

# Jollibee Foods Corp. (JFC)

## 2021 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 11 manufacturing plants, 19 distribution centers, and 3,220 stores.</p> <p>The list and locations of the manufacturing plants, distribution centers and stores may be viewed in the 2021 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:</p> <ul style="list-style-type: none"> <li>Jollibee</li> <li>Greenwich</li> <li>Red Ribbon</li> <li>Chowking</li> <li>Mang Inasal</li> <li>Burger King</li> </ul> <p>Some brands have global presence, but we shall limit the boundary of this report to Philippine operations only</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>Jollibee Foods Corporation doing business under the name and style of Jollibee (the Parent Company or Ultimate Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 1978. The Parent Company and its subsidiaries (collectively referred to as “the JFC Group”) and affiliates are involved primarily in the development, operations and franchising of quick service restaurants (QSRs) under the trade names “Jollibee”, “Greenwich”, “Chowking”, “Yong He King”, “Red Ribbon”, “Hong Zhuang Yuan”, “Mang Inasal”, “Burger King”, “Highlands Coffee”, “Pho24”, “Dunkin’ Donuts”, “Smashburger”, “Tortazo”, “Tim Ho Wan”, “The Coffee Bean &amp; Tea Leaf”, “Panda Express”, and “Yoshinoya”. The Parent Company is also primarily organized to invest in, acquire, own,</p>

	hold, use, sell, assign, transfer, lease, mortgage, exchange, or otherwise dispose of real and personal properties, of every kind and description, or interests in the foregoing, pursuant to its business objectives. The other activities of the JFC Group include manufacturing and property leasing in support of the QSR systems and other business activities.
Reporting Period	January 1, 2021 – December 31, 2021
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 & GOVERNANCE

## Economic Performance

### Direct Economic Value Generated and Distributed

Jollibee Foods Corporation (in billion Php)

Disclosure	2019	2020	2021
Direct economic value generated (revenue)	188.78	135.73	161.34
Direct economic value distributed:	185.17	149.79	157.67
a. Employee wages and benefits	28.02	27.92	28.01
b. Operating costs			
i. Payments to suppliers of raw materials <sup>1</sup>	57.45	39.63	40.20
ii. Other operating costs <sup>2</sup>	85.68	74.85	79.42
c. Dividends given to stockholders	2.81	1.43	1.84
d. Interest paid to loan providers <sup>3</sup>	2.79	1.62	2.02
e. Taxes paid to the government	4.92	0.74	2.21
f. Investments made to the community			
i. Donations	0.12	0.26	0.05
ii. Sales Discounts	3.38	3.33	3.91
Direct economic value retained	3.61	(14.06)	3.66

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

The Jollibee Foods Corporation is one of Asia's largest foodservice companies with 18 brands operating in 34 countries. Our total store network reached 5,924 outlets by end of December 2021, with 3,220 stores in the Philippines and 2,704 abroad. Our largest brands in terms of the number of restaurant outlets are Jollibee with 1,520, Coffee Bean & Tea Leaf (CBTL) with 1,048, Chowking with 604, Mang Inasal with 578, Red Ribbon with 553, Highlands Coffee with 483, Yonghe King with 394, Greenwich with 269 and Smashburger with 245.

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

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

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

Our Group opened 398 new stores in 2021: 85 in the Philippines, 108 in China, 38 in North America, and 29 in Europe, the Middle East, Asia, and Australia (EMEAA). SuperFoods and CBTL opened 72 and 66 stores, respectively. A total of 302 stores were permanently closed during the fourth quarter: 86 in the Philippines and 216 abroad.

### **Value Distribution**

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In 2021, the economic value we generated was distributed to our key stakeholders: Suppliers in the form of payments (42.58%), Employees through wages and benefits (17.36%), Investors as returns on their investments (2.39%), Communities through donations and other CSR initiatives (2.46%), and Government in the form of taxes (1.37%). Our widespread global presence shapes our financial performance and how we contribute to the local areas wherein we operate through the various opportunities we give to our stakeholders.

Other employment opportunities are created from our business operations through our franchising businesses and third-party service providers. We also provide jobs to our suppliers and their employees. With a positive record of Return on Equity and Return on Assets in 2021, our investors are given their due returns on their investments in our company.

We also ensure that our brands comply with the tax payment regulations set by the government and that our financial gains are distributed to all our other stakeholders.

Our economic gains are also extended to the local communities through the Jollibee Group Foundation (JGF). For more information on the projects and impacts of JGF, refer to the Relationship with Communities section under Social.

### **Business Transformation amid COVID-19**

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JFC generated a net income attributable to equity holders of the parent company of PhP6.0 billion in 2021 from a loss of PhP11.5 billion in 2020. This was attained despite its system-wide sales lagging behind pre-pandemic levels by 13.2%.

Launched in May 2020, the Business Transformation Program involved the rationalization of worldwide operations primarily in response to the business downturn caused by the pandemic. In 2020, we permanently closed four commissaries and a total of 486 stores (307 group-owned and 179 were franchised), of which 262 were covered by the Business Transformation Program. Jollibee also significantly reduced headcount as well as operating and general and administrative expenses in its stores, supply chain facilities, and support group offices.

We incurred a total of PhP6.7 billion or 96.0% of the PhP7 billion provision made in June 2020 for this program. Of the PhP6.7 billion, PhP2 billion represented the write-off of the book value of certain assets. We generated savings from the program and about PhP2.6 billion were realized in full in 2021, with additional savings to be realized in the years ahead.

As part of prudent financial management to address the impact of the COVID-19 pandemic, we continued to manage our leverage and capital structure. By the third quarter of 2021, we have complied with bank loan covenants and achieved the target leverage ratios through improvements in cash generation and retirement of loans while maintaining sufficient cash levels for flexibility in a still uncertain and challenging environment.

The issuance of preferred shares in October 2021 and the planned buyback of a portion of the outstanding USD600 million senior perpetual securities of Jollibee Worldwide Pte. Ltd ("Senior Perpetual Securities"), were part of a liability management strategy to reduce significant maturity obligations in the future as well as reduce foreign exchange risk on JFC's financing obligations.

We continued to maintain a strong cash position, including investments in financial assets. Its cash and cash equivalents amounted to PhP39.2 billion and PhP57.5 billion as of December 31, 2021 and 2020, respectively. These were primarily generated from improved operating cash flows and proceeds from the issuances of Senior Perpetual Securities issued in January 2020 and Senior Debt Securities issued in June 2020, net of the payment for short-term debt for the acquisition of CBTL.

Our current ratio, which is a measure of a company's ability to pay short-term obligations (total current assets/total current liabilities), slightly improved from 1.36x as of December 31, 2020 to 1.43x as of December 31, 2021. Meanwhile, total liabilities to equity ratio (total liabilities/total equity) decreased from 2.10x as of December 31, 2020 to 1.84x as of December 31, 2021. Our conservative financial strategies and solid financial profile have enabled us to continue with strong liquidity and a healthy capital structure, which are necessary to weather the crisis brought by the ongoing COVID-19 pandemic.

### **Risks to Economic Growth Distribution**

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The resurgence of COVID-19 and the heightened government restrictions in some countries where JFC has a presence such as Vietnam, the People's Republic of China, the United States, the United Kingdom, Singapore, and the Philippines resulted in temporary store closures or shortened operating hours in some of these countries thus, affecting the stores' sales performance.

## Management Approach for Impacts and Risks

### Transparency in Financial Performance

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We believe that one of the most effective means to mitigate risks is to exercise transparency in all relevant financial transactions as well as model leadership accountability. In order to do this, we ensure the timely disclosure of the Quarterly (Unaudited) and Audited Consolidated Financial Statements to the Philippine Stock Exchange (PSE) and Philippine Securities and Exchange Commission (PSEC). We provide more detailed explanation on our Management Discussion and Analysis, which is disclosed to the PSE and the SEC as part of the SEC Form 17-Q (Quarterly Report) and SEC Form 17-A (Annual Report) to help investors and analysts get a clearer, more detailed, and informative view of the company's performance. Finally, we practice regular engagements with investors and analysts through 1-on-1 meetings/ teleconferences, quarterly investors and analysts' briefings, participation in broker-hosted conferences, and our Annual Stockholders' Meeting.

The press releases on its quarterly financial performance are shared with employees at The Hive (our internal online employee communication portal), our corporate website, and through e-mail. Our CFO is also invited to join the CEO's Hour to provide a brief update on JFC's performance.

## Opportunities and Management Approach

In 2021, we continued to pursue the project timelines for our global expansion plans. About 500 stores are aimed to be opened in 2022, most of which will be outside the Philippines as we continue to optimize the opportunities in the international markets which have shown faster recovery from the COVID-19 pandemic as compared to the Philippine businesses. We observed that the recovery of the international business was consistent with the economic recovery of their respective countries, particularly in the more developed nations arising from more significant assistance and economic stimulus packages provided by their governments and also from faster inoculation of vaccines into their population.

The Jollibee brand has also seen impressive market reception overseas, first with migrant Filipino communities and later with the mainstream market, including the United States, Canada, Vietnam, Hong Kong, Singapore, and the United Kingdom. Markets with considerable migrant Filipino populations will continue to be the Jollibee brand's target expansion sites because they serve as a strong base of support which the Group will then use as a springboard to eventually access the broader mainstream/local market.

In line with our vision, these new stores will include new store models that will address the new realities of food service such as Cloud Kitchens, Delivery, and Take Out Only Stores. Through these models, we can expand in an accelerated yet more cost-efficient manner, especially in central but lower-rent areas – serving the increasing demand while maintaining the same safety and quality standards of our food.

We look forward to continuing strong recovery of the business in 2022 particularly if the restrictions in the Philippines are fully lifted, coupled with increased consumer spending during this election year.

We allotted PHP9 billion in capital expenditures for new stores in 2022, representing a 50% increase compared with PHP6 billion spent in 2021. We are prepared to make this level of investment if the economies fully re-open and sales growth remains strong. Beyond 2022, our outlook for business growth is even brighter. We see very strong expansion opportunities in different parts of our business particularly those in North America, China, Southeast Asia, and Europe while we expect the Philippines to sustain its healthy profitable growth.

### **Growth Strategies with New Brands, New Products**

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We have new brands: Tim Ho Wan, Yoshinoya, and Milksha, which are expected to contribute to the sustainable growth of the business by successfully building the brands and growing each brand to be strong players in its market segment.

We also intend to continue increasing our off-premise sales across all brands with digital transformation.

The JFC brands will continue to develop new products and continuous improvement in the taste of existing products has always been part of JFC's strategies.

In pursuit of cost reduction and improved profitability, we will continue to implement further improvements in the stores, supply chain, and commissaries. The stores' principal goal is to optimize their operating expenses.

Supply Chain and commissaries kept their focus on the following: further improvement in inventory management and controls resulting in lower inventory variances, optimization of store space in existing commissaries to reduce warehousing cost, alternative sourcing of raw materials, and other initiatives to ensure supply continuity. More details can be referred to the specific disclosures.



## Profitability through Prudent Financial Management

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We will continue to take a prudent approach in managing its capital structure, leverage profile, and liquidity. We aim to maintain a healthy debt to equity mix that allows for additional debt headroom and a lower cost of financing which may be achieved from an optimal mix and flexibility from expanded sources of financing and maintaining the Group's strong credit profile.

We have sufficient cash reserves and liquidity to support our operations continually and meet all its obligations. The proceeds from the initial tranche of the issuance of the preferred shares are primarily for the partial buy-back of up to USD250 million from the Senior Perpetual Securities, to achieve the financial restructuring to spread the maturity of its financial obligations while reducing foreign exchange risks. A portion of the proceeds will also be used for funding its operations and capital expenditures. In addition, we believe we can continue to maintain a well-managed debt maturity profile and benefits from multi-currency denominated sources of funding as exemplified by issuing preferred shares and subsequent partial buyback of our Senior Perpetual Securities and by expanding funding sources as it continues to grow outside of the Philippines. The shelf registration and issuance of the Preferred Shares allow the Group to further expand its funding sources for its Philippine Peso-denominated requirements.

## Procurement Practices

### Proportion of Spending on Local Suppliers

Disclosure	2019	2020	2021
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers <sup>4</sup>	83.93%	55.06%	91.07%

## Impacts, Risks, and Management Approach

### Prioritizing Local Suppliers

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In 2021, we engaged with a 91.07% local supplier pool for food and non-food requirements. It is our corporate policy to patronize local suppliers first wherever possible. Buying local allows us to support local industry and help boost the national economy as a whole. We mainly engage with growers, manufacturers, and traders.

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<sup>4</sup> The percentages include the spending for local suppliers of food and non-food items only.

Our Purchasing team handles all supply sourcing for food and non-food products and services. We source from a mix of major producers to localized suppliers depending on the set strategy that would provide cost and supply resiliency for JFC.

We follow sourcing protocols for food procurement. Smallholder farmers from the Jollibee Group Foundation's Farmer Entrepreneurship Program are always given priority, particularly for fresh vegetables. Local sources are preferred for food items, more so for items that have a short shelf life.

## Risks

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There are potential risks for food item such as animal related diseases and disease outbreaks, seasonal conditions, and manpower issues and plant shutdown. For non-food items, risks include forest and pulp mills who may be required to obtain certifications which, if not properly secured by suppliers, may result in possible mill shutdown or raw material scarcity.

Our Purchasing team is considering assessments and other validation processes through additional sourcing criteria such as the availability of third-party certifications and other significant credentials.

## Opportunities and Management Approach

In the quest for a reliable and sustainable supply, it makes for sound business for us to open channels and consider a phase-in of multiple suppliers per country source as well as additional country sources.

We also plan to explore opportunities in innovative energy use and waste management programs where appropriate to drive efficiency, either our initiative or in partnership with suppliers. The source traceability program will help improve business transparency levels. It will allow us to monitor the suppliers' sourcing activities and screen their respective sustainability programs.

Contingency and issue management plans will be continually improved and updated to address logistics concerns such as port congestion and sea freight concerns.

For suppliers of packaging, there is an opportunity to drive efficiency through an assessment of raw material sources from resin, pulp, and paperboard suppliers of our packaging manufacturers documented by third-party certifications.

We will study and consider cost-effective solutions that will involve an optimal mix of supply opportunities to streamline operations.

## Climate-related risks and opportunities

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

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	2019	2020	2021
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of employees that have received anti-corruption training	100%	100%	96.5%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of directors and management that have received anti-corruption training	100%	100%	100%

### Incidents of Corruption

Disclosure	2021
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

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

We believe in educating relevant stakeholders about our values as a way to mitigate risks. We set a high ethical standard on the way we operate and do business. Our policies and processes are regularly reviewed and updated to ensure we fully comply with such standards.

