollibee Group Foundation (JGF), aims to help enhance the capacities and skills of senior high school completers who took the Food Service track. The program further hones their competencies to get a better chance at employment, or to pursue higher education or entrepreneurship. The one-year program provides students the necessary technical and life skills, and on-the-job training (OJT) that are aligned with the needs of the food service industry.

We piloted the program in 2018 in partnership with Aniham Technical School and Greenwich, the pizza and pasta brand of Jollibee Foods Corporation (JFC), as industry partner. This partnership is envisioned to lead to the establishment of standards on the QSRO curriculum and the development of a competency-based training for QSRO personnel for the industry. With this, more technical-vocational schools can provide effective learning opportunities for students while expanding the base of qualified manpower for the QSR industry.

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

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

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

**Community rights and concerns of communities:** Grade 12 students are concerned with employment upon graduation. With the success of the pilot run of the QSRO Program, garnering 100.00% employment, the program will be registered with TESDA in 2020 to further secure the chances of students to get employment upon graduation.

**Mitigating Measures:** The QSRO program provides training opportunities and other employment-readiness training to our scholars. The training that the scholars undergo will be TESDA-certified once the registration of the program is done. The scholars will also receive training from different food-related courses from TESDA. Currently, the Aniham Technical School is conducting the TESDA registration process for the QSRO Program.

<sup>18</sup> More information on the GAP certification may be found here: <http://rfo3.da.gov.ph/good-agricultural-practice-gap-certification/>

Note: Two more projects of the Jollibee Group Foundation are presented in the Annex.

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

Relationship with Communities
Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

According to the Food Security Survey conducted in 2018 by the Food and Nutrition Research Institute (FNRI), 42.00% of Filipino households are moderately to severely food insecure. This means that these families either eat smaller and fewer meals a day or go hungry for long periods of time. The families experiencing hunger are those households headed by family members who 1) have low or no educational attainment, 2) work in the agriculture sector, and 3) are from rural areas.

Faced with this context in our communities, we utilized our programs, particularly the Farmer Entrepreneurship Program (FEP) and ACE Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO) to contribute to better incomes and better food security for them.

#### **Farmer Entrepreneurship Program**

Through the FEP, we help the community improve the income capacity of the smallholder farmers. We introduce and train the farmers to the processes of agro-entrepreneurship, enabling them to understand corporate purchasing, supply chain management, e-commerce and market options.

In collaboration with multi-sectoral partners such as Local Government Units (LGU), financing institutions, and non-government organizations, we invested PhP 10.08 million in 2019 in training programs that capacitated the following:

- 24 local implementing partners
- 71 staff of local implementing partners
- 634 farmers delivering to JFC
- 129 youth in rural communities

Some of the training programs we conducted were FEP Agro-enterprise (AE) Training for Local Implementing Partners, AE Coaching online and on-site, Good Agricultural Practices (GAP) Training, Learning Sessions with International Agriculture Experts, Financial Management Training, and Agri Yo Youth Farmer Training.

In addition, 120 farmer leaders, from among the farmers directly delivering to JFC, participated in training and coaching activities for other farmers in the program.

Through the FEP training, we encourage farmer groups to link with multiple markets, with JFC as the primary market. Opening their opportunities, the farmers are also able to supply to other local and institutional buyers such as wet markets and supermarkets. To us, buying directly from farmer groups also boosts our cost and logistical efficiency in the procurement of raw materials and overall operational sustainability.

Since we started FEP in 2008, the farmer groups grew from 1 to 17, supplying to us more than six (6) crop types plus assorted vegetables. From the time we established the program, about 7,000 metric tons of vegetables were delivered to JFC, accounting to more than PhP 300 million in total sales.

According to the focus group discussion we conducted with the farmers and field facilitators, the benefits of the program include the following:

- Improved self-confidence of the farmers; a more group-focused regard for fellow farmers and common good; greater pride in farming as a profession
- Enhanced leadership skills, particularly in the areas of problem-solving and self-control
- Increased number of farmers as agro-entrepreneurs; improved financial capability and purchasing power as a result of better farm production
- Achieved greater mutual respect between farmers and LGUs through closer interaction and collaboration, improved service delivery to farmers
- Increased quality training where learning is immediately and directly applied by field facilitators

#### **ACE Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO)**

The components of the ACE Scholarship Program allow us to financially support the underprivileged Filipino youth to complete tech-voc education and plan the development of their careers. This covers tracks on Quick Service Restaurant Operations (QSRO), agriculture-related courses, and technical-mechanical courses.

