

JOLLIBEE FOODS CORPORATION

Food Safety and Quality (FSQ) MANAGEMENT SYSTEM

FOREWORD

Jollibee Foods Corporation's food safety and quality management advanced progressively over the years. It's beginning dates back in 1986 when the FSC Standards were launched as the JFC Quality Language. It was regarded as one of the key milestones in the history of Jollibee's Restaurant Operations. Food, Service, Cleanliness and Condition monitoring, or better known as the FSC Audit, was introduced to ensure that the quality standards set by the company are implemented in the stores. In 2000, FSC Audit was strengthened by the launch of the Jollibee Quality Management Systems (QMS) model benchmarked against Motorola. From this, other improvements in the food chain were established including a QMS for supply chain covering commissaries, external vendors and distribution centers.

From basic Food Safety and FSC standards and metrics in the earlier years, JFC has put focus and emphasis on best-in-class quality management systems and procedures to enable food safety and quality consistency and sustainability. Risk-based standards (CODEX) and risk management tools (HACCP/ISO22000/FSSC22000/BRC) are being used to address current and emerging risks in the supply chain. For the restaurants, JFC's Quality Improvement Cycle For Operational Excellence (Q-iCORE), a quality monitoring framework has been in operation since 2016 to help management teams address the systemic challenges in restaurant operations. To keep the system running and always relevant to the needs of the supply chain and restaurant operations, internal mechanisms for collaboration and FSQ information-sharing and analysis were set-up.

Jollibee Foods Corporation is committed to continual improvement and is proactive in pursuing Food Safety & Quality excellence to grow consumer trust and confidence on the products and services, thereby "bringing the joy of eating to everyone".

1.0 LEADERSHIP AND RESOURCES

1.1 Management commitment

Jollibee Foods Corporation's top management shows proactive leadership, commitment and accountability to the development, implementation and continual improvement of its food safety and quality (FSQ) systems. FSQ goals and strategies emanate from Jollibee Foods Corporation's Mission "to serve great tasting food, bringing the joy of eating to everyone" and Vision "to be one of the top 5 restaurant companies in the world", which are aligned at all levels in the organization, and across regions internationally.

Jollibee Foods Corporation ensures Food Safety & Quality is a clear imperative in the organization by:

- Setting policies, systems, and procedures on Food Safety and Quality, across different regions, putting the JFC's Food Safety and Quality Seal in all JFC brands
- Fostering a positive risk culture as part of FSQ management
- Providing resources and invests on its people, processes, premises, and platforms

- Ensuring that FSQ systems are consistently and effectively managed, and
- Driving continual improvement towards organizational and business excellence

1.2 Legal compliance in the area of FSQ

JFC promotes proactive compliance to each Food Safety and Quality regulatory requirement through the following:

- Research on emerging laws across regions,
- Utilization of information on region-specific FSQ regulatory requirements to flow to global database,
- Partnership with 3P auditing bodies to learn from their field experiences and from their regulatory experts, and
- Consultation with JFC's Legal team to get the right interpretation of the law.

The reinforcement of FSQ laws and requirements happens in two (2) ways:

- Integration into the JFC FSQ standards, operating system and audit design, and
- Maintenance of a regulatory compliance online repository

1.3 Risk Management

JFC Business Units undertake risk profiling to create a Risk Registry and use this as a basis for risk evaluation and treatment. Each organization analyzes its risks and opportunities and the corresponding impact to Publicity, Operations and Human Life. Assessment procedures on Quality, Food Safety, Environment, Occupational Health & Safety and Security are crafted.

In addition, operational reviews are conducted on an annual basis to evaluate the impacts of the following changes:

- Revisions in legal and other requirements;
- Changes/modifications in the organization that could potentially create risks or opportunities;
- Major to Critical FSQ incidences in the organization, may be internal or external occurrences

Examples of control measures or programs employed to address FSQ risks are:

- Hazards Analysis and Critical Control Points (HACCP) System to control physical, chemical and biological hazards in the products and processes;
- Food Defense and Food Fraud Programs as prevention for intentional contamination of products; and
- Allergen Management Program to manage allergenic risks.