We are mindful that risks are inherent in business incidents, such as bribery and corruption which are considered threats in our industry. Our corporate policy is to adhere fully to laws and

regulations in all the countries where we do business. We expect our authorized suppliers and contractors to equally refuse or tolerate any violation, even if this may mean a potential loss of a business opportunity.

## Management Approach for Impacts and Risks

### Policies<sup>5</sup>

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Our stand against corrupt practices<sup>6</sup> is reflected in our Code of Business Ethics (COBE), as well as in various policies including the Anti-Bribery and Corruption Policy, Policy on Gifts, Policy on Conflict of Interest, and Supplier Code of Conduct. These policies are disseminated to all directors, senior management, and employees who are expected to abide by the COBE.

Global Legal & Ethics, with the support of Global Human Resources, disseminates the COBE and related policies to our Board and all employees including the senior management across all regions. Yearly disclosure forms and declarations of compliance are likewise submitted by the employees together with copies of the policies to serve as their refresher information. HR also regularly conducts employee training on JFC's core values, which highlights the importance of integrity.

The following are COBE policies 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, based on gifts or favors. For a better understanding of the

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<sup>5</sup> The scope of the policies encompasses the entire corporation and its subsidiaries.

<sup>6</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.

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 follow the 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 based on such material non-public information. For a better understanding of what constitutes insider trading, please refer to our Policy on Insider Trading.

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

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

perform our duties to the best of our physical and mental abilities. We comply with the company's disclosure rules and conflict of interest policies.

### **For Employees**

Employees must report any violation of our COBE and related policies. An employee has the option to report violations to his immediate superior, Human Resources, or through our whistleblower hotline.

Interactive e-learning sessions are regularly developed for onboarding new hires and are used as yearly refresher courses for all employees to ensure continued awareness and understanding of the policies anchored in the COBE throughout the entire organization.

### **For Suppliers**

The obligation to comply with anti-corruption laws is included in the standard terms and conditions signed by suppliers during accreditation, supplier performance review, and regular sourcing reports. They are also required to abide by the Supplier Code of Conduct which is the general statement of the JFC Group's expectations for its suppliers, including the demonstration of standards of ethical business behavior and compliance with Anti-Bribery and Corruption Laws through the adoption of our policies and programs.

The COBE is reinforced by the Policy on Gifts which prohibits the giving or receiving of gifts or favors, except in limited instances (and subject to applicable laws). This policy includes an expressed prohibition on any cash as a form of gift-giving and prohibits gifts that are or may be suggestive of any illegal activities. There is also an absolute prohibition on the giving or receiving of gifts or favors to or from those who are involved in any tendering, bidding, selection, and approval process; those who do contract management and performance assessment of a person having or seeking a business relationship or transaction with the Corporation or those who influence the hiring or employment process.

Moreover, before the adoption of the formal Anti-bribery and Corruption Policy, anti-corruption was already covered in contracts that required its counterparties to comply with applicable laws.

### **For Directors and Management**

Compliance with anti-corruption policies and practices is the responsibility of everyone, and championing such compliance is the responsibility of all leaders within the company.

Directors and management participate in the implementation of anti-corruption policies and practices through the Global Ethics Council which is the approving body for all ethics-related

initiatives, programs, and policies of the JFC Group of Companies. The Global Ethics Council is chaired by a member of the Board of Directors and the Board's Audit Committee, while the members of the Global Ethics Council are the heads of the Human Resources, Internal Audit, and Legal functions. Regional Ethics Councils are also established at the regional level.

## **Opportunities and Management Approach**

There are opportunities to strengthen anti-corruption initiatives. Global Legal & Ethics continues to benchmark international best practices and monitor regulations to ensure continued compliance and up-to-date policies.

# ENVIRONMENT

We recognize our responsibility on the planet's sustainability; in particular, issues that relate to the environment. For this reason, we monitor the impacts of our supply chain operations—in stores, manufacturing, and logistics facilities—on energy, water, and waste.

## Stores

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We continually expand our store networks in the Philippines and around the world. In 2021, we have opened 85 new stores in the Philippines. This has grown our network to 3,220 stores nationwide.

As we open new stores, we continue to implement proactive measures at the store level, integrating throughout our business our full compliance to all relevant regulations in protecting and conserving the environment.

## Manufacturing and Logistics

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The Corporate Supply Chain provides manufacturing and logistics services to the various brands of JFC in the Philippines through Zenith Foods Corporation and JWS Logistics. Zenith Foods Corporation (ZFC), a wholly-owned subsidiary of the Company, is the manufacturing arm of the JFC Group in the Philippines. As of December 31, 2021, there are 11 commissaries in the Philippines.

We believe that one of the strategies to achieve operational excellence is by managing the efficiency, throughput, cost, and capability within our supply chain. Our logistics management operations involve distribution centers operations that start from receipt of materials and supplies up to the issuance of these to stores. All distribution centers are being operated by third-party logistics (3PLs). For this report, the environmental performance of logistics operations covers four facilities: Fast Services Corp. in Bicutan and two vendors where JFC is the exclusive client. These vendors are F2 Logistics Philippines, Inc. (in Cebu and Davao) and Producers Connection Logistics, Inc. (in Marilao, Bulacan).

We gauge efficiency levels through OTIF (On-time and In-Full) which measures the timeliness and accuracy of products being delivered to the stores. OTIF assesses how well we serve our customers and fulfill the orders.

The trucking fleet system was rationalized to increase efficiency. JWS Logistics decreased the number of trucks in 2021 but maximized its services.



Weather disturbance and importation supply delays are considered the usual threats in ensuring an uninterrupted supply of goods and services in the Quick Service Restaurant (QSR) industry.

Our business continuity plan (BCP) is centered on sourcing from alternative distribution centers for affected stores and having other suppliers on contingency arrangements to mitigate supply delays. This was put to use in 2021 when JWS Logistics tapped Bacolod and other distribution centers (DCs) to supply the stores in response to delays brought about by Typhoon Odette.

## Energy & Emissions

### Energy consumption within the organization

#### Breakdown per Type of Energy Consumed

Disclosure <sup>7</sup>	Stores <sup>8</sup>	Manufacturing	Logistics <sup>9</sup>	Main Offices
Renewable sources (in kWh)	282,852 <sup>10</sup>	-	-	-
Gasoline (in GJ) <sup>11</sup>	-	196	0	463
LPG (in kg) <sup>12</sup>	296,748	2,437,550	-	15,588 <sup>13</sup>
Diesel (in GJ) <sup>14</sup>	23,030	103,088	155 <sup>15</sup>	425 <sup>16</sup>
Electricity (in kWh)	191,810,027	76,360,484	8,309,055	2,448,129

### Reduction<sup>17</sup> of energy consumption

#### Breakdown per the Type of Energy Reduced

Disclosure	Manufacturing	Main Offices
Gasoline (in GJ)	-195	70
LPG (in kg)	1,849,624	To disclose in the next reporting year
Diesel (in GJ)	6,225	-256
Electricity (in kWh)	-7,118,098	364,481

<sup>7</sup> Disclosures with “-” mean no data recorded and is not applicable in 2021.

<sup>8</sup> The data covers 1,063 out of 3,220 stores only.

<sup>9</sup> For 2021, data from the logistics group includes four out of 19 distribution centers (DCs) that are company-managed through Fast Services Corp. in Bicutan and two vendors where JFC is the exclusive client. These vendors are F2 Logistics Philippines, Inc. (in Cebu and Davao) and Producers Connection Logistics, Inc. (in Marilao).

<sup>10</sup> In 2021, there are a total of eight stores with solar power.

<sup>11</sup> Conversion factor used is 0.03353 GJ = 1 liter of gasoline

<sup>12</sup> In 2019 and 2020, LPG monitoring was measured in GJ. Starting 2021, JFC will monitor LPG consumption in kilograms (kg).

<sup>13</sup> Consumption of LPG in the kitchens used by the Research & Development team.

<sup>14</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 from the US EIA.

<sup>15</sup> Consumed by company-owned generator sets and equipment

<sup>16</sup> Diesel consumption in the main offices for generator sets and vehicles.

<sup>17</sup> The reported energy reduction value for electricity is the difference between the 2020 reported value and the 2021 reported value of energy consumption. Negative values indicate an increase in the consumption. Due to the change in scope for the logistics operations, energy reduction will be reported in 2022 onwards. Similarly with stores, monitoring systems are being improved to track energy reduction accurately.

## GHG (in tonnes CO<sub>2</sub> equivalent)

### Breakdown of Emissions per Scope

Disclosure	Stores	Manufacturing	Logistics	Main Offices
<b>Scope 1 Emissions</b>	<b>2,509</b>	<b>14,777</b>	<b>10</b>	<b>109</b>
Gasoline	-	13	0	31
LPG	944	7,755	-	49
Diesel	1,565	7,008	10	28
<b>Scope 2 Emissions</b>	<b>147,532</b>	<b>54,383</b>	<b>5,917</b>	<b>1,743</b>

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

The lockdowns and restrictions in the Philippines were gradually lifted in 2021. We have slowly opened stores and resumed manufacturing and logistics operations as it seized the opportunity of increased consumer spending. Hence, our consumption increased as compared with 2020 but our concerted efforts to drive efficiency have resulted in reductions in various areas.

#### Stores

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

#### Manufacturing

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We believe that improved energy management would mean reduced carbon emissions for the environment as well as reduced operating costs. We measure our impact by looking at the energy use ratio in terms of megajoules per metric tonne (MJ per MT) of finished goods produced. In 2021, we delivered a 10.4% reduction of energy use ratio versus 2020, which indicates that our initiatives on reduction of fuel and electricity were effective. This exceeded our internal target of a 5% reduction.

#### Logistics

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Our Bicutan logistics site rolled-out energy and safety programs and shared these best practices to other DC sites. As a result, we reduced our energy spending by 6% in 2021 versus 2020.

## Main Offices

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Electricity is the major source of energy used in all managed Main Offices and buildings. We have an energy management program in our buildings, which provides three beneficial contributions: (1) cost reduction through effective utilization of energy, (2) better productivity for employees particularly in workload planning, and (3) environment protection by helping reduce adverse effects of global warming.

While there is an increase of electricity consumption in parts of Luzon offices due to the return of near New Normal in operations in 2021, there was a decrease in consumption in Visayas in Mindanao due to the partial closure of offices. The pandemic also caused increased transport demands in 2021 for ferrying employees who needed to work onsite. This increase in deliveries not only included its usual stocks but also of documents and tools. Consequently, this led to higher diesel consumption. In contrast, gasoline consumption decreased due to vehicle rationalization.

## Risks

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The threats in the energy and emission management that proved relevant to our operations are: (1) potential disruption of operation due to temporary power interruption resulting in the use of alternative power supply which contributes to more emissions; (2) increase in utility charges that may increase our operational expenses; (3) mismanaged or inefficient use of energy can affect the quality of product, service efficiency, and safety of the employees and result in a high level of depletion of natural resources; (4) increase carbon footprint.

We see these risks and issues with great importance as we recognize our responsibility in lowering our carbon footprint.

## Management Approach for Impacts and Risks

### Stores

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All employees, from top management to line personnel, support the company's energy management program.

Project 24 is still in effect in 2021. Launched in 2019, this initiative mandates that all stores set their dining areas' air-conditioning thermostat to 24 degrees Centigrade, which contributes to a comfortable setting for our customers. Selected stores also turned off their air-conditioning units

during the pandemic's lockdown periods that restricted indoor dining. All stores are required to use energy-efficient bulbs.

The Restaurant Systems Department creates standard practices for stores in managing risks. Other anticipated operational threats like refrigerant leakage of damaged air-conditioning units or refrigeration systems in stores are immediately addressed.

We continuously explore long-term and stable solutions to mitigate risks through deployment of stationary power sources such as a generator set, and renewable alternatives such as solar energy. We utilize modern evaporative air-conditioning equipment for fresh air supply which drives energy efficiency.

We also have several stores in Southern Luzon with installations of solar panels which reduce electricity consumption from non-renewable resources. These panels have a cumulative capacity of 200 kW and reduce consumption from the grid by 5-7% in each store. On average, we have the potential to avoid over 100 tonnes of carbon emissions<sup>18</sup> and save over 230,000 kWh of energy annually through these installations. In November 2021, a rooftop solar energy system was installed in the Jollibee Lam-an branch in Ozamiz City. After 3 months, the store has reduced its usual electricity consumption by 3%.

## **Manufacturing**

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In 2021, initiatives were done to improve our energy efficiency records. Four focus areas were designed with the intent of continuous improvement per post-assessment. First, educational campaigns focused on behavioral mindset were conducted through toolbox meetings, leaders' walk-through, and training. Second, process optimizations were put in place, which aimed to improve Operational Equipment Effectiveness (OEE). Third, maintenance execution was done to ensure timely and proper maintenance of critical equipment like the servicing of oven, boilers, and other burners. Fourth, technology application was done to use variable frequency drives, small process automations, and machine interlocks.

We are committed to sustaining regular audit and regular meetings to track the performance and effectiveness of these activities. The focus will be on sustainable programs across all sites and the Kaizen activities of the team to find more areas of improvement in reducing fuel and electricity consumption. Impacts of these activities will become the basis for the improvement of the operations.

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<sup>18</sup> We use the Internal Energy Agency (IEA) as reference for the conversion rate of 0.481 kgCO<sub>2</sub> per kWh.

## Logistics

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Our main distribution center (DC), which is ISO 14001 certified, has an internal Energy Conservation Program that aims for a reduction in electricity and water consumption. Construction efforts are being put in place, 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 Energy Management Assessment Checklist system was established in the Bicutan site in 2021. The checklist serves as the self-assessment for each facility to check its alignment with the total reduction targets and ISO 14001 and ISO 50001.

The Bicutan site has also put other energy-saving initiatives in place. These include the optimization of suction pressure based on the target temperature of Cold Storage rooms, the installation of motion sensor at Cold Storage rooms, the installation of photosensor at perimeter lights, the installation of Variable Frequency Drives (VFDs)/Softstarter at STP aeration blowers and cistern pumps, and the replacement of aircon units from non-inverter to inverter type.

We have provided rewards and incentives for plant operators who achieved the highest percentage points based on the environmental impacts achieved for the year. The creation of energy conservation initiatives in the Bicutan site has increased employees' awareness and engagement.

Our initiatives on energy and water conservation as well as waste management have been prepared for rollout to other DC sites during the first quarter of 2022.