Regarding the ACE Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO), this aims to help enhance the capacities and skills of senior high school (SHS) completers who took the Food Service track. The program further hones their competencies to get a better chance at employment, and for them to be able to pursue higher education or entrepreneurship. The one-year program provides students with the necessary technical skills, life skills, and on-the-job training (OJT) that are aligned with the needs of the food service industry. In partnership with Aniham Technical School and with Greenwich, the pizza and pasta brand of Jollibee Foods Corporation (JFC), as industry partner, the ACE-QSRO program produced 27 graduates in 2019. The program recorded a 100.00% employment rate wherein 5 were absorbed by JFC, while the 22 were employed by other partners in the food industry.

This partnership is envisioned to lead to the establishment of standards on the QSRO curriculum and the development of a competency-based training for QSRO personnel for the industry. With this, more technical-vocational schools can provide effective learning opportunities for students while expanding the base of qualified manpower for the QSR industry.

Together with the management approach, risks related to the programs supported by JFC (as set out by JGF) are discussed in detail in the next section.

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

Some local concerns may influence these stakeholders and the environment, which may cause long-term risks and cumulative impacts to the business. There are concurrent risks and impacts that are specific to our programs which are currently being encountered. These are listed below along with the corresponding management approaches that we are currently carrying out:

### **Farmer Entrepreneurship Program**

1. Our purchasing division prioritizes the acquisition of crops from the farmers under the FEP. Even with priority, there exists a risk of a rejection of farmers' supply if the quality of their goods does not meet the standards of JFC. This risk is mitigated through bridging the partner buyers and the smallholder farmers to extend the market options of the farmers. In collaboration with local implementing partners (i.e. local government units, non-governmental organizations, and financial institutions), we provide training, technical assistance, value chain financing, and post-harvest facilities to these farmers to become viable suppliers to JFC. JGF provides close coaching during the first few deliveries to familiarize the farmer groups with the processes in our corporate supply chain.
2. There are new technologies being developed to improve the efficiency of the systems utilized by corporate buyers, such as e-commerce processing and an internet-based supplier database. Farmer groups may not be able to adapt to these fast-paced developments and this may ultimately lead to them being delisted as viable suppliers. To minimize this risk, we provide tutorial sessions to the farmers regarding these platforms. We also simplify these platforms by putting in visually simple designs and picture-based documents to explain the new systems.
3. We require food safety regulations and certifications, such as Good Agricultural Practices (GAP) from our suppliers to ensure that food safety hazards are mitigated. We assist the farmer groups in securing GAP certifications through partnerships with offices under the Department of Agriculture (DA).

### **Access, Curriculum, Employability (ACE) Scholarship Program on QSRO**

1. There are currently no TESDA-issued standards for the Quick Service and Restaurant Operations (QSRO) technical-vocational course offered by our ACE program. We work together with the Anihan Technical School in developing the QSRO curriculum as a baseline pioneer program that bridges industry and technical-vocational courses.
2. Anihan is currently undertaking the QSRO program registration with TESDA. The registration will allow students to gain TESDA certification for their QSRO training, which can attest that the training they received is of good quality and within accepted standards.
3. While graduates of the ACE-QSRO Program have TESDA National Certificate II in Food and Beverage Services, Cookery, and Bread and Pastry Production, there is a risk that their QSR Operations competency will not be formally recognized by other employers. To prevent this, Anihan and JGF can issue a certification based on their OJT performance that shows that the intended skills to be learned by the graduates are indeed absorbed.

Overall, our programs help build the capacity of communities, specifically smallholder farmers and senior high school graduates who would want to pursue careers in the food service industry. We contribute by helping them learn about and meet corporate and social standards. These programs aid in the creation of an educated workforce, assist in the sustainable acquisition of resources, and contribute to the overall social welfare while promoting the corporate success for the business which benefits from these programs.

### **Opportunities and Management Approach**

We, through JGF, are in the process of identifying key opportunity areas to improve on in the aspect of community capacity-building and social welfare. We are exploring ways to mitigate environmental impacts, food safety risks, and material procurement risks by patterning the JGF operations with our current operations.

We are exploring further increasing the percentage share of FEP in our supply requirement, specifically focusing on the crops with low percentage share.

1. The Department of Agriculture (DA) is responsible for promoting and monitoring GAP standards in the Philippines. There is an opportunity for us to work more closely with the DA to promote advocacy for food safety. In 2019, we supported DA Region III in recognizing the GAP-certified farmers in the region. We also shared with DA a manual on how to support farmers in securing GAP certification.
2. We are strengthening our efforts to search for and engage with partners from different sectors who can contribute to the research and development of technologies that help farmers protect their crops and improve their productivity. These include academic partners, government agencies, and private entities such as technology firms.
3. While the adoption of new technologies might serve as a challenge to farmer suppliers, it can also be an opportunity for them to upgrade their knowledge and skills as entrepreneurs. Moreover, since this is a requirement of JFC, JGF encourages the farmer groups to involve younger members of their community who can more easily adapt to new technologies.