## Main Offices

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Our Energy Conservation Program encourages our employees to align with our environmental mission and to come up with ways to improve the processes. The program fosters collaboration, which in turn promotes all-around energy efficiency. Some of the initiatives implemented are the Noon Time ACU-Lights out Program at 12:00 noon and 8:00 PM, the 100% System and Equipment Preventive Maintenance Hit Rate, and the Energy Audit Program.

## Opportunities and Management Approach

### Stores

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The evaluation process for rating the effectiveness of the energy management systems is being established. For 2021, the Network Development Group (NDG) explored solar street lights and natural lighting options, keeping a relentless lookout for other opportunities to further increase energy efficiency. We are committed to continue exploring and evaluating new technologies that promise to reduce consumption and optimize the energy efficiency programs being implemented across business units.

### Manufacturing

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Energy management in 2021 sustained the focus on improving operational efficiency by ensuring we improve our productivity levels. We improved our energy efficiency through Kaizen and the application of technology in our processes with process automation and application of energy-saving devices. We have an ongoing study to explore opportunities in utilizing renewable resources. We are exploring the use of a solar panel for hot water generation for handwashing, which will be tested in one of the manufacturing plants in 2022.

### Logistics

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Among our initiatives in reducing our energy includes energy conservation awareness and actual practice such as unplugging or turning off all devices when not in use, switching off lights, aircon, water dispensers, and computer units after office hours, and installing signs and reminders to reiterate our goals.

We believe that optimizing the suction pressure of the high-stage and booster compressor, reducing the cooling unit's fan motor in the cold storage room, and replacing air-conditioning units from non-inverter to inverter types will also contribute to energy reduction. Other energy-saving initiatives included the installation of photosensors in perimeter lights, motion sensors in cold storage rooms, and the installation of VFDs/Soft Starters at the cistern pump.

### Main Offices

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Applicable renewable energy solutions are under review at the main offices. Energy management opportunities will be inspired by smart building technologies through automation of the offices.

## Water Use (in cubic meters)

### Water Withdrawal, Discharge, and Consumption

#### Breakdown of Water Used

Disclosure	Stores <sup>19</sup>	Manufacturing	Logistics <sup>20</sup>	Main Offices
Water withdrawal	2,011,866	-	46,386 <sup>21</sup>	-
Water consumption	-	969,662	46,386 <sup>22</sup>	15,350
Water recycled and reused	-	Not applicable	-	Not applicable
Water discharges	-	-	12,723	-
Percent of wastewater recycled	-	Not applicable	-	Not applicable

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

#### Stores

Most of the water usage in the store is attributed to washing activities in the kitchen such as food preparation and cleaning of kitchenware, toilet use, and sanitation.

#### Manufacturing

For manufacturing processes, water consumption is mostly from the use of aerating machines (cake batter), spiral freezers cleaning-in-place (CIP), crate washing, and pan washings.

Employees are involved in water management since they are all users and are accounted for the water use. Improved water management contributes to the prevention of resource depletion as well as the lowering of operating costs for the company and stakeholders.

<sup>19</sup> The data covers 1,063 out of 3,220 stores only.

<sup>20</sup> For 2021, data from the logistics group includes four out of 19 distribution centers (DCs) that are company-managed through Fast Services Corp. in Bicutan and two vendors where JFC is the exclusive client. These vendors are F2 Logistics Philippines, Inc. (in Cebu and Davao) and Producers Connection Logistics, Inc. (in Marilao).

<sup>21</sup> DCs' water is withdrawn from public utilities (44,320 m<sup>3</sup>) and deep well (2,066 m<sup>3</sup>).

<sup>22</sup> Total volume of water consumed by utilities (46,386 m<sup>3</sup>). For cleaning trucks and crates, these are managed by the third party with total consumption of 3,412.41 m<sup>3</sup>.

## Logistics

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The top three activities or areas that consume the biggest volume of water in logistic operation are in crates/pallet washing, refrigeration process (for cold storage), and workplace facilities (such as toilet and washing facilities, canteens, etc.).

In 2021, the Water Management Assessment Checklist was already established in the Bicutan site with metrics identified and tracked every month. The Bicutan site performed stronger with the actual reduction of Water Usage Ratio (WUR) at 19.3% versus 2020.

## Main Offices

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Operations for the Luzon Main office found higher water usage in research and development (R&D) Facilities and Test Kitchens than warehouse operations which had minimal consumption. The Visayas and Mindanao main offices reported minimal water use since they had no warehouse facilities and activities were limited to office premises, housekeeping, and maintenance.

Facilities located in industrial parks do not directly discharge to a body of water, thus have no monitoring systems to track water consumption and discharge.

Employees, third-party contractors, and guests/visitors of JFC are all impacted by water management. We built a positive impact by ensuring that all water sources were treated and safe, and that equipment are working efficiently.

## Risks

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We acknowledge three potential risks related to water management in our supply chain operations. First, the closure of facilities due to non-compliance with the regulations. Second, the increased level of depletion of natural resources and pollution of water bodies. And third, the increase in utility charges.

## Management Approach for Impacts and Risks

### Stores

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We promote the efficient use of water in our stores by tracking the volume of water consumed to sales ratio, and monitoring it monthly. In 2021, we conducted pilot testing on water-saving initiatives and performed Cleaner Production Pollution Prevention (CP2P) refresher workshops.



## Manufacturing

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Water usage is monitored in terms of cubic meter per metric tonne of finished goods produced (m<sup>3</sup>/MT). The 5.2% reduction in water consumption in 2021 versus 2020 indicated that our water-saving initiatives were effective. The actual results exceeded our 5% target for the year.

Water conservation programs were initiated in most of the plants to reduce consumption. Some activities involved the modification of nozzles in crates washers, modification of tub for pan washings, reduced amount of water in the footbath, repair of leaks, reduced amount of fresh water use in the wastewater operation, and close monitoring of water use in toilets and locker areas.

In one of our plants, the team initiated a project to improve its wastewater facility and its biological treatment. The team installed a Diffused Air Flotation and replaced membranes of MBR aside from re-seeding the Aeration tanks with the new sludge. The team also installed a covering for the wastewater treatment facility (WWTF) and a water scrubber for odor control. Improvement in the removal of fat, oil, and grease hazardous wastes was also done in RR-Davao with the use of polymers. All these resulted in a better quality of effluents and arrested any foul odor.

## Logistics

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Some of the water-saving initiatives in Bicutan focus on the 3R approach of Reduce, Reuse, and Replace. These include an employees' awareness drive, recycling of water from crate washing, and evaporation condenser (EVAPCO) discharge used for watering of plants and disinfection and initiate water metering, monitoring, and leak repair.

Our distribution centers also undergo daily inspection and monitoring of necessary water sources or outlets to ensure that all utilities are in good condition. Any captured or reported leaks (including defective utilities) are immediately rectified and/or repaired. Additionally, there is an internal drive on water management that is reflected under the company's program on Conservation of Resources.

## Main Offices

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The main offices implemented a drinking water analysis to ensure that the water inside JFC premises is safe for consumption. As part of their Water System Maintenance Program, the water systems and equipment are regularly inspected to ensure optimized use.

In turn, the processes are regularly reviewed to measure program effectiveness. Among the processes used to verify program effectiveness are Compliance and Feedback Management and Facility Inspection.

## Opportunities and Management Approach

### Stores

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We commit to continue the Information, Education & Communication (IEC) campaigns to promote water conservation initiatives and water management in all business units, which include employee training on water management and installation of various signages on the water-free system.

New technologies to further improve the efficiency of water management programs will continue to be explored. The utmost goal is to optimize the water use of the facility as this translates to water conservation.

### Manufacturing and Logistics

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The focus on water management in the manufacturing operation will continue in 2022. We aim to improve our water efficiency through Kaizen, application of technology in our processes through process automation, and application of water-saving devices such as rainwater harvesting, recovery of condensate, and integrating all water recovered in tertiary water treatment.

A plan to manage energy, water, and waste in our distribution centers was prepared in 2021 and will be cascaded in the first quarter of 2022. In the same period, the metering system or monitoring will be reviewed and implemented.

### Main Offices

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In the main offices, we saw energy management opportunities in smart building and the application of renewable energy solutions that will also cover technologies for water management. The targets will be set by company direction and regulatory requirements.

# Materials used by the organization

## Packaging and Raw Materials

### Breakdown of Materials Used

Disclosure	2021
Materials used by weight or volume	
Raw Materials (in kg)	336,678,070.80
Packaging (in SKU Count)	650
a. Renewable	166
b. Non-renewable	484
Percentage of recycled input materials used to manufacture the organization’s primary products and services	-

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

We follow the highest food safety standards by its Corporate Quality Management (CQM) and by third-party certifying bodies. All incoming raw and packaging materials are received and accepted based on approved Raw and Packaging Materials Specifications issued by the Research and Development department. Similarly, all finished goods produced go through specification checks and product testing in the aspects of Physico-Chemical, Sensory, and Micro-analysis. These specifications are constantly reviewed and updated to reflect if the established specifications are compliant with regulatory requirements, both local and international.

We want to contribute to a more sustainable economy where packaging material is recycled or reused, thus minimizing the overall impact of packaging on the environment while food safety standards remain uncompromised. We believe that there are more opportunities to address this complex problem if multi-stakeholders such as the industry, government, and consumers as a whole work together to find solutions that will be the foundation in the making of a more environmentally friendly infrastructure.

### Management Approach for Impacts and Risks

We adopted a Reduce and Material Shift initiative in 2021 as environmental best practice. The restaurants have been utilizing reusable wares as much as possible for dine-in transactions. Strawless drinks were also introduced in select stores such as Greenwich, Chowking, Jollibee, Mang Inasal, PHO24, and Panda Express.

## Ivalua: Digitalized Procurement Process

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The Ivalua was launched in 2019 as its global integration and collaborative procurement platform. The new online system was chosen to achieve four next-level goals: improve global governance, ensure overall food safety and standard quality, build sustainable supply and provide the overall best value for stakeholders.

The Ivalua platform featured comprehensive and fully digitized processes in end-to-end procedures including supplier accreditation, database management, and performance tracking. The system also empowered both the Purchasing team and the suppliers to monitor suppliers' actions from accreditation to delivery performances.

The transition to the Ivalua platform represented a significant milestone in our procurement transformation, which allows us to deliver more value to the organization, employees, customers, and suppliers.

### Opportunities and Management Approach

For us to shift to more sustainable packaging, various departments in our organization will collaborate on plans and initiatives.

We will continue to involve our vendors in this initiative. As the design of the accreditation process is based on regulatory requirements, the Purchasing department will consider the sustainable practices of the vendors. More information on this can be found in the Supply Chain Management under the Social disclosure.

## Solid and Hazardous Wastes

### Solid Waste (in kg)

#### Breakdown of Solid Waste in Stores, Logistics, and Main Offices

Disclosure	Stores <sup>23</sup>	Logistics <sup>24</sup>	Main Offices
Total solid waste generated	14,353,861	162,016	2,697
Reusable	-	0	-
Recyclable	-	97,996	1,317
Residuals/Landfilled	14,353,861	64,020	1,380

#### Breakdown of Solid Waste in Manufacturing

Disclosure	2021	%	2020	%
Total solid waste generated	10,484,858	100	12,861,415	100
Reusable <sup>25</sup>	1,295,911	12	1,655,602	12
Recyclable	1,384,480	13	1,165,396	9
Residuals/Landfilled	6,325,457 <sup>26</sup>	60	10,040,417	78
Bioremediation	1,479,010 <sup>27</sup>	14	-	-

### Hazardous Waste

#### Breakdown of Hazardous Waste Generated and Transported

Disclosure	Stores	Manufacturing	Logistics	Main Offices
Total weight of hazardous waste generated (in kg)	32,090,171 <sup>28</sup>	7,464,321	11,732 55 L <sup>29</sup>	130
Total weight of hazardous waste transported (in kg)	32,090,171	7,459,670 <sup>30</sup>	62,242	Not applicable

<sup>23</sup> This covers waste data for 1,134 stores only. Total weight of actual biodegradable (8,774,856.87 kg) and non-biodegradable (5,579,004.18 kg) wastes generated in 2021.

<sup>24</sup> For 2021, data from the logistics group includes 4 out of 19 distribution centers (DCs) that are company-managed through Fast Services Corp. in Bicutan and two vendors where JFC is the exclusive client. These vendors are F2 Logistics Philippines, Inc. (in Cebu and Davao) and Producers Connection Logistics, Inc. (in Marilao).

<sup>25</sup> Items here are not waste, but included here nonetheless to show the percent reusable. This includes resold meat trimmings and cake, bread, pastries trimmings used as feed mix.

<sup>26</sup> Landfilled wastes are the meat trimmings, raw & processed (389,327.67 kg), food & liquid waste (2,066,760.50 kg), and garbage (3,869,369.27 kg)

<sup>27</sup> Wastes that are treated through bioremediation are meat trimmings (raw & processed) (934,712.93 kg) and food & liquid waste (544,296.91 kg)

<sup>28</sup> Hazardous wastes generated in stores are used cooking oil (18,315.44 tonnes), bulbs (10.53 kg), and grease wastes (13,774.72 tonnes). There is no available data for generated used gnet oil and bulbs which were disclosed in 2019 and 2020.

<sup>29</sup> Total volume of used oil disposed in 2021.

<sup>30</sup> Transported hazardous wastes were fat, oils, and grease (FOG) wastes.

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

Our manufacturing sites follow the segregation of wastes from the source (each production lines). Wastes from the lines are segregated and weight data are collected. For common areas, various types of waste bins are deployed for ease of segregation.

A main initiative we had in 2021 was to divert waste from landfill by introducing the bioremediation disposal process. Through this project, we were able to divert up to 14% of our total solid wastes from landfills and decrease our overall waste to landfills by 37% from 10,040,417 kg in 2020 to only 6,325,457 kg in 2021.

### Risks

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Proper waste management and disposal provide conducive working conditions for the employees working on-site. Failure in managing the impacts of improper waste management may lead to legal implications, environmental and health issues, and business disruptions. Improper waste management and disposal may affect the employees working on-site, neighboring companies and communities of our site, and the disposal facilities of our partner vendors.

## Management Approach for Impacts and Risks

### Stores

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We have a hazardous waste management plan which is shared with our stores' stakeholders for their implementation when hauling to and from stores. All stores, whether company-owned or franchised, are instructed to transact only with DENR-accredited haulers to collect and treat hazardous wastes to avoid incurring violations and fines. The stores also practice their cleaning and sanitation procedures to ensure the oil and grease from the kitchen are properly collected.