For ACE-QSRO, the target is to increase the number of scholars and sustain the hiring and absorption of the graduates in the workforce by continuing to enhance the program. This would include the following:

1. Adding other technical-vocational schools as partners in implementing the program
2. Expanding the slots for OJT opportunities within JFC
3. Working with TESDA for the establishment of standards on QSRO competencies
4. Continuing the faculty development of the partner school to update them on trends and enhance their level of instruction to make the graduates more employable

## **Customer Management**

### **Customer Satisfaction**

Disclosure	Score	Did a third-party conduct the customer satisfaction study (Y/N)?
Customer satisfaction <sup>1</sup>	83	N

<sup>1</sup>The Customer Satisfaction Surveys result to a Net Promoter Score (NPS) which estimates the percentage of customers in a given market who are likely to recommend the brand to others.

### **Net Promoter Score**

In 2019, JFC Philippines' average Net Promoter Score (NPS) was 83. Benchmarking to the industry NPS, with a score of 50, our average score across the brands is highly competitive.

The NPS is derived from the Customer Satisfaction Survey where the customer respondents rate their overall restaurant experience using a 10-point scale. Score 1 being the lowest, which means the respondent would not recommend the restaurant, and Score 10 being the highest, which means that the respondent would highly recommend the brand.



For the calculation, the scores 0 to 6 are considered Detractors<sup>19</sup>, 7 to 8 are known as Switchers<sup>20</sup>, and 9 to 10 are the Promoters<sup>21</sup>.

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

Our customers are the reason why we continue to grow and operate. We hold their opinions high and consider their feedback on our brand. Thus, we capture our customers' voice and we ensure that we focus on their needs and expectations. For this, we have two channels to obtain the voice of the customer: 1) the Customer Satisfaction Survey, and 2) the Feedback Management System. As it is crucial in monitoring our customer's experience, we disseminate the customer satisfaction surveys and subsequently, calculate the net promoter scores every month. Feedback – complaints, inquiries and commendations – is captured from the customer satisfaction surveys or customer reports through e-mails, calls or SMS.

These customer satisfaction surveys are done in most of our stores. The NPS metric is a customer satisfaction, and customer experience and loyalty indicator that measures the likelihood of customers to recommend the brand's products or services to a friend or colleague. Results from this exercise support business decisions not only on the SBU level but also at the executive committee level.

In 2019, through the optical magnetic reader platform, the total survey respondents reached 3.1 million, combined for all restaurant locations. Growth on our NPS scores and readings is evident every year, which proves that we constantly satisfy the demands of our consumers. Overall, we scored an average of 83, which is above the industry benchmark of 50. This implies that our restaurants deliver comparable, if not better, products and services than industry practice and common players in the fast-food industry.

As with any other business, we face a number of complaints from our consumers. Around 122 complaints per 1 million transactions in our stores are received, which translates to 0.012% complaints in 100 transactions. In these complaints, around 62.74% of complaints were service-related, and 15.97% of the complaints were product-related.

Like all survey types, accuracy of results is highly dependent on the proper execution of the customer satisfaction survey process. Bearing this in mind, we ensure that store teams follow the standard survey process accordingly.

Management Approach for Impacts and Risks
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We prioritize the happiness of our customers. Following through this, below are Voice of the Customer (VOC) processes and systems that are in place to secure the satisfaction of our customers.

Our Strategic Business Units (SBUs) annually set NPS targets and come up with initiatives to improve customer satisfaction. The reasons for the dip in scores are determined and corrected, and considered in the monthly

<sup>19</sup> Customers that are considered non-loyal; they negatively criticize the brand.

<sup>20</sup> Customers that are considered passive and non-loyal; they can likely switch to another brand.

<sup>21</sup> Customers that are loyal to the brand.



business review of the store, and made one of the references for the Annual Operating Plan. The Main Office also captures the data and determines the systemic issues to provide systemic corrections. To prevent the risks of manipulation in the survey process, we secure the implementation through guidelines. For instance, NPS results are monitored to catch significant spikes. This is reconciled with the Customer Feedback results which are secured through our customer care. Beyond this, random audits are conducted for the Customer Satisfaction Survey process done in the stores, and any irregularity is dealt with through the set Disciplinary Sanctions.

We consider feedback as a gift, therefore, all feedback is processed through our Feedback Management System. This system is installed across all of our brands to purposely monitor our relationship with our customers, employees, suppliers, business partners, and other stakeholders. Timelines are established based on the criticality of the feedback. Handling complaints in particular, involves the determination of the most probable cause, resolution, customer recovery and corrective action implementation. In 2019, the total number of complaints captured reached 96,043, with a 99.30% feedback investigation and closure rate.