### Manufacturing

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Our recyclable scrap, or the hauled scrap items from our site, are being sold by our scrap buyers to their partner recycling plant. Meat wastes and mixed food wastes are disposed of either through pyrolysis or through bioremediation process. And our liquid waste is also disposed via bioremediation process wherein the end state of the waste after the procedure becomes a fertilizer. Meanwhile for other garbage, we work with our accredited haulers.

One of the major initiatives implemented was the introduction of bioremediation process for the disposal of meat waste and mixed food waste and liquid waste. The end-state of bioremediation is the fertilizer that diverts our wastes from the landfill. We are also exploring the possibility of investing in technologies that convert organic wastes to energy.

Commissary-wide monthly meetings are being held to review and calibrate the waste management performance of each site. Improvements and best practices are being noted for adaptability to other sites. Each site's performance is tracked and reviewed for its collected waste data and protocols.

### **Logistics**

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We conduct inventory controls in our logistics facilities to reduce lapsing of food items and reduce generation of food wastes. Reduction of non-performing inventory (NPI) is planned through rendering cost through sale or donation moving forward.

All generated hazardous wastes are temporarily stored in a controlled facility by the requirements of R.A. No. 6969 before hauling/treatment by a DENR-accredited service provider.

## **Opportunities and Management Approach**

### **Stores**

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We will continue implementing the hazardous waste management plan and regularly do cleaning and sanitizing our kitchens to capture all oil and grease. Monitoring systems will also be improved to track our waste generation accurately.

### **Manufacturing**

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In terms of sustainability in disposal management, we plan to increase meat waste and mixed food waste disposal from pyrolysis/landfilling to bioremediation, or other sustainable means. For plastics, we are looking into improving the recovery/recycling of residual plastics.

### **Logistics**

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We have begun to pilot test in our Bicutan site the use of reusable velcro-type belts, instead of stretched films, to secure stocks. This project will be implemented in 2022.

## Environmental Compliance

### Non-compliance with Environmental Laws and Regulations<sup>31</sup>

Disclosure	2021
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	PhP 778,000
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	3 <sup>32</sup>
No. of cases resolved through dispute resolution mechanism	364 <sup>33</sup>

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

In 2021, additional manpower in the Public Affairs team resulted in improved relations with the Environmental Management Bureau (EMB). This, in turn, led to better communication, smoother transactions, faster resolutions, and more cases addressed as compared to previous years' records.

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

### Management Approach for Impacts and Risks

#### Policies

The JFC Group complies with the following Philippine environmental laws:

P.D. 1586	Environmental Impact Statement System which requires the stores to secure their Certificate of Non-Coverage (CNC)
DAO 2014-02	Revised Guidelines for Pollution Control Officer Accreditation
DAO 2018-07	Amendment of Section 7 of the DAO 2014-02 or the Revised Guidelines for Pollution Control Officer Accreditation
R.A. No. 9275	An Act Providing for a Comprehensive Water Quality Management and Other Purposes
DAO 2016-08	Water Quality Guidelines and General Effluent Standards of 2016
R.A. No. 8749	An Act Providing for a Comprehensive Air Pollution Control Policy and Other Purposes

<sup>31</sup> In 2021, JFC has extended its compliance reporting from store operations up to the manufacturing and logistics operations. Data disclosed in 2019 and 2020 cover the stores only.

<sup>32</sup> One sanction involved a store, while two sanctions involved our manufacturing.

<sup>33</sup> 362 cases in the stores were resolved; 2 cases in our manufacturing were resolved.



DAO 2000-81	Implementing Rules and Regulations for R.A. No. 8749
R.A. No. 9003 and its Implementing Rules and Regulations (IRR)	An Act Providing for an Ecological Solid Waste Management Program, Creating the Necessary Institutional Mechanisms, and Incentives, Declaring Certain Acts Prohibited and Providing Penalties, Appropriating Funds Therefor, And for Other Purposes
R.A. No. 6969	An Act to Control Toxic Substances and Hazardous and Nuclear Wastes, Providing Penalties for Violations Thereof, and for Other Purposes
DAO 29-92	IRR of Republic Act 6969

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### **Administering Compliance with Environmental Laws**

#### **For Stores:**

In stores, our Pollution Control Officers (PCOs) are responsible and accountable for environmental compliance. They are assisted by Corporate Affairs on PCO training and accreditation, the processing of environmental permits, and support to address notices of violation received from the regulators.

The Environmental and Safety Unit (ESU) under the Network Development Group (NDG) supports our stores in meeting the engineering-related requirements such as structural, mechanical, electrical, chemical, and biological as mandated by these laws.

#### **For Manufacturing:**

Under the Environment, Health, and Safety (EHS) function, the PCO is responsible for ensuring compliance with all identified applicable laws. The PCO ensures the review of applicable environmental requirements is done on an as need or on regular basis.

The PCO Managing Head (Site Head) also ensures that the PCO is updated and complies with all the environmental regulations.

#### **For Logistics:**

Compliance with all relevant environment-related laws is required as part of procuring permits and licenses for any facility to operate. The Jollibee Worldwide Services Logistics (JWSL) keeps a compliance database for all distribution centers that is regularly reviewed, monitored, and updated by the leadership team.

## Key Activities and Initiatives in 2021

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### For Stores:

We implemented the following green initiatives in selected stores based on US Green Building Council's (USGBC) Leadership in Energy & Environmental Design (LEED) green building certification system:

- High-performance glass (Low-E) glass
- Variable Refrigerant Flow (VRF) air conditioning system
- Use of HFC refrigerant (R410a or R32)
- Solar Street Lighting
- Rainwater harvesting and use

We increased the frequency of training for PCOs and conducted a shortened PCO training for Area Managers in compliance with DAO No. 2014-02. The certification course for Area Managers focused on environmental laws and regulations awareness.

Our Network Development Group (NDG) reviewed the store design to incorporate requirements of the DENR Administrative Order (DAO) No. 2013-22.

### For Manufacturing:

We conducted training on Environmental and Occupational Health and Safety Management Systems for all key personnel. Our Canlubang plant was awarded ISO certification in January 2022.

We also improved the Compliance Obligation matrix, which was used as a tool to monitor timely compliance by the EHS PCO. We put in place wastewater facility upgrades and modifications in selected facilities to further strengthen our compliance with environmental regulations.

### For Logistics

Fire safety audits were conducted to assess fire risks in our Distribution Centers.

## Opportunities and Management Approach

Our Group remains committed to improving our level of operational excellence in environmental compliance and management. On upholding regulatory compliance and capacity building, our Corporate Affairs team will work to further develop existing training platforms. On the

responsible operations of our manufacturing and logistics facilities, our Corporate Supply Chain launched a program to strengthen the monitoring systems for energy and water use as well as waste management.

# SOCIAL

## Employee Management

### Employee Hiring and Benefits

#### Employee Data

Disclosure	2019	2020	2021
<b>Total number of employees<sup>34</sup></b>	<b>16,690</b>	<b>11,808</b>	<b>10,930</b>
<b>a. Number of female employees</b>	<b>7,800</b>	<b>5,661</b>	<b>5,352</b>
By age group			
<30 years old	4,642	2,882	2,249
30-50 years old	2,982	2,617	2,943
>50 years old	176	162	160
By region			
Luzon	5,806	4,346	4,113
Visayas	756	793	745
Mindanao	1,238	522	494
<b>b. Number of male employees</b>	<b>8,890</b>	<b>6,147</b>	<b>5,578</b>
By age group			
<30 years old	5,212	3,125	2,264
30-50 years old	3,516	2,871	3,158
>50 years old	162	151	156
By region			
Luzon	6,616	4,702	4,307
Visayas	858	866	770
Mindanao	1,416	579	501
<b>Attrition rate<sup>35</sup></b>	<b>13%</b>	<b>9.39%</b>	<b>16%</b>
<b>Ratio of the lowest-paid employee against minimum wage</b>	<b>1:1</b>	<b>1:1</b>	<b>1:1</b>

<sup>34</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

<sup>35</sup> Attrition rate = (no. of new hires – no. of turnover)/ (average of total no. of employees of previous year and total no. of employees of current year)

## Employee Benefits

List of Benefits	% of female employees who availed for the year	% of male employees who availed for the year
SSS		
• Loan	29.93%	31.07%
• Maternity	6.95%	NA
• Sickness	3.89%	3.35%
PhilHealth	9.28%	2.42%
Pag-IBIG	27.46%	29.59%
Parental leaves		
• Maternity	6.95%	NA
• Paternity	NA	2.90%
• Magna Carta	0.35%	NA
• Solo Parent	1.41%	0.07%
Vacation leaves	88.40%	84.95%
Sick leaves	45.01%	41.66%
Medical Benefits (aside from PhilHealth)	49.00%	37.00%
Housing assistance (aside from Pag-IBIG)	0.00%	0.02%
Retirement fund (aside from SSS)	5.41%	4.49%
Further education support	0.97%	1.34%
Company stock options	4.88%	3.50%
Telecommuting	24.76%	14.02%
Flexible-working Hours	24.76%	14.02%

## Diversity and Equal Opportunity

Disclosure	2019	2020	2021
Percentage of female employees in the workforce	47	48	49
Percentage of male employees in the workforce	53	52	51
Percentage of female in management positions	57	60	60
Number of employees from indigenous communities and/or vulnerable sector	Not tracked in 2019	Not tracked for 2020	11 <sup>36</sup>

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

#### Employee Hiring

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

#### Employee Benefits

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

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

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<sup>36</sup> In 2021, Jollibee, Greenwich, and Chowking stores in Metro Manila have hired people from the deaf and hard of hearing community.

benefits as to those who delivered. All pregnant employees availed of the leave and took the full-term option in 2021. Employees who availed of the maternity leaves but were unable to work were given allowances outside of their leave period.

Lastly, we also continue to champion the importance of wellbeing. JFC provides support to ensure the safety of our employees by offering alternative work arrangements (Work From Home, Work On Field, and Work On-Site) as applicable. For those who needed to work on-site, shuttle services, PPEs, vitamins, and other additional support were provided. As part of our goal to reach out to the vulnerable sectors of society, selected Jollibee, Greenwich, and Chowking stores in Metro Manila hired people from the deaf and hard of hearing community in 2021.

### **Awards in 2021**

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In 2021, we received best employer recognitions from Forbes, World HRD Congress, and Universum Global as a result of the various engagement and retention programs launched within the company. The distinctions include:

#### **2021 Forbes' World's Best Employers**

This was the second consecutive year that JFC has been recognized in this prestigious list, and it was ranked highest among the three Filipino companies included. This list reflects the top companies that received the highest total scores from their employees' ratings on aspects such as image, economic footprint, talent development, gender equality, and social responsibility, as well as their willingness to recommend their employers to family and friends.

#### **2021 Forbes' World's Top Female-Friendly Companies**

JFC was the only Philippine-based company that made the list, which highlights the companies leading the way when it comes to trying to support women inside and outside their workforces. The list reflects the top companies that received the highest total scores from their employees' ratings on various gender-related topics such as pay equity, parental leave, corporate responsibility, marketing campaigns, and public perception, as well as their willingness to recommend their employers to others.

#### **2021 Asia's Best Employer Brand Award**

Jollibee Foods Corporation was one of the 15 Philippine-based organizations included in the 2021 list. This was also the third time that Jollibee Foods Corporation received this award. The Asia's Best Employer Brand Awards is a ceremony organized by the World HRD Congress in partnership with the Employer Branding Institute and Stars of the Industry Group. This award recognizes

organizations in Asia that have shown excellence in talent attraction and retention, talent management, and talent development.

### **2021 Universum Global Most Attractive Employers in the Philippines**

Universum Global is an internationally recognized employer branding specialist with over 30 years of experience in helping world-class organizations attract and retain talent. Their Universum Talent Survey provides insights into the career aspirations of future employees. It also recognizes organizations voted as the most attractive employers by college students, whereby JFC was among those included. This is the first time that Jollibee Foods Corporation was bestowed with this recognition.

### **Risks**

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The talent market in 2021 has evolved in keeping with the unusual working conditions shaped by the COVID-19 lockdowns.

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

### **Diversity and Equal Opportunity**

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

In 2021, we partnered with Aperian Global in the development of D&I strategies, as well as the implementation of learning sessions on Inclusive Leadership for our leaders from different business units and corporate functions. We also conducted learning sessions on Unconscious Bias among the leaders of our Store Operations Team.

The JFC Values promote diversity by instilling behaviors related to Humility to Listen and Learn, the Spirit of Family and Fun, and Integrity. Humility to Listen and Learn states that we learn from all walks of life, Spirit of Family and Fun champions celebrating everyone for their uniqueness, and Integrity is our constant reminder to do what is right. These values are fundamental to how JFC employees are expected to behave every day and are applied when championing diversity and inclusion.



To truly provide the best employee experience and unlock each person's potential, we must foster a workplace where people feel safe and where we embrace one another's individuality. The JFC Code of Business Ethics firmly states that we must treat everyone with dignity and respect, that we must encourage diversity, that we must promote equal opportunity for all, and that there is freedom from any form of harassment, intimidation, or discrimination. It is therefore our commitment to cultivate a culture where our uniqueness is celebrated and that we all feel secure to be our authentic selves.

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

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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, monetization of unused leaves, retirement funds, company stock options, further education opportunities, telecommuting and flexible working hours, are also provided.

In 2021, Wellness Webinars and Articles were regularly provided to employees. The focus on employee wellbeing was further highlighted by the launch of our online Wellness Portal, which contains articles, videos and challenges that will help employees achieve holistic wellbeing.

We also extended financial assistance to those who were affected by the typhoons which devastated parts of the country in the fourth quarter of 2021.

### **Supporting our Employees Amidst the COVID-10 Pandemic**

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Despite the challenges to the business, we remained bound to its duty of caring for our employees through financial and other forms of support to ease their needs in these extraordinary times. We strived to support the employees during the pandemic by ensuring that the work and operations were normalized as much as can be allowed by the varying lockdown constraints. Additional special pay on top of regular pay was provided to employees in areas that had high active COVID-19 cases while those that were temporarily not allowed to work were extended special allowances to help with their daily needs. We put in place the Remote Home Care Program, to support employees and dependents who tested positive for COVID-19 with necessary and proper medical intervention. Flexible work arrangements remained in place for employees whose jobs can be performed off-site. Telemedicine services, vitamins, and Stay Safe@Home Kits were also provided to those affected. Shuttle service was available for employees who needed to work on-site in selected areas that were classified under Enhanced Community Quarantine (ECQ) or Modified Enhanced Community Quarantine (MECQ). There

were several Wellness Programs conducted, the majority of which were focused on mental and emotional health, that were open to all our employees. They were also given free vaccines through the #JabforJoy! Program. Employees had the opportunity to avail of the vaccines for their dependents, extended families, and household members.