To be able to effectively address recurring and top feedback, specific projects were implemented. To specifically reduce delivery feedback, for example, these projects were implemented:

1. Project Echad is a top complaint management and improvement framework we utilize which aims to improve FSC (Food, Service, Cleanliness and Condition) and business of stores with high delivery complaints. It follows the FSC "clinic" process which covers a 3-month cycle of channels and operations coaching, Corrective Action Preventive Action (CAPA) implementation, Retail-Trade-Area Focus, among other initiatives.
2. Project Eagle Eye is also implemented to reduce delivery-related complaints, which follows a Plan-Do-Check-Act approach. To prevent the delivery of the wrong products, our delivery team checks the completeness of the assembled items and highlights receipts accordingly. In the case of late delivery, the manager on duty calls the customer to manage expectations.

Our Group also has a Crisis Management System in place to mitigate the risk and return the operations back in control, in the event that the normal feedback is escalated to a crisis.

With our world-class Quality Management System, the efforts that we do for our customers were recognized by several institutions. Our Quality Management division was honored with the Highest Award in the 6th International Best Practice Competition, during the Global Organizational Excellence Congress. The division showcased JFC's holistic and hybrid Voice of the Customer system entitled "We Listen and Learn from the Voices of Our Customers to Spread Joy to the World".<sup>22</sup> Moving forward, we commit to continue delivering our best for all our customers globally.

### **Opportunities and Management Approach**

For the coming years, we have identified two key strategies that may serve as great opportunities for our business to improve on. The first would be the conversion of our customer satisfaction surveys to online

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<sup>22</sup>For more information: <https://blog.bpir.com/latest-news/jollibee-foods-corporation-philippines-win-the-6th-international-best-practice-competition/>

systems. This switch allows for greater accessibility to a larger audience, resulting in larger sample size and the collection of more accurate information. The second would be an opportunity to streamline and upgrade the processes of our Customer Relationship Management platform to make the resolution and communication processes faster and easier. This creates more efficient ways to use the program and may lead to fewer complaints and happier customers overall.

### Health and Safety

Disclosure	Quantity	Units
Number of substantiated complaints on product or service health and safety <sup>1</sup>	4,335	#
No. of complaints addressed	4,317	#

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

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

The safety of our food products is highly prioritized. With the increasing awareness of customers on health, we strive to constantly innovate solutions in the reduction of calories, total fat, and sugar on our products, while ensuring compliance with food safety standards along our supply chain.

That same year, we received a total of 4,335 health and food safety, and security-related complaints. Mishandled customer complaints have a big impact on customer loyalty, and ultimately to the sales growth of the organization. In 2019, 99.70% of all complaints were addressed and closed.

We make sure that strong preventive measures are in place to safeguard the safety of our products when it comes to possible risks, as there are many factors that could affect this as they move along the supply chain.

Management Approach for Impacts and Risks
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We employ management best practices in the industry through the progressive improvement of our systems. There are systems and standards that we established in the Group to ensure that the quality assurance processes are harmonized and communicated properly across the supply chain. We call this the "JFC One QA System". This covers Philippine system-wide processes on receiving inspection, control of non-conforming products, corrective action system, and product recall and feedback (or complaints) management system.

To secure the safety of our products, we have also installed end-to-end world-class Food Safety and Quality (FSQ) management systems across our supply chain. These provide benefits such as:

- improved supplier and the Group's facility management resulting in long-term sustainability;
- improved quality of products;
- assurance of the safety of products;

- improved productivity;
- built knowledge within the Group and capacitated suppliers;
- improved supplier and client partnerships;
- better knowledge on raw material sources and methods of production;
- reduced losses and promotion of sustainable consumption; and
- continued and improved access to markets and brand protection

Given the inclusivity of the system, all technical functions in our Group—Corporate Supply Chain, Quality Management, Purchasing, R&D, among others—are involved and mobilized to support this goal.

There is oversight and governance in the design and implementation of this strategy across the supply chain. In the event of a food safety or quality incident, a Corrective Action System is established, in which investigation, identification of possible root cause/s and implementation of action plans are done. Periodic audits based on risk assessments are also implemented to determine the effectiveness of the FSQ management system.

Starting with our farm sources, fresh produce suppliers are required to be compliant and have a certification on Good Agricultural Practices (GAP). Meat, poultry and egg vendors supplying to us are required to have their farms comply with Good Animal Husbandry Practices (GAHP).

Furthermore, our Food Safety Verification system for raw materials and finished products subjects suppliers and manufacturing plants to conducting internal testing on microbiological and regulatory patterns in accordance with our internal requirements and country requirements. We also require third party testing, further certification on the lack of banned veterinary drugs and pesticides used, and allergen declarations.

In this regard, all manufacturing plants have well established HACCP (Hazards Analysis and Critical Control Points) Systems—a systematic plan to identify and correct potential hazards. Moreover, our supply chain performed beyond compliance as most plants are already third party FSSC 22000 Version 4.1 Certified.

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

Stores are compliant to food safety practices. Should there be observed deviations during the store manager's safety checks and other measures done such as audits, corrective actions are conducted immediately or within the day. Long-term action plans are done and implemented within 1 month to prevent recurrence of the non-compliance. In addition, we are also the first in the country to practice the R-HACCP, a HACCP specific to stores. Improved customer satisfaction may also be attributed to this as it ensures the safety of the food our consumers intake. Safe food translates to fewer complaints and happier customers overall.

Overall, our Supply Chain performed beyond compliance as most are already third party FSSC 22000 Version 4.1 Certified.

For internal training on food safety and quality, we established in 2018 the Food Safety Computer-Based Training (CBT) which covers awareness on food safety principles established based on global standards. By

mid-2019, all employees have undergone the training and all stores have assigned Food Safety Compliance Officers.

### Opportunities and Management Approach

As part of our journey to having a world-class manufacturing and supply chain operation, we move forward to level up and drive the third party certification of our plants on ISO schemes on Environmental Management System and Occupational, and Health and Safety System. The latter is also under the umbrella of the Integrated Management System, which would include the existing Food Safety Systems Certification.

In 2019, we set up the Vendor Food Safety & Quality Council. It consists of suppliers and JFC technical functions. Corrective actions are developed and agreed upon among the parties. The implementation of corrective actions is monitored by the council. Should a supplier consistently have poor FSQ performance, the council then requires the supplier to enroll in the Quality at Source program. For 2020, process capability techniques will be injected to further reduce supplier incidences. Further training and coaching will be done for our bakery and packaging suppliers.

In terms of outbound logistics, we crafted the Trucker Quality and Security Management System to cover quality, food safety, and security requirements. This will monitor the compliance of the truckers and ensure the non-recurrence of non-conformities.

To further enhance our health and safety training, we will implement our pilot program and special training for Food Safety Compliance Officers in stores in 2020. This dictates that one officer per store should be responsible for driving compliance with the Food Safety requirements through the consistent execution of Restaurant Operating Systems relating to Food Safety.

Lastly, we continue to find alternative raw materials that may be more beneficial to our supply chain. We commit to staying up-to-date with the research and current needs of the market. Studies are presently being done on how to make our products cleaner and healthier for the consumers. Clean label initiatives and projects, based on studies on the global market and industry trends, are ready and on stand-by.

#### Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and Labeling <sup>1</sup>	0	#
No. of complaints addressed	0	#

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

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

## Marketing & Labeling

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

**Impacts:** Flawed or misleading labels, advertisements or promos may disappoint multiple customers as their expectations of our brand were not met. With the ease of spreading information today, having unsatisfied customers does not bode well for our brand and our business. Therefore, customer complaints on marketing and labeling must immediately be addressed to maintain positive relationships with the customers.

In 2019, we received a total of three (3) allergy-related feedback, in which one (1) was a complaint and two (2) were inquiries. A total of 311 feedback notices were received on promotions, with a feedback closure rate of 98.41%.

**Risks:** A number of LGUs have started to ask about Allergen Controls in stores when they visit or conduct sanitary inspections, seeing that this may be a potential risk to consumers' health. Having the right allergen-related information communicated well to customers will help mitigate this health risk.

### Management Approach for Impacts and Risks

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

Aside from mere compliance, we also practice measures that go beyond what is required by law. Our Allergen Management program seeks to prevent marketing and labeling related complaints through proper training of store crew, clear communication on allergens, and stringent designing of kitchen controls and processes to reduce risk of allergen contamination. This program was established in line with the regulatory requirements in the countries where we operate. The program is already reflected in some of our stores. For instance, allergen information is available in Red Ribbon stores as printed labels on the packaging materials of pastries, bread, and delicacies.

### Opportunities and Management Approach

The JFC-wide Allergen Management program aligned across business units globally is in the works and will be fully launched within the year 2020. Our objective is for our customers to have readily available food allergen communication to help them make informed decisions with regard to their menu choices. We also have plans of placing standees in JFC stores with information on allergens in the products.

Furthermore, we are improving on our feedback management system to quickly track marketing and labeling-related complaints. This allows us to be more efficient and productive in addressing our consumers' concerns. The system is presently being developed and may be implemented in the coming years.