### Ensuring Proper Workplace Succession

We established the Integrated Succession Management program which includes direct links to Development Planning, Differentiated Development, and the Career Management Program of JFC. As of 2021, these programs have been launched globally to achieve a standardized process across the organization. In addition, JFC kicked off its partnership with SAP SuccessFactors in 2021 to elevate the employee experience in the organization.

## Opportunities and Management Approach

In 2022, we will be strengthening our D&I foundation by revisiting our D&I strategy and firming up a roadmap that will include specific organization-wide objectives, policies to be reviewed, and programs to be introduced. We will also continue to increase awareness about D&I among our employees and further empower our leaders to practice inclusive leadership in the workplace.

### Employee Training and Development

#### Mainstream Program (Leadership and Technical)

Disclosure	Quantity <sup>37</sup>	Units
Total training hours provided to employees	230,144.00	hours
a. Female employees	102,728.20	hours
b. Male employees	127,415.80	hours
Average training hours provided to employees	20.92	hours/employee
a. Female employees	19.10	hours/employee
b. Male employees	22.65	hours/employee

<sup>37</sup> This includes all employees from all brands of the Group.

## Accelerated Development Program

Disclosure	Quantity <sup>38</sup>	Units
Total training hours provided to employees	732.00	hours
c. Female employees	366.00	hours
d. Male employees	366.00	hours
Average training hours provided to employees	20.33	hours/employee
c. Female employees	40.67	hours/employee
d. Male employees	40.67	hours/employee

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

Training and development empower employees to perform well in their tasks and achieve milestones in their careers, thereby positively impacting morale and engagement. This training has also kept employees abreast with the knowledge and skills required to safely navigate through the Next Normal.

Our Talent Philosophy focuses on five main areas:

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

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

<sup>38</sup> In 2021, six employees—three female employees and three male employees—were enrolled in the Future Leaders Program (FLP). To qualify for the program, the enrollees must be endorsed by their immediate supervisors.

In 2021, our Mainstream Leadership and Technical training programs provided a total of 102,728 training hours to female employees, and 127,416 training hours to male employees. Both the community quarantines and restrictions and the rise of remote and alternative learning platforms allowed us the opportunity to drive training and development among its employees. On top of the regular training programs, we integrated programs that address health, safety, and best practices in the context of a pandemic. The average training hours for male and female employees do not significantly deviate from the other. This is consistent with our commitment to provide equal opportunities for everyone.

Specific to the Accelerated Development Program, an average training time of 40.67 hours per employee were recorded by the employees from both male and female genders. This includes the Future Leaders Program (for high potential fresh graduates or FLP), the Emerging Leaders Program (ELP) for Officers or Restaurant Managers, the Leap Advancement Program (LEAP) for Managers and Area Managers, and Leadership Enrichment through Accelerated Development (LEAD) for Senior Managers and Directors.

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

As the Group expands its offering to the rest of the world, we are also expanding our talent pool and internal capabilities. The JFC University, which aims to hone the company’s mainstream talent in leadership and management acumen through our partner institution, is gearing towards offering the same development opportunities to talents who are assigned outside of the country.

## Risks

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As our business model continues to pivot and evolve due to the changing behaviors of our customer base, our training and development strategies continue to be actively reviewed and adjusted to be responsive to retool our employees and their changing needs as well.

## Management Approach for Impacts and Risks

We understand the significance of career development in its employees’ overall welfare. We provide resources and access to a diverse range of training programs for our employees. In 2021, we invested a total of PhP 167 million on training and development, which was 59% more than the previous year.

We onboarded specialized capabilities within the group’s learning and development arm to ensure that the design, delivery, and evaluation of learning programs receive the optimum focus. We have onboarded strategic partners who would help us roll out novel programs while ensuring that in-house programs are delivered consistently across all brands and units. Online platforms were maximized to provide learning opportunities for employees working in their homes.

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

### **Measuring Employee Performance**

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We recently shifted to use the Objectives-Key Results-Initiatives framework as a basis to measure performance that caters to a more agile work style. The performance is measured semi-annually and the results are fed into the payment system through the performance bonus and merit increase programs of the company.

## **Opportunities and Management Approach**

We continue to improve our learning and development practices to provide the best learning opportunities for our employees. We aim to continue leveraging technology and innovation to design, deliver and evaluate training programs more effectively and efficiently. We are also integrating the Learning Management System (LMS) with the other Human Resources Information Systems to have one seamless platform connecting talent and career development alongside succession planning. Finally, we want to continue the development of programs that will build future-ready leaders.

## Labor Management Relations

### Disclosures on Labor Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements <sup>39</sup>	8.97%	%
Number of consultations conducted with employees concerning employee-related policies <sup>40</sup>	41	#

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

We maintain 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 allow us to maintain industrial stability.

#### Risk

Just like any other labor-management relationship, there is a risk of potential tumult of labor concerns arising from unresolved disputes, which is why we maintain open communication lines and work towards addressing issues and concerns.

### Management Approach for Impacts and Risks

We maintain open and direct communication channels to address questions and concerns by conducting regular dialogues with the employee representatives. These are conducted through monthly meetings between the Human Resources Department team and union officers who discuss plant-level concerns and open consultations on policies or programs that may affect the labor's working conditions and general welfare.

The Labor-Management Cooperation Council (LMCC) is a committee composed of union and management representatives, that discusses matters outside the jurisdiction of the grievance machinery. It is designed to enhance the union's participation in work-related decision-making through projects and initiatives on productivity, occupational safety and health, job enrichment, education, among others. The joint committee was able to roll out the standardized safety shoes,

<sup>39</sup> Covered here are rank-and-file employees in Jollibee and in Red Ribbon.

<sup>40</sup> Included here are the monthly meetings and dialogues

and personal protective equipment (PPE) for all rank-and-file employees in Jollibee stores and other brands in the Philippines.

In 2021, we endeavored to increase touchpoints with the union online to address the reduction in face-to-face interactions. As a result, we doubled the frequency of online meetings with the union and introduced offline communication channels (i.e., MS Teams chat group) for easier and faster sharing of information.

We value the importance of giving all employees an avenue to be heard, thus various feedback and listening programs are being implemented. Our Performance Management System and Coaching Culture offer employees channels to provide inputs that would further enhance work relationships and overall organizational effectiveness. Monthly *kumustahans* (dialogues) between people managers and their teams are held. Finally, a company-wide Weekly Pulse Check is conducted, which measures employees' satisfaction.

### Global CEO Hour

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Spurred by the restrictions of the global pandemic, we virtualized high-impact engagement activities to continue supporting and engaging employees. One of the notable company-wide initiatives launched in 2021 was the Global CEO Hour. It was created to drive purpose and engagement through the communication of business updates and recovery plans. CEO Ernesto Tanmantiong reconnected with employees and expressed his appreciation for the efforts and hard work put into the past years and inspired employees as JFC regains stability and position the business for growth in the next normal and beyond.

## Opportunities and Management Approach

We see an opportunity to increase the labor-management relations capabilities of HR and line managers through the conduct of related training.

# Workplace Conditions, Labor Standards, and Human Rights

## Occupational Health and Safety

### Safety Statistics in the Organization

Disclosure	2020	2021
Safe Man-Hours <sup>41</sup>	1,924,216	1,371,579
No. of work-related injuries <sup>42</sup>	5	5
No. of work-related fatalities	0	0
No. of work-related ill-health <sup>43</sup>	121	78
No. of safety drills <sup>44</sup>	364	959

### 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. Because we keep our hires informed and equipped on OHS protocols and proper implementation, our employees have a full understanding of the importance of safety and adhere to this mindset and behavior at work.

#### Risks

The two threats to occupational health and safety would be the risk of COVID-19 for employees reporting on-site, as well as mental health risks for telecommuting employees.

### Management Approach for Impacts and Risks

We adhere to various safety standards and regulations in our store, manufacturing, and logistics operations. Our safety practices are compliant with the OHS standards set by the Department of Labor and Employment (DOLE) and external standards such as ISO 14001 and ISO 45001.

<sup>41</sup> This covers safe man hours recorded in the manufacturing and logistics divisions only.

<sup>42</sup> Tagged as total number of disabling injuries, which was based on the filing of EC claims for disabling injuries in 2021. Disclosed value covers main offices, stores, manufacturing, and logistics division.

<sup>43</sup> Data is relevant to main offices, stores, manufacturing, and logistics divisions concurrent to [DOLE 184](#) submission. This includes sudden injuries, such as a slip or trip, or slow injuries, and positive COVID-19 cases. In stores, recorded number of ill-health cases are mostly COVID-19 infections.

<sup>44</sup> Disclosed value covers number of safety drills conducted for stores and main offices only.



For stores, we implemented ventilation guidelines under DOLE DO 224-21 Workplace Ventilation Guidelines to prevent and control the spread of COVID-19. This helped ensure that stores have acceptable and safe indoor air quality (through qualitative and quantitative assessments). An Occupational Safety and Health Management Policy for stores was also developed.

For Logistics, new initiatives include a fire safety audit and compliance with the IATF COVID-19 protocols on the updated work arrangements and use of air purifiers, among others.

### **Safety Training**

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Our Group conducted various training for employees such as the Basic Occupational Safety and Health (BOSH) Training for all Safety Officers, Workers' OSH Seminar, Electrical Safety Program, First Aid Training, safety refreshers on COVID-related protocols, and several Wellness Seminars. Specific to the commissary, training such as ISO 45001 Awareness training, Risk Assessment training, First Aid training, COVID-19 cascade, Fire Brigade Training, eight-hour Mandatory OSH, and Fire Safety Awareness Training were conducted.

### **Other Health Services**

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Apart from providing learning opportunities to employees about occupational health and safety, consultation and monitoring services are also offered. The Employee Assistance Program (EAP) provides free mental, financial, and legal consultations with experts, and is open to all our employees and their dependents<sup>45</sup>.

For other illnesses such as tuberculosis, HIV, dengue, pneumonia, etc., employees and eligible dependents can reimburse their prescribed medicines given valid transactions through the Outpatient Medicine Reimbursement.

In Logistics, additional health services are made available through HMO. Regular consultation and health monitoring are being conducted by OSH Team for all personnel.

### **Safety Protocols for Stores in Vulnerable Areas**

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To ensure that our employees will be well-assisted in the event of a natural calamity, we establish linkages with LGUs to facilitate fast and smooth delivery of relief packs where needed. Employees who suffered property damages are eligible for financial assistance based on Global HR Total Rewards' assessment. We also have a partnership with the Philippine Disaster Relief Foundation (PDRF) for any search and rescue operations. Store employees are also guided by the protocols

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<sup>45</sup> This program covers a maximum of three dependents per employee.

enumerated in their manual that include action steps on what to do before, during, and after natural calamities.

## Opportunities and Management Approach

The improvement of the OSH Management System specific to our stores is an ongoing project to streamline and provide an overall framework for the various programs and activities related to addressing workplace safety and health concerns. In 2021, the foundational policies and structure for the OSH Management System were created, and after its successful pilot run, we plan to roll out the program system-wide in 2022.

### Labor Laws and Human Rights

#### Incidents of Discrimination and Human Rights

Disclosure	Quantity	Units
Incidents of discrimination	0	#
• Resolved incidents	0	#
• Under investigation	0	#
No. of legal actions or employee grievances involving forced or child labor	0	#

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

Topic	Y/N	If Yes, cite the reference in the company policy
Forced labor	N	Although JFC has no policies explicitly written on the three topics, we follow labor and human rights laws in the Philippines.  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>
Child labor	N	
Human Rights	N	

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

The COBE is rooted in our strong values. We endeavor to maintain the highest standards of business ethics as well as full compliance with all relevant laws, rules, and regulations. As such, we ensure that a system is in place which will enable all stakeholders: employees, vendors, franchisees, suppliers, and other external stakeholders, to submit reports, complaints, or any other information regarding any fraudulent, illicit or unethical activity anonymously and confidentially, without fear of reprisal.

We observe the values of honesty and integrity in our dealings with all of its stakeholders. We conduct our business and perform our duties with uncompromising integrity and professionalism.

### Risks

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Potential risks include filing legal action against JFC and its subsequent reputational risks.

## Management Approach for Impacts and Risks

### Policies

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

1. **Tuberculosis (TB) Control and Prevention in the Workplace Policy and Guidelines** – “As part of JFC’s commitment in maintaining a healthy and safe environment to ensure the well-being of its employees, the Company commits to increase the employees’ level of awareness on TB, reduce the risk of its transmission in the workplace, and eliminate discrimination against TB-positive employees.”
2. **Policy on HIV/AIDS Prevention and Control Program** – “HIV/AIDS screening/testing shall not be used as a pre-condition to hiring/employment. Utmost confidentiality of the HIV test results is the company’s responsibility. The company must see to it that integrity in the workplace is maintained especially among the management representatives handling such cases.”
3. **Leave for Victims of Violence Against Women and their Children** – “The Company recognizes the family unit as central to nation-building and therefore each of its family

members, particularly women and children, must be protected from violence and threats to their personal safety. In line with this, the Company shall provide female employees under the JFC Group of Companies, regardless of rank, position, and employment status, paid leave benefit to attend to medical and legal concerns related to violence committed against them following the provisions of the Republic Act 9262 otherwise known as the 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 its 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 of Hepatitis B. Furthermore, in compliance with 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 among 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 in discrimination against the individual raising the concern or against another individual.”

## **Grievance Mechanism**

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We have an Ethics Hotline, a mechanism for reporting information on any actual or perceived violations. Complaints filed through the Ethics Hotline are kept anonymous and confidential. Employees are also encouraged to report such information to their Immediate Superior or through HR, if appropriate under the circumstances. HR shall ensure that complaints are investigated and resolved immediately. Lastly, employees may also file complaints specific to sexual harassment, through the Committee on Decorum and Investigation.

Employees who commit related violations are subjected to disciplinary action upon the observance of due process.

### **Protection from Retaliation**

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Protection from retaliation is expressed in our Code of Business Ethics. We also ensure that employees can raise concerns freely by stipulating in our Anti-Sexual Harassment Policy that reprisal/retaliation in any way against anyone who has articulated any concern about sexual harassment, whether that concern directly relates to sexual harassment or results in discrimination against the individual raising the concern or against another individual, in itself is considered a violation of the policy.