### Customer Privacy

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

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

### Data Security

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

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

Customer Privacy and Data Security
Impacts and Risks: Where it occurs, JFC's involvement, stakeholders affected

With the fast-spreading of information in a digitalized economy, the privacy of the personal details of each consumer should be secure. Information stolen or freely given to other parties poses several risks on a person's overall safety. Hence, it is crucial for the Group to maintain strict data privacy measures to prevent the occurrence of negative impacts on customer safety and loyalty, and company reputation.

#### **Scope of data covered:**

The security checks and patching activities of Enterprise Solutions and Systems (ESS), especially for high-risk and frequent-traffic systems, are scoped down to the application and the database level. Access Management is also controlled and monitored. A separate team exclusively managing Administration and Privilege accesses are defined and authorized.

#### **Types of complaints and occurrence:**

We have received no customer complaints particular to data privacy. Our Call Centers and Customer Service groups are equipped with standard protocols to recover any occurrences of customer complaints regarding data privacy. When such operational protocols are not enough, the Data Privacy Officer (DPO) is always involved either in a consulting or directional capacity, depending on the need of involvement. We are also providing the customers with all possible channels to raise their privacy concerns, as seen in our Privacy Policy and/or Terms and Conditions.

We have identified the businesses that are common targets of a data breach and have assigned specific points of contact (SPOC) in these departments. These SPOCs are oriented and involved in the investigation and resolution process. Businesses are also heavily involved in developmental initiatives where the principle of security and privacy-by-design has started to be embedded in operations. Email-related risks, memos and bulletin reminders are sent to all employees to provide a better understanding of data safety.

**On data privacy and security-related risks:**

Similar to most industries, the most common form of data privacy and security-related risks involve phishing emails and fraudulent transactions, exploits of publicly facing websites or any interface which involve non-company employees, and insider-related incidents or negligence of personnel to protect data.

**Management Approach for Impacts and Risks****Data privacy and security department of the Group, our protocols and policies:**

A DPO has been duly appointed by the Board of Directors and as per requirement of the law. By function, it was strategically assigned under the umbrella of Global Internal Controls. The DPO stands as the managing head for Privacy Operations and governs the Data Privacy Standards. Privacy and security are being operationalized by the Business Technology department, where a dedicated Security Operations group under Enterprise Infrastructure Department was formed. The Business Technology Operations has a matrix line to the DPO.

The Core Privacy Council (CPC) is composed of the DPO, the IT Internal Controls Manager, and the Business Technology Security Operations. In direct auxiliary capacity are the Corporate Legal and Corporate Human Resources departments. Identified privacy contacts, particularly for incident and breach management, are present for high risks departments.

Policies on data privacy and security are governed in the Global Information Security Policy (GISP), where various areas of Data Privacy form a subset in the various Information Security Standards. Several memos are released for specific items and areas which may need specific direction/guidelines in accordance with the risk or impact assessed.

**Existing incidence response:**

The CPC identifies, mobilizes and coordinates with concerned groups according to the nature, severity or scope of an incident. Functional heads and executives, which include the C-Suite, are informed in full transparency once verified updates are available.

The containment of the breach is important for us to mitigate the severity of impact. The first 24 to 48 hours upon knowledge of the breach are critical for the CPC to understand the severity and magnitude of the impact of said breach. This is important to assess whether the incident will prompt a breach report to the National Privacy Commission (NPC). According to the merits of the law, we need to comply with the 72-hour reporting window of the breach to the NPC.

We implemented several enterprise security tools and strong command protocols to voluntarily shutdown affected systems. Security initiatives have also been rolled-out, and consistent system upgrade efforts have been actively implemented in the last two years.

**On continual assessment and further strengthening of the system:**

In 2018, we engaged a reputable vendor to do a cyber maturity assessment to establish a baseline for which area in the entire cyber environment is in need of focus. Continuous engagement with the independent assessor helps us prepare for the establishment of the Security Operations Center (SOC).

In 2019, a dedicated IT department in charge of Information Security Operations was established, along with recent upgrades and the establishment of new protocols on Information Security.

We began utilizing ESS by establishing quarterly, semi-annual, and annual checks depending on the volatility and vulnerability of our systems. Public-facing systems have regular monthly checks either internally or through the managed services set-up. Internal systems and applications, especially highly critical systems, have daily security monitoring, alerts, patching measures and other protocols.

Regular and in-demand impact assessments are also being done especially on high-risk systems through the Governance and Operations Team, working closely with the various functional organizations.

**On data privacy and security-related trainings:**

In 2019, we actively formulated our own Global Information Security Policy (GISP) based on ISO and ISMS standards. Some policies particular to the most used applications or systems have been rolled-out, such as policies on email, Wi-Fi, password, and systems and website registration.