### **Key Activities in 2021**

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One of the major achievements of HR in 2021 was the roll-out of an enhanced Performance Management System in the entire JFC organization. The performance evaluation tool was accomplished bi-annually and included in the Performance Rating, an assessment of the employee's behavior against the core values of the company. With this system in place in JFC's global organization, every employee, across all levels and in all business entities regardless of country of operation, is expected to act following the corporate values which adhere to human rights, especially to equality and non-discrimination.

## **Opportunities and Management Approach**

Our HR division plans to continue the implementation of training on corporate values and business ethics principles to remind employees of their responsibility to always act following the JFC's standards of behavior. In addition, they aim to continue the roll-out of gender sensitivity training to people managers to develop an awareness of their values, biases, and beliefs which affect interactions with customers and colleagues.

# Supply Chain Management

## Supplier and Vendor Management

### Supplier Accreditation Policy of the Organization

Topic	Y/N	If yes, cite the reference in the company policy
Environmental performance	Y	Standard Terms and Conditions of Purchase of the Jollibee Group of Companies  <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.”
Forced labor	Y	<b>Service Agreement</b> “It is and will be throughout the Term, in full compliance with all law, regulations, ordinances, and other governmental issuances and applicable to it and its business, including without limitation those related to labor and labor standards, the protection of minors, occupational health and safety, environmental protection, and anti-corruption. Without limiting the generality of the foregoing, the Contractor confirms that is and shall continue to be throughout the Term, in compliance with all the requirements of DOLE 18-A and DOLE 174, and that it shall not commit any acts prohibited thereunder throughout the Term.”
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	

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

About 42.58% of our generated economic value flows to our suppliers—both local and foreign. All of our food products and non-food items are garnered from our suppliers who also undertake

some of our operational services. Their impacts to the environment, society, and economy (ESE) are, by extension, our impact as well. Our suppliers' success and best practices in delivering their output determine our success. Hence, we hold our supplier performance management in very high regard.

## Management Approach for Impacts and Risks

Our supply chain consists of food suppliers, non-food and packaging suppliers, logistics, and other service providers. 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 process, 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 use a software that 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 PVM. The PVM serves as our decision-making backbone for a fair, transparent, consistent, and objective supplier evaluation. It creates 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 by the PVM, we can continuously optimize our supplier pool and award allocation to high-performing MBIC suppliers.

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 the 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.

Throughout their supplier lifecycle, we have identified risks and are implementing mitigating measures to minimize them for us to safeguard business continuity and uphold high standards.

### On Environmental Impacts

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

well as the availability of sustainable packaging-related innovations.

We also require suppliers to be compliant with the Good Animal Husbandry Practice (GAHP) certification. This is part of the Supplier Performance score which is a pre-requisite to retain or grow the business with JFC.

We are continuously improving 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.

### **On Social Impacts**

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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. It is stipulated in our service agreement that our suppliers' personnel should enjoy the following:

1. All statutory rights and benefits under the Labor Code<sup>46</sup>, DO 18-A<sup>47</sup>, and DO 174<sup>48</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

We assess and monitor the emergency preparedness and fire safety protocols of our suppliers, as well as their anti-corruption policies through our supplier performance management scorecards.

### **On Economic Impacts**

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We prioritize partnering with local suppliers by considering the availability of commodities in the

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<sup>46</sup> More information on the DOLE Labor Code may be found [here](#).

<sup>47</sup> More information on the DOLE Department Order 18-A may be found [here](#).

<sup>48</sup> More information on the DOLE Department Order 17 may be found [here](#).



Philippines, which is why 323 (85.31%) out of its total 380 suppliers<sup>49</sup> is local. We only source outside the Philippines for commodities where our requirements cannot be met or sourced locally and for risk mitigation purposes.

### Supplier Performance Assessment

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

Rejected suppliers can re-apply after a year to give them time to improve on the items that did not meet our standards.

### Opportunities and Management Approach

We continue to practice good housekeeping in terms of tracking our impact on 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 therefore plan to continuously update these standards to better assess the impacts of our suppliers.

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<sup>49</sup> This includes suppliers for food, non-food, transporters, manpower, and warehousing.

# Relationship with Community

## Significant Impacts on Local Communities

### Farmer Entrepreneurship Program (FEP)

Disclosures	
<p>Through our Farmer Entrepreneurship Program, we helped uplift the lives of smallholder farmers by equipping them with the necessary agro-entrepreneurship and collective marketing capacities to become viable suppliers for corporate buyers including the Jollibee Group. In 2021, these farmers’ produce was sold to Jollibee Group at fair market prices, with more than PhP 22.9 million in total sales.</p>	
Location:	Sites of 17 farmer groups across municipalities in Luzon, Cebu and Davao del Norte
Vulnerable groups:	Smallholder farmers
Impact on Indigenous Peoples:	No negative impacts to indigenous groups
Community rights and concerns of communities:	Living wages and food security; food safety
Enhancement Measures:	<p>Typical of our other fresh produce suppliers, farmers cooperatives under the Farmer Entrepreneurship Program are required to be compliant and have certification on Philippine Good Agricultural Practices (PhilGAP)<sup>50</sup>. This certification enables the farmer groups to meet our food safety standards. Together with our multisectoral partners such as Local Government Units (LGUs), financing institutions, and non-governmental organizations, we assist the farmer groups in securing these PhilGAP certifications.</p> <p>We also implement multiple interventions to help capacitate the agriculture extension staff of local partners and the farmer groups that they organize for FEP.</p> <p>At the onset of the pandemic, face-to-face learning had to be shelved. To address the need for continuing education for farmers</p>

<sup>50</sup> More information on the GAP certification may be found here: <http://rfo3.da.gov.ph/good-agricultural-practice-gap-certification/>

	and partners during this time, we partnered with Xavier University-Ateneo de Cagayan to launch the “Agro-entrepreneurship for Inclusive Value Chains.” This shifted the course online which in turn built the competency of more agri- extension managers who can organize and train farmers for collective marketing through the Farmer Entrepreneurship Program’s eight-step Agro-enterprise Clustering Approach.
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Access, Curriculum, Employability (ACE) Scholarship Program

Disclosures	
Our ACE Scholarship Program involves partnerships with technical-vocational skills training institutions to train indigent out-of-school students on Quick Service Restaurant Operations (QSRO) and Agro-entrepreneurship to gain employment.	
<b>Location:</b>	<p><b>For QSRO:</b> Anihan Technical School in Calamba, Laguna</p> <p><b>For Agro-entrepreneurship:</b> Sacred Heart Savings Cooperative in Galimuyod, Ilocos Sur; Don Bosco Training Center Mati City, Davao del Norte</p>
<b>Vulnerable groups:</b>	Underprivileged youth
<b>Impact on Indigenous Peoples:</b>	No negative impacts to indigenous groups
<b>Community rights and concerns of communities:</b>	Employment opportunities upon graduation
<b>Enhancement Measures:</b>	<p>After suspending classes in 2020 due to pandemic restrictions, the Anihan Technical School was able to comply with health protocols provided by the Technical Education and Skills Development Authority (TESDA) in 2021 and resumed classes leading to the scholars’ completion of their training.</p> <p>In 2021, TESDA granted accreditation to the Agro-enterprise National Certificate II Course that we co-developed with Don Bosco.</p>

	We provided scholarships to 50 underprivileged youth to participate in the said course, 25 of whom were trained by Don Bosco Training Center and 25 by Sacred Heart Savings Cooperative.
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**FoodAID**

<b>Disclosures</b>	
Since 2013, we have been responding to calls for disaster assistance through Jollibee Group FoodAID, providing affected communities with immediate access to food. The program harnesses Jollibee Group’s expertise in producing and distributing food items that are easy to prepare and store.	
<b>Location:</b>	Disaster-stricken provinces and regions
<b>Vulnerable groups:</b>	Children and Youth, Elderly, PWDs, Poor
<b>Impact on Indigenous Peoples:</b>	No negative impacts to indigenous groups
<b>Community rights and concerns of communities:</b>	Disaster recovery, food safety, and security
<b>Enhancement Measures:</b>	<p>The program sustained its initiatives to respond to the immediate need for food among communities in need, and frontliners, due to the COVID-19 pandemic. We partnered with the German Investment Corporation (DEG) to expand the program’s reach.</p> <p>Assistance was also provided during other calamities in 2021 including Typhoon Odette in coordination with franchisees and various other partners.</p>

**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.

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

### Jollibee Group Foundation (JGF)

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Jollibee Group Foundation is the social responsibility arm of the Jollibee Group. The Foundation promotes food access by implementing programs on agriculture, education, and disaster response, together with partner organizations and communities nationwide.

The Jollibee Group donates annually to JGF to fund various programs. From 2004 to 2012, it allocated 1% of its net income from the prior year; in 2013, the company increased this to 1.5%.

### Our Approach

Three principles guide our work and are reflected in the programs that we undertake.

#### *Think in Systems*

To understand social issues, we look beyond the presenting problem and consider the patterns and structures underlying the issue. For instance, hunger encompasses not only food supply availability but also the levels of household income and effective coordination of social programs and services.

Our approach fuels the creation of innovative solutions that deliver lasting impact for communities and influence potential systemic change.

#### *Harness Core Strengths*

Intrinsic in the programs we implement are the values, systems, tools, and expertise of the Jollibee Group that are of benefit to communities. The company's quality standards have been applied in the *Busog, Lusog, Talino* (Full, Healthy, Smart) School Feeding Kitchens, and FoodAID program. The Farmer Entrepreneurship Program promotes inclusive business with the access it provides smallholder farmers to become direct suppliers of the Jollibee Group.

#### *Work Collaboratively*

We believe there is an opportunity for everyone to contribute to creating solutions to address pressing social concerns. The engagement of key stakeholders is crucial to our work. We invest in building partnerships with communities and institutions, leading to programs that are relevant, effective, and sustainable.

## *Our Programs*

Over the years, we have actively led nation-building efforts such as the Farmer Entrepreneurship Program (FEP), ACE Scholarship Program, and the Jollibee Group FoodAID.

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

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Despite the 2021 pandemic conditions, we were able to achieve noteworthy accomplishments.

#### *Farmer Groups Directly Supply the Jollibee Group*

Since the program was launched in 2008, FEP farmers have delivered nearly nine (9) million kilos of vegetables equivalent to more than 360 million pesos worth of sales, while consistently complying with safety and quality standards such as Philippine Good Agricultural Practices. In 2021 alone, the farmers delivered 486 MT of vegetables.

On average, the Jollibee Group sources about 15% of its vegetable requirements—onions, tomatoes, bell peppers, hot peppers, calamansi, spring onions, water spinach, and others—from FEP farmers.

Overall, 17 FEP farmer groups with a total of 637 members have become accredited suppliers of the Jollibee Group. Among this group of smallholder farmers, 109 are considered youth farmers aged 35 and below. By 2021, 554 members from 13 supplier groups were able to deliver produce to the Jollibee Group.

#### *Online Agro-entrepreneurship (AE) Course*

2021 also saw 97 new Agro-enterprise (AE) facilitators from 47 organizations graduate from the online Agro-entrepreneurship for Inclusive Value Chains course. We implemented this in partnership with Xavier University-Ateneo de Cagayan. AE facilitators are indispensable in providing support and education to farmer groups, coaching them in agro-entrepreneurship.

Thanks to this batch of newly trained AE facilitators, 210 farmers delivered 133,000 kg of produce worth five (5) million pesos to various markets.

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

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#### *Quick Service Restaurant Operations*

Anihan Technical School resumed the training of the Foundation scholars who started their course in 2020 but which had to be cut abruptly due to the pandemic. As a result, 17 were able to graduate in 2021.

Since the program started in 2018, 109 underprivileged young women have graduated from the course. By the end of 2021, Anihan Technical School reported that 81% were employed and 10% were with the different business units of the Jollibee Group.

The Foundation will support a new batch of scholars in Anihan in 2022.

### *Agro-entrepreneurship Training for the Youth*

Since the beginning of the program up to 2019, we have provided agriculture technical-vocational skills training scholarships to 380 underprivileged youth in the field of agriculture. In 2020, we focused on supporting the existing scholars in completing their training program. Additional scholarships were granted to 50 underprivileged youth to participate in the Agro-enterprise National Certificate II Course in 2021 – 25 of whom were trained by Don Bosco Training Center - Mati and 25 by Sacred Heart Savings Cooperative. The said course was co-developed with Don Bosco and was accredited by the Technical Education and Skills Development Authority (TESDA).

## **Jollibee Group FoodAID**

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### *Distribution of Meals*

Together with the Jollibee Group, we have distributed a total of more than 8.1 million meals since March 2020 to frontliners and low-income families in various communities affected by the pandemic. In 2020, we worked with more than 80 community-based partner organizations and more than 100 employee-volunteers to make sure that the most vulnerable families received meal assistance.

Total meals distributed to families and front liners for our continuing pandemic response in 2021 reached 2.8 million.

This was made possible in part through the expansion of the partnership with the German Investment Corporation (DEG) in 2021 wherein a total of 114,405 families were provided with ready-to-cook (RTC) food packs while staff from 90 *karinderya* (eateries) were trained and provided subsidies to serve a total of 98,000 meals to 1,800 urban poor families.

Meanwhile, we also distributed 217,000 meals for families displaced by disasters. A total of 86,750 hot meals were served to families in evacuation centers in Batangas due to the threat of Taal Volcano eruption in July and La Union during Typhoon Maring in October. Typhoon Odette

FoodAID Response also resulted in meals served to 131,029 people from 39 cities/municipalities in nine provinces.

The feedback from partners and beneficiaries have been positive. Partners appreciate the importance of meal support to help families recover as they have one less meal to worry about while they recover their livelihood and rebuild homes. Jollibee Group franchisees and operations groups appreciated the opportunity to reach out to communities and live out the values espoused by the Jollibee Group.

### *Donation of Vaccines*

From October to November, we also facilitated the provision of free COVID-19 vaccines together with partner organizations in the National Capital Region and surrounding areas that are part of the IATF's priority areas.

## Management Approach for Impacts and Risks

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

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#### *How is the FEP measured*

The success metric behind FEP is largely based on the volume of produce delivered to the Jollibee Group and its the total sales equivalent, the capacities of local partners to organize and train farmer groups, and the skills gained by smallholder farmers in managing their agro-enterprises.