An information security classroom-conducted training based on the GISP was piloted in November 2019, with the main objective of formalizing it into a computer-based training. This is to be formally launched in 2020. Undergoing the training shall be a requirement for all employees and shall be part of the onboarding procedure.

**On data privacy and security-related risk management:**

Enterprise tools and measures have been procured and established to help mitigate these areas of risks. Moreover, awareness campaigns and partnership with reputable digital vendors will continue to be the priority themes for the year 2020. These aid in further educating the organization and managing security risks.

**Opportunities and Management Approach**

In preparation for the next two years, we began assessments on our cyber environment, specifically on making an inventory of the system and application, conducting Privacy Impact Assessments for various initiatives, and gradually materializing the overall Global Information Security Policy (GISP) and Security Operations Center.

For the GISP, we are in the move to fully implement the policy by setting-up more awareness initiatives and training for all employees, beginning with the full orientation of top executives. We are also strengthening further our tools, and requiring more specific details and reviews with managed services vendors to fully implement and optimize security in the IT operations. Lastly, we are exploring the operationalization and stabilization of the Information Security Operations in the Philippines, and the expansion of scope to the international operations of the Group.

As part of the plan of action in materializing such opportunities, a strategic glidepath for the implementation of the initiatives are in place. More so, we continue to build a stronger relationship with strategic partners and vendors who render the security needs of the company.



## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development:

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
JFC food products	<b>2 – Zero Hunger (2.1)</b> Our products provide our consumers with affordable and quality food choices that satisfy their hunger.	The increasing trend geared towards healthier food alternatives	We were able to significantly reduce the amount of total calories, fat, and sugar in some of our bestselling products. All our products are trans-fat free, even before the regulation was released by the WHO and the Philippine government. Trans-fats pose hazards to one's health as they are known to increase the risks of stroke, heart disease, and diabetes.
Farmer Entrepreneurship Program (FEP)	<b>1 – No Poverty (1.1, 1.2, 1.4)</b> <b>8 – Decent Work and Economic Growth (8.3, 8.5)</b> The FEP, established in 2008, aims to help the community improve the income capacity of the smallholder farmers. We introduce and train the farmers to the processes of agro-entrepreneurship, enabling them to understand corporate purchasing, supply chain management, e-commerce and market options. By organizing	Issues on food safety, rejection of supply and e-commerce processing may pose risks to our farmers as they may not be well-versed in these areas.	On food safety concerns, we assist our farmers in securing Good Agricultural Practices (GAP) certifications to ensure that they adhere to food safety requirements. To mitigate the risks of the rejection of farmer supply, we collaborate with local implementing partners in providing training, technical assistance, value chain financing and post-harvest facilities to ascertain

	<p>and equipping them for collective marketing, they become viable direct suppliers of corporate buyers. Since 2008, we have capacitated and supported more than 2,300 farmers.</p>		<p>that our farmers' supply reaches the industry standards.</p> <p>Moreover, we provide tutorial sessions on e-commerce processing and online database management to our farmers, and place simple designs and picture-based documents to make them easy to understand.</p>
<p>Access, Curriculum and Employability Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO)</p>	<p><b>4 – Quality Education (4.4)</b></p> <p><b>8 – Decent Work and Economic Growth (8.6)</b></p> <p>The components of the ACE Scholarship Program allow us to financially support the underprivileged Filipino youth to complete tech-voc education and plan the development of their careers. This covers tracks on quick service restaurant operations (QSRO), agriculture related courses, and technical-mechanical courses.</p> <p>Specific to the ACE-QSRO program, this track aims to help enhance the capacities and skills of senior high school completers to get a better chance at employment and pursue higher education or entrepreneurship. The</p>	<p>We see no further material negative impacts of this product to SDGs.</p>	<p>Nothing material that we could identify</p>

	<p>one-year program provides students the necessary technical and life skills, and on-the-job training (OJT) that are aligned with the needs of the food service industry. The program produced 27 graduates in 2019. The program recorded a 100% employment rate wherein five students were absorbed by JFC, while 22 were employed by other partners in the food industry.</p>		
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Secondary contributions:

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Reduced Materials for Packaging	<p><b>12 – Responsible Consumption and Production (12.5)</b></p> <p>We significantly reduced the amount of materials used in our food’s packaging. In 2019, over 200,000 kg of materials were saved. The reduction of materials used in our food packaging would mean less waste going to landfills, less natural resources used, and lower GHG emissions.</p>	Although we have reduced our packaging materials, tons of wastes may still be generated yearly.	Where possible, we encourage the prevention of using single-use plastics and offer reusable alternatives. Our food is served with washable utensils, plates and glasses for our dine-in customers. We also display “Skip the Straw: Save the Environment” standees on our cashier counters to influence customers to utilize more eco-friendly options.
Operational Eco-efficiency	<p><b>9 – Industry, Innovation and Infrastructure (9.4)</b></p> <p>We take measures in lessening our environmental impact by</p>	Although we are able to save energy and water, we still produce tons of waste in our operations.	Our wastes are properly managed and segregated so that they may still be reused or recycled after our operations. From our

	<p>reducing our water and energy consumption and waste generation.</p> <p>In our offices, stores, distribution centers, and manufacturing plants, we utilize energy and water efficient equipment and regularly monitor our consumption. Energy reduction training is also cascaded to our store managers to ensure that our stores follow the best practices in saving energy.</p>		<p>manufacturing plants, wastes such as paper, cartons, tin cans, etc., are bought by our accredited scrap buyers; meat trimmings are repurposed by accredited buyers; and pastries trimmings are reprocessed as feed mix by a third party.</p>
Provision of employment through company and franchise-owned stores	<p><b>8 – Decent Work (8.3, 8.5)</b></p> <p>We are able to provide employment to Filipinos nationwide through our stores and brands. All our employees are trained through our Leadership and Technical training program, and are ensured to be compensated fairly and to be provided with benefits beyond those required by law. We also guide them in advancing in their careers through our HICAP development program.</p>	<p>Like in any other business, employee attrition could pose a negative impact on our company, especially since we consider our human capital as our core capital. Without them, the delivery of great products and services may be hindered. In 2019, our company was rewarded with a low attrition rate of 13.00%, thus faring better in comparison to the industry average of 16.00%.</p>	<p>We believe that this fairly low attrition rate was influenced by the JFC values and culture that shape our employees. We undertake talent retention initiatives to ensure that they are all continually satisfied with the work that they do. We also provide them with several avenues to address their concerns, such as one-on-one discussions, regular meetings and annual engagement surveys.</p>

## **Annex: JGF Projects**

### **Busog Lusog Talino (BLT) School Feeding Program**

The BLT School Feeding program was piloted in 2007 to address the pressing issue of hunger in young children. This program initially provided funds for public schools to feed these undernourished youths. This model of fund provision for feeding was developed and implemented with local implementing partners (LIPs) such as local government units and non-governmental organizations. From 2008 to 2014, we were able to reach 1,500 schools with this financial aid.

In 2015, the Department of Education (DepEd) allotted a significantly higher budget for school feeding programs. This year, the BLT program refocused its model in delivering support to the valuable efforts of DepEd. To fill the need for a large-scale feeding system for malnourished children in public schools, the BLT School Feeding Kitchen was piloted. The program features centralized food production for a cluster, centralized procurement of ingredients and cooking, and a stand-alone kitchen that is built inside the public-school premises.

Several divisions of JFC also helped in the implementation of the new program. Our Corporate Engineering department assisted in developing the designs of the kitchen; the Research and Development division of the Greenwich brand developed the meal recipes; and the procurement of the materials for food was centralized through the Purchasing division. Training sessions for cooking the standardized recipes were also conducted, with the parent volunteers doing the cooking for all kitchens.

Since the inception of the new model of the BLT program, we have built a kitchen on each of the 34 sites. The BLT kitchens have catered to 305 schools, have served 75,496 children, and have capacitated 431 parent volunteers. Overall, the BLT School Feeding program has fed over 240,000 students in over 1,800 schools since 2007.

More details on this project can be found on our website: [www.jollibee-group-foundation.org](http://www.jollibee-group-foundation.org)

### **Jollibee Group FoodAID**

Established in 2013, Jollibee Group FoodAID (JG FoodAID) is the disaster response program of JGF. The program systematizes and consolidates our relief and rehabilitation efforts with the main goal of enabling communities to be prepared when disasters strike.

The JG FoodAID has three focal provisions that are instigated during calamities:

1. Preparedness
  - Prepositioning of the congee mix<sup>1</sup> to partner institutions that will serve as an immediate meal to families affected by disasters
2. Relief assistance
  - Provision of relief packs to families affected by disasters
  - Provision of meals to volunteers of partners implementing disaster response
3. Rehabilitation
  - Implementation of special school feeding to public elementary schools to encourage school children to go back to school after a disaster

- Implementation of the Farmer Livelihood Recovery Program (FLRP) to help the farmers get back on their track
- Provision of classroom buildings

In 2019, JG FoodAID assisted 4,504 families through the distribution of food packs, and served 990,000 meals through the congee mix. The program also aided 195 farmers through the FLRP, and 1,231 students through school supplies donations.

More details, highlights and accomplishments of this project may be found on our website: [www.jollibeegroupfoundation.org](http://www.jollibeegroupfoundation.org)

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<sup>1</sup> *an easy-to-prepare and easy-to-transport food pack that turns into a hot meal when mixed with water and rice*