#### *Developments in 2021*

##### *Online Agro-entrepreneurship Course*

We have been training facilitators in the Agro-enterprise Clustering Approach so they can train farmers in their respective areas. To address the need for continuing education during the pandemic when face-to-face learning was shelved, we partnered with Xavier University-Ateneo de Cagayan. We launched the online course “Agro-entrepreneurship for Inclusive Value Chains,” seeking to build the competency of more agri-extension facilitators who can organize and train farmers for collective marketing through the eight-step Agro-enterprise Clustering Approach based on the FEP experience.

In 2021, we also partnered with the Department of Agriculture (DA) to implement the Promoting Agro-Entrepreneurship Clustering Approach (AECA) Project. DA found the approach promoted by Jollibee Group Foundation in its Farmer Entrepreneurship Program as



a complementary strategy to their Farm and Fisheries Clustering and Consolidation (F2C2) Program. As such, by partnering with DA, we were able to mainstream the FEP model in the government's agriculture policy framework.

### *New Product Development*

- One (1) farmer group delivered 23 metric tonnes of ginger to Mang Inasal for the first time;
- One (1) farmer group passed product sampling with Chowking, Sta. Cruz Laguna and preparing for test delivery for 1st quarter of 2022;
- The Jollibee Group approved a new pepper variety submitted by three (3) groups who were assisted by technical experts (PUM) and East-West Seed;

### *Weather*

Weather forecasting to monitor rainfall and flooding is critical for farmers so they could mitigate significant weather-related risks and costs. However, not many farmers have access to such information. Thus, we partnered with IBM's The Weather Company for a more accurate community-level, 15-day weather forecast with 500m x 500m resolution. We also work with the Central Luzon State University to analyze and interpret the data so it can be translated into the prescribed farm practice for the day.

The project enables farmers' decision-making in crop management, covering 12 barangays in San Jose, Nueva Ecija and Alcala, Pangasinan.

Our focus is on building capacities for communities, part of which is to provide business insights assisted by technology to help multiple farmers rediscover the joy in farming and the tools to make successful agribusiness. High-quality ingredients have been key to Jollibee Group's menus while smallholder farmers remain at the heart of fresh vegetables delivered for our clients' meals, and the collaboration with IBM will lead to an even more sustainable agriculture and farming communities.

### *Soil Testing*

Soil testing provided insights on production practice of FEP sites. Soil sample results and practical recommendations were cascaded to sites. Soil samples were also sent to the Netherlands for testing.

### *Online Learning Session for Onion (OLSO)*

Three (3) farmer groups implemented the lessons they learned from the Online Learning Session for Onion (OLSO) on Onion Varietal Trials. At least four (4) new varieties were used from different seed breeding companies (Bejo, East West Seeds, Seminis, Takii).

The farmers also received remote coaching from a PUM Netherlands senior expert.

### *Varietal Trials*

We worked with experts from the Netherlands, various seed companies, and the Jollibee Group's Research and Development team to find appropriate onions and bell pepper varieties that can fit the company's requirement and be more easily produced by the farmers.

### *Livelihood Recovery*

Through the Farmer Livelihood Recovery Program, 111 onion farmers from three groups in Pangasinan and Nueva Ecija were able to plant again to help recover from disaster.

### *Engagement of Local Implementing Partners*

Fourteen (14) Local Implementing Partners (LIP) sustained their efforts to help their farmer groups deliver to the Jollibee Group.

Technologies were acquired and developed for smallholder farmers through partnerships with East-West Seed Company, Harbest Agribusiness Corporation and LENA (Lately, Everybody Needs Analytics).

Six (6) FEP field facilitators and eight (8) farmer leaders strengthened their capacities in promoting agro-entrepreneurship as resource persons for the online Agro-entrepreneurship course.

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

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### **How the program is measured**

ACE-QSRO's metrics of success are based on the number of scholars, number of graduates and the development of curriculum with support from other partners.

## Developments in 2021

### *Agro-entrepreneurship*

In 2021, we launched the Philippines' first-ever Agro-enterprise Technical-Vocational course with 50 scholars. They are trained through partners Sacred Heart Savings Cooperative in Galimuyod, Ilocos Sur and Don Bosco Training Center in Mati, Davao del Sur.

### *QSRO*

Efforts of Anihan Technical School were focused on helping scholars complete their skills training and graduate. The completion of QSRO OJTs in Jollibee Group restaurants were postponed due to pandemic restrictions and only a limited number of people were allowed to report to the stores. Alternatively, the scholars were able to complete their required OJT hours in the facilities of the Anihan Technical School.

## **Jollibee Group FoodAID**

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### How the program is measured

FoodAID based its success metric on the number of meals provided, the communities it reached and the timeliness of response.

### Developments in 2021

Efforts were sustained to provide meals to communities together with partners as part of continuing COVID-19 response and other calamities including Typhoon Odette. The Jollibee Group Business Units and franchisees continued to collaborate in the preparation and distribution of food products. The partnership with international donor organization German Investment Corporation (DEG) expanded our reach for more COVID-19 response activities.

We also engaged the company's customers in supporting disaster response initiatives through the coin banks placed in Jollibee Group restaurants across the country. When the pandemic began, the coin banks were brought online to make it easy and convenient for the public to donate.

## Opportunities and Management Approach

### Farmer Entrepreneurship Program (FEP)

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FEP will continue to uphold its goal of helping farming communities across the country improve their livelihoods through the practice of agro-entrepreneurship. The strategic objective is to sustainably increase smallholder farmers' incomes by improving access to markets.

We will continue to work with the Department of Agriculture in promoting the Agro-enterprise Clustering Approach (AECA) across the country. Agriculture Secretary William Dar noted that, "JGF's Agro-Enterprise Clustering Approach is in line with the goal and objectives of the Department which is the consolidation through clustering in a specific location to attain the economies of scale that will give lower production cost and higher income to our farmers. This will also leave a significant impression to all that our farmers are not poor and farming is a business."

We aim to continue efforts on our Localized Weather Information System. President and Country General Manager of IBM Philippines Aileen Judan-Jiao said, "JGF is leading the way in leveraging data to help tackle weather and climate challenges, especially floods and rainfall that affect the agricultural sector of the Philippines. Having spent my childhood summers in the rice fields in the north of the Philippines, it is my great pride today to see how advanced technology is able to help Filipino farmers make the right decisions on harvesting and improving their crop yields, with insights and services delivered by our Filipino talent."

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

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The Agro-enterprise Technical-Vocational Course will be expanded to other centers around the country, both through community centers with program partners, and other technical-vocational schools.

With the Jollibee Group's growing store network, the Jollibee Worldwide Service (JWS) Staffing Services is aligned with the idea of the ACE-QSRO graduates being hired by the company as well as linking up with the Anihan Technical School and other Senior High School institutions for the recruitment of their graduates.

We will continue to provide food assistance to communities most affected by the pandemic and other disasters. Moreover, we will ensure that our disaster response system, including those of the Jollibee Group franchisees, maintain its speed and timeliness of assistance.

## Customer Management

### Customer Satisfaction

Net Promoter Score (NPS)

Disclosure	2019	2020	2021
Customer Satisfaction*	83	83	88

*\*Net Promoter Score (NPS) is taken from various digital platforms in the different global regions where JFC operates. The onsite manual CSAT survey forms, which were reduced in 2021, are not included in the count. Since 2019, JFC has been disclosing the NPS based on the stores located in the Philippines only.*

### Net Promoter Score

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“Customer Experience First” is the motto that we uphold and the Net Promoter Score (NPS) is one of the metrics used to measure its success in reaching this goal.

The NPS is the customer satisfaction, customer experience, and loyalty indicator that measures the likelihood of customers to recommend the brand, its product, or services to a friend or colleague. This also serves as an indicator of the possibility of repeat business. In 2021, JFC Philippines’ average NPS was 88. Benchmarking to the industry NPS average score of 50, our average score across brands proves to be highly competitive.

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

For the calculation, the scores 0 to 6 are considered Detractors, 7 to 8 are known as Passives, and 9 to 10 are the Promoters. Results from this exercise serve as the basis for business decisions not only at the strategic business unit (SBU) level but also at the Executive Committee level.

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

Due to lockdowns and restrictions of the pandemic, the delivery channels across all brands had to increase due to the growth in consumer demand. Systems and processes had to be set up quickly to address the need. One impact is that 61% of complaints received emanated from the Delivery Channel. From a transaction standpoint, there are 152 complaints per million transaction (0.0152% complaints/transaction count).

### Risks

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Risks such as data loss, data leak, and data integrity are mitigated by upgrading the security of our systems. The Business Technology (BT) team and Data Protection Officer (DPO) are involved in checking all requirements for data privacy compliance.

The ongoing pandemic continued to present challenges in risk management as it impacted customer needs and behavior. This tested our agility levels and kept our teams in quick response mode to meet customer needs.

## Management Approach for Impacts and Risks

The Voice of the Customer (VOC) is a critical element of JFC's Food Safety, Quality & Customer Management system. We proactively listen to customer feedback, understand their good or bad experiences, and learn from their expectations of our products and services. The VOC is captured via two channels: the Customer Satisfaction Survey, and the Feedback Management System. The channels are delivered online, which in turn accelerates the capturing of customer feedback.

- The stores administer the Customer Satisfaction (CSAT) Survey originally in paper format, and presently through various online platforms across JFC brands.
- Feedback in the form of complaints, inquiries, suggestions, and commendations are captured from the customers through Omni channels that include online VOC portals, e-mails, calls, SMS, or social media posts. Procedures and guidelines are being followed to ensure feedback is communicated to the right resolution owners, customers are recovered, and actions are taken to prevent a recurrence.

We have a Feedback Management System (FMS) across all business units and regions to ensure that feedback is communicated to the right resolution owners in a specific cycle time, customers are recovered, and actions are taken to prevent a recurrence.

## Other Developments in 2021

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### External Mystery Shopping Program

The External Mystery Shopping Program was created to get the external customer's point of view about the customer experience journey of the Philippine Brands. The program has been in existence for several years and recently was further enhanced to adapt to the changes that occurred in 2020 when onsite audits became challenging. In 2020, the shoppers were our internal stakeholders while in 2021, the program expanded and external customers were invited to shop. The assessment covered multiple business channels: Take Home, Delivery, Drive-Through, and even a sampling of Brand Web Applications, Chatbots, and Mobile Apps to capture the end-to-end customer journey experience. The results revealed priority areas of improvement in the stability of packaging material during delivery and assurance of products available upon ordering.

### Crisis Management

Our existing crisis categorization and management processes go through a constant review and update procedure which was once again strengthened and formalized across all local and global JFC business units in 2021.

The learnings from the past issues and other takeaways from the Crisis Communications Planning training held in 2019 were used as the building blocks to further improve the crisis management process in 2021.

## Opportunities and Management Approach

We intend to grow from strength to strength, building on lessons from past experiences and always in search of gaps to close to bring customer experience to the next level. One area of opportunity to leverage is an agency partnership for the External Mystery Shopping Program and to extend the program to other international markets of JFC.

The volatile trends of consumer demands dictate that we review, update, and amend our existing guidelines on annually. These principles allow us to act appropriately and promptly as befit the level of criticality of the feedback or crisis.

More plans are still in the offing to fine-tune our customer service standards beyond current platforms which are traditionally based on what is known and what is global.

On the aspect of the Feedback Management process, we are considering placing the complaint process on ticket automation for a faster complaint solution. Various platforms are being piloted and the mapping out of the complaints journey is being conducted.

## Health and Safety

### Complaints Received and Addressed

Disclosure	2019	2020	2021
No. of substantiated complaints on product or service health and safety*	4,335	3,706	4,638
No. of complaints addressed	4,317	3,454	4,499

\*Substantiated complaints include all valid and invalid 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.

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

Quality at source is a strategic thrust of JFC. From external suppliers, manufacturing sites, distribution centers, and stores, quality inspection is conducted on raw and packaging materials to ensure that products served to customers are safe and of good quality. Appropriate and applicable sampling methodology, inspection, and analysis schemes are systematized at each stage of the food chain to verify conformance to quality specifications and consistency. Third-party testing, allergen declarations, and certifications or guarantees on the absence of prohibited substances such as banned veterinary drugs and pesticides are required from the vendors.

The JFC One QA System was launched in 2017 and it is being implemented in manufacturing and distribution sites with laboratory and testing facilities. It covers Raw Material receiving inspection & Finished Product testing on sensory, physicochemical, microbiological, and mandatory regulatory requirements. The Food Safety & Quality Standards references used are by company quality specifications, mandatory release parameters, and country regulatory requirements where applicable.

In 2021, there was a zero record of food safety customer recalls.

#### Risk

COVID-19 remained to be a major threat in 2021 and infections may still occur, which is why vaccine availability and vaccinating majority of the population was critical.

### Management Approach for Impacts and Risks

#### Developments in the Food Safety and Quality (FSQ) Management Systems in 2021

Digitalization is the solution proposed by the Quality Management business unit to increase the efficiency of FSQ Systems.



Pilots were done on a digital platform in communicating shift goals and issues among restaurant managers deployed in the international operations and some of the brands in the Philippines.

An eQMS platform was designed, developed, and piloted in Supply Chain and Restaurants. This platform will house FSQ activities and will be launched globally to Supply Chain (except in Vietnam and China) in 2022.

### **Developments in the Food Safety Verification System in 2021**

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An Agile Audit system was also implemented in Supply Chain. It is risk-based and is flexible in methodology (e.g., employed video calls at the production line) as it verifies FSQ systems of the suppliers, commissaries, and distribution centers. A similar program was also introduced to area managers to help them in assessing the store's performance remotely. Audits are conducted annually.

### **Health and Safety Activities in 2021**

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Some brands included safety protocols on video and shown in various channels such as the store's television, website, social media pages. Customer Health & Safety is also included in the Online CSAT survey

Strengthened compliance with COVID-19 preventive protocols was implemented by including control parameters in the Mystery Shopping Program. Noncompliance to protocols is elevated as critical.

In JFC International where third-party auditing bodies are tapped to inspect the stores, potential health and safety risks are also identified as part of the audits.

The World Health Organization (WHO) has cited our food safety practices in a published article<sup>51</sup> in 2021.

We organized a series of insightful activities centered around the “5 Calls to Action of World Food Safety Day” from June 1 to 10, 2021. Representatives from different regions, including restaurant managers, operation and support teams, and top executives participated in the activities, which were designed to help build capacities and highlight the importance of food safety throughout the organization.

Under the theme “Ensure it’s Safe,” “Emerging Trends in Food Safety Standards and Regulation and the implications to Food Service” were discussed. “Grow it Safe” focused on the supply chain and the best practices from the agriculture and food producers. Guest speakers and experts were invited to discuss various topics around food safety, good practices on agriculture and food procedures, consumer trends, and more.

The other activities focused on the rights of the consumers to access safe, healthy, and nutritious food (“Know What’s Safe”), and the crucial role of business operators in implementing food safety (“Keep it Safe”). Here, brands from around the world such as Yonghe King in China, and Smashburger and Jollibee in North America shared their best practices for maintaining food quality.



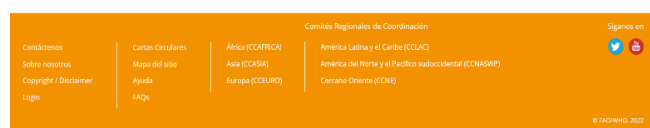
The Jollibee Foods Corp. (Jollibee Group) organized a series of insightful activities centered around the “5 Calls to Action of World Food Safety Day” from June 1-10, 2021. Representatives from different regions, including restaurant managers, operation and support teams, and top executives participated in the activities, which were designed to help build capacities and highlight the importance of food safety throughout the organization. Under the theme “Ensure it’s Safe,” SCS Global Customized Solutions Manager Evangelia Komposioliou, PhD spoke about “Emerging Trends in Food Safety Standards and Regulation and the implications to Food Service”. For “Grow it Safe”, Cargill Process Engineer Majeed Al-Jarrah focused on the supply chain and the best practices from agriculture and food producers.



The other activities focused on the rights of the consumers to access safe, healthy, and nutritious food (“Know what’s Safe”), and the crucial role of business operators in implementing food safety (“Keep it Safe”). Here, brands from around the world such as Yonghe King in China, and Smashburger and Jollibee in North America shared their best practices for maintaining food quality.

To encourage the Jollibee Group community to “Team up for Food Safety”, the company also recognized Food Safety Heroes. Individuals who went beyond what is expected and made a real difference in maintaining food safety in its restaurants especially during the pandemic.

Learn more <https://www.jollibee.com.ph/>  
Main photo: To further encourage employees to Team up for Food Safety, the Jollibee Group recognized individuals who went beyond what is expected and made a real difference in maintaining food safety in its restaurants.



<sup>51</sup> For more information, visit <https://www.fao.org/fao-who-codexalimentarius/news-and-events/news-details/es/c/1418479/>

To encourage the Jollibee Group community to “Team Up for Food Safety”, we also recognized Food Safety Heroes – individuals who went beyond what is expected and made a real difference in maintaining food safety in its restaurants, especially during the pandemic.

At the end of the week, a culminating event was held to discuss the new lessons learned, our way forward, and to give recognition to individuals who went beyond what is expected and made a real difference in maintaining food safety, especially during the pandemic. The week-long event was a success, with the World Health Organization and Food & Agricultural Organization (WHO-FAO) featuring it in an article dated July 30, 2021.

Food Safety & Quality courses were offered to store and supply chain operations teams. These courses helped strengthen the Food Safety & Quality competency across the organization and helped improve their mindset and reinforced their empowerment at work. Accountabilities were identified, competencies were developed and resources were provided to ensure that Food Safety and Quality Culture was sustained and built stronger in the organization.

### **Compliance with Food Safety Regulations**

We follow standards set by the Food and Drug Administration Food Code (FDA Food Code), ServSafe<sup>52</sup>, Centers for Disease Control and Prevention (CDC), Codex Alimentarius<sup>53</sup>, and country regulations as listed below:

- Presidential Decree No. 856 also known as the Sanitation Code
- Republic Act (RA) No. 10611 also known as the Food Safety Act of 2013
- Presidential Decree No. 442 also known as the Labor Code
- COVID-19 Inter-Agency Task Force for the Management of Emerging Infectious Diseases Resolutions (IATF) Guidelines

### **Performance Reporting**

There is a monthly reporting of performance metrics.

Process Improvements suggested and/or implemented in business units are also being monitored internally by the Quality Management team through the Process Improvement Request (PIR) portal.

Moving forward, the plan is to have a risk registry monitoring of food safety and quality risks per business unit.

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<sup>52</sup> For more information, visit <https://www.servsafe.com/>

<sup>53</sup> For more information, visit <https://www.fao.org/fao-who-codexalimentarius/en/>

## Opportunities and Management Approach

We continuously strengthen our food safety culture as part of upholding excellence through elevating the quality of our products. Policies and protocols are regularly reviewed and updated in keeping with the requirements of relevant government agencies.

### Certifications

In Supply Chain, the following are the third-party certifications / internal compliance that we aim to obtain shortly:

- FSSC 22000 for the manufacturing sites
- ISO certifications for environment management (ISO 14001), occupational health and Safety (ISO 18001), and laboratory management system (ISO 17025)
- Transported Asset Protection Association (TAPA) for truckers
- Animal Welfare (for poultry, eggs, and meat suppliers)

We also plan to design a JFC Food Safety Risk Decision Tree to serve as a guide for stores.

### Strategic Anchors for Food Safety and Quality (FSQ) Excellence

There is proactivity in pursuing Food Safety & Quality excellence to grow consumer trust and confidence in our products and services. Moving forward, we will anchor our Food Safety and Quality transformative goals on JFC's strategic directions for the next five years starting 2020.

## Marketing and Labelling

### Complaints Received and Addressed

Disclosure	2019	2020	2021
No. of substantiated complaints on marketing and labeling*	0	0	0
No. of complaints addressed	0	0	0

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

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

In 2021, the feedback received was related to general inquiries (promotions usually regarding Sharetreats, store opening/product offering/Halal and other inquiries).

There were zero records of regulations non-compliance. All items supplied to the stores follow regulatory requirements on marketing, labeling, and coding.

The management for these types of complaints is the same as with the other complaints. Relevant internal JFC groups will vary depending on the type of complaint. For Marketing and Labelling, the Corporate Communications/Marketing/Corporate Affairs and Legal are looped in or become resolution owners for the feedback, as necessary.

Quality Management is consulted by the brands for food safety and quality concerns about marketing and labeling, while there is no dedicated departmental unit specific to marketing and labeling. The Restaurant Food Safety & Quality Unit was a unit involved in the Allergen Management Program from a project management perspective. Development and implementation were conducted by each brand.

## Risks

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An organization as global as JFC means dealing with changing regulations in each country it operates. The requirement to communicate allergen information to customers is not considered a risk in 2021 due to the Allergen Management Program that has been implemented. This program allowed customers to be informed of the food allergens in our products as they decide their food choices.

## Management Approach for Impacts and Risks

The JFC Allergen Management Program sets the holistic framework in controlling allergenic materials across the JFC Food Chain and in providing the necessary information to the customers. In June 2021, during the celebration of the World Food Safety Week, the JFC Global Allergen Management program and glide path was launched. By end of last year, the deployment of Allergen Communication initiatives in the brand website and store copies was done to help attend to customer inquiries on the allergen content of JFC products.

Training for store personnel was conducted, which covers the rationale of the program, allergen and allergen management concepts, communication spiels, and other policies.

FAQs training is done in Philippine operations to empower frontline and managers to readily and properly answer customers' allergen-related queries. By the end of 2021, communication and reference materials were made available in Philippine brands, North America, and Europe sites.

Crisis Categorization and Management Processes are also being reviewed and updated since 2021 on a JFC Global scope and a per Business unit scope.

## Halal-certification in 2021

Zenith Canlubang Commissary has become Halal-certified in December 2021 for its pie line. This certification allows the commissary to cater its services to EMEA countries.

## Opportunities and Management Approach

Quality Management shall continue to drive the completion of the Allergen Management Program in other regions that are not currently required by the country/region's regulatory bodies as a milestone in JFC Global's commitment to Allergen Management. Particularly for the Philippines, operational controls inside the kitchen will be reviewed further by the Allergen Management Work Group to strengthen Allergen Control.

## Data Security

### Incidents of Data Breaches

Disclosure	2019	2020	2021
No. of data breaches, including leaks, thefts, and losses of data <sup>54</sup>	0	0	0

## Customer Privacy

### Complaints Received and Addressed

Disclosure	2019	2020	2021
No. of substantiated complaints on customer privacy <sup>55</sup>	0	0	0
No. of complaints addressed	N/A	N/A	N/A
No. of customers, users, and account holders whose information is used for secondary purposes	N/A	N/A	N/A

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

Information Security and Data Privacy are treated holistically by our Internal Systems team that is supported by managed service partners.

<sup>54</sup> Considerations for the quantification of the breach include substantial evidence that data was stolen, collected or misused. Attempts for breaching are not included.

<sup>55</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.

We consider the following as threats to privacy and security: advanced phishing, malware, ransomware attacks, account takeover, and exploitation of public-facing websites and web portals.

## Management Approach for Impacts and Risks

In 2021, we enhanced the existing security infrastructure. We engaged with outsourced teams through service-level agreements (SLAs) to accommodate and update more recent Information Security policies. We also implemented improvements for email security. The immediate CORE team, spearheaded by the Data Protection Officer (DPO), continues to manage cases of Data Privacy Breaches, following previous years' protocols.

We rolled out the initial Global Information Security Policy (GISP) which included policies on Data Privacy. We mandated all employees to complete the JFC GISP Computer-Based Training, which consisted of month-long information drives and webinars with an online examination. The JFC GISP online training and exam will continue to be an annual requirement for all employees moving forward.

We also expanded our Information Security Policies beginning with the deployment of the GISP Computer-Based Training that covers Data Privacy guidelines to other regions like the United States and Europe, the Middle East, Asia, and Australia (EMEA). For instance, in the US, Payment Card Industry Data Security Standard (PCI DSS) certifications require store training to be conducted.

A network of legal counsels has been created to support the DPO in managing the various data privacy cases across the various regions where JFC operates as well as to help in the localized interpretations of laws in the countries of operation.

We launched the "Information Security and Data Privacy Month" in October 2021 and remain committed to making this an annual event where activities, infomercials, several data privacy webinars, and gamified learning avenues are conducted. Through this program, employees increased their awareness on data privacy risks. They became more consultative in understanding situations where data privacy may be an issue for the Company or the brands they represent, which is why there was a spike of over 100% versus the previous year in the number of inquiries and risk assessments for projects and initiatives. Moreover, employees became more proactive in protecting their personal data while using various online platforms.

To further secure operations, we implemented a new cloud email and office security platform to block advanced phishing, malware, and ransomware attacks. We also implemented Endpoint

Security with endpoint detection and response, as well as multi-factor authentication for added security layer.

## Opportunities and Management Approach

A company-wide Systems Security Checks process has continuously evolved in JFC Group, built on over the years by mutual inputs from various reputable vendors and in-house JFC experts. For internally managed systems, there are monitoring mechanisms in place that conduct regular security monitoring. For systems that are outsourced, security attestations, certifications, and other proofs of security exercise are being required from vendors as an assurance to JFC's data security. Vendors also perform continuous system assessments as part of their Business as Usual (BAU) process and service delivery requirements.

We continuously explore initiatives, improvements, and optimization measures every year to ensure holistic monitoring, detection, and tracking in line with the ISO 27001 standards, National Institute of Standards and Technology (NIST), and COSO framework.

Cross-regional information security practices and risk assessment have been conducted in 2021 which will enable regions to benchmark best practices and glide path strategies to further enhance Information Security infrastructure in 2022 and onwards.

With these initiatives in place, we intend to continuously improve its IT security process and procedure, implement industry standards, solutions, and technology as well as eliminate gaps in people management, processes, and technology. We commit to sustain and improve these initiatives to combat the emerging cybersecurity threats.



# UN SUSTAINABLE DEVELOPMENT GOALS

## Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development:

### Primary Contributions:

#### JFC Food Products

Societal Value / Contribution to UN SDGs	<b>2 – Zero Hunger (2.1)</b> Our products provide our consumers with affordable and quality food choices that satisfy their hunger.
Potential Negative Impact of Contribution	Apart from the environmental, social, and economic impacts identified above, we see no further material impacts of this product to SDGs.
Management Approach to Negative Impact	Nothing material that we could identify

#### Farmer Entrepreneurship Program (FEP)

Societal Value / Contribution to UN SDGs	<b>1 – No Poverty (1.1, 1.2, 1.4)</b> <b>8 – Decent Work and Economic Growth (8.3, 8.5)</b> The FEP, established in 2008, aims to help the community improve the income capacity of the smallholder farmers. We introduce and train the farmers to the processes of agro-entrepreneurship, enabling them to understand corporate purchasing, supply chain management, e-commerce and market options. By organizing and equipping them for collective marketing, they become viable direct suppliers of corporate buyers. Overall, 17 FEP farmer groups with a total of 637 members have become accredited suppliers of the Jollibee Group
Potential Negative Impact of Contribution	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.
Management Approach to Negative Impact	On food safety concerns, we assist our farmers in securing Good Agricultural Practices (GAP) certifications to ensure that they adhere to food safety requirements. To mitigate the risks of the rejection of farmer supply, we collaborate with local implementing partners in providing training, technical assistance, value chain financing and post-harvest

facilities to ascertain that our farmers’ supply reaches the industry standards.  
 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.

Access, Curriculum and Employability Scholarship Program on Quick Service Restaurant Operations (ACE-QSRO)

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

**Secondary contributions:**

Operational Eco-efficiency

<p>Societal Value / Contribution to UN SDGs</p>	<p><b>9 – Industry, Innovation and Infrastructure (9.4)</b>          We take measures in lessening our environmental impact by reducing our water and energy consumption and waste generation.          In our offices, stores, distribution centers, and manufacturing plants, we utilize energy and water efficient equipment and regularly monitor our consumption.</p>
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Potential Negative Impact of Contribution	While we are able to reduce energy and water consumption, we generate waste in our operations.
Management Approach to Negative Impact	Our wastes are properly managed and segregated so that they may still be reused or recycled after our operations. From our manufacturing plants, wastes such as paper, cartons, tin cans, etc., are bought by our accredited scrap buyers; meat trimmings are repurposed by accredited buyers; and pastries trimmings are reprocessed as feed mix by a third party.

Provision of employment through company and franchise-owned stores

Societal Value / Contribution to UN SDGs	<b>8 – Decent Work (8.3, 8.5)</b> We are able to provide employment to Filipinos nationwide through our stores and brands. Employees are provided with fair compensation and other benefits beyond those required by law.
Potential Negative Impact of Contribution	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.
Management Approach to Negative Impact	We undertake talent retention initiatives to ensure that our employees are continually satisfied with the work that they do. We also provide them with several avenues to address their concerns, such as one-on-one discussions, meetings and engagement surveys.