1.4 Organization

With Food Safety and Quality at the core of JFC's way of doing business, the company established the Global Quality Management Division to define the company's quality policy and govern its design, implementation and monitoring globally.

Global Quality Management works closely with the different Business Units in the Jollibee Group of Companies and partners with the Corporate Functions, Supply Chain and its External Suppliers and the JFC Franchisees community. The inputs to its Core Processes such as JFC Vision & Mission, Top Management Strategic Directions, Customer & Market Requirements, JFC Standards, Customer Feedback and Applicable Local & International Standards & Laws enable synchronization of the QM organizational structure to its Operating Model as it focuses on:

- Food Safety & Quality governance, compliance and continuous improvement
- QM Solutions design & development
- Operational Excellence – Effectiveness, Efficiency, Data Analytics & QM Technology
- Strategic Alignment thru Business Partnering

1.5 Crisis Management

The JFC Crisis Management Program enables the organization from top management to field operations to respond to and take control of a crisis. A Crisis Management Team guides the organization in avoiding or mitigating the potential undesirable consequences of a crisis incident to the business, its stakeholders, and the public. It aims for the company to recover and resume critical business functions in accordance with management approved priorities. The critical priorities in JFC Crisis Management System are as follows:

- Protect the customers and employees
- Manage crisis with appropriate action and responses
- Protect the image and reputation of JFC
- Comply with all the laws and regulations
- Provide accurate and timely information

1.6 Competency & Awareness (SRM)

JFC invests on Food Safety and Quality trainings & certifications to empower and develop all its employees to become knowledgeable and skilled in ensuring FSQ compliance of its products, processes, and services. A variety of technical & management course offerings are deployed to all JFC business units globally, a list of which is presented in the table below.

Table 1. JFC FSQ Courses

Supply Chain	Restaurant	Organization
<ul style="list-style-type: none"> • JFC Vendor FSQ Management System Standards • Good Agricultural Practices • Depot and Trucker FSQ and Security Management System • QMS Management Models • HACCP Training & Certification • Control Charting & Process Capability • 	<ul style="list-style-type: none"> • Food Safety Compliance Officer Training • FSC Standards • Integrated Pest Management • FSC As A Way of Life 	<ul style="list-style-type: none"> • Food Safety • Internal Quality Assessors Training • Risk-based Thinking • Root Cause Analysis and Problem Solving

The organization sustains these knowledge and skills set through mandatory requirements on Individual Development Plans, Performance Management System, FSQ Engagement Surveys and Culture-building initiatives.

2.0 OPERATIONS

2.1 Pre-requisite Programs (PRP), Hazards Analysis and Critical Control Points (HACCP) & Process control

Jollibee Foods Corporation’s end-to-end world class Food Safety and Quality (FSQ) Management System Strategy secures the safety of products from farm to fork. These management systems are anchored on globally recognized risk-based programs, as applicable in the particular segment of the food chain. The strategy covers three (3) lines of defenses – the Supply Chain processes, the Restaurant processes, and its People. Each line of defense employs management best practices and collaborates with internal and external stakeholders.

2.1.1 Supply Chain FSQ Systems and 3rd party Certifications

- From farm sources, supplier certification and compliance to Good Agricultural Practices (GAP) for fresh produce and Good Animal Husbandry Practices (GAHP) for poultry, meats and eggs are required. Systems and procedures must be put in place to make sure that the farms are well-maintained, and they can produce safe and quality agricultural products consistently.
- All JFC manufacturing plants have well established HACCP (Hazards Analysis and Critical Control Points) Systems — a systematic approach to identify and correct potential hazards. Most plants are third party FSSC 22000 or ISO 22000 Certified, demonstrating JFC’s commitment to industry best practices and beyond regulatory compliance.
- External supplier partners are required to have at least a HACCP system in place and certified by a 3rd party, as applicable, to continue doing business with JFC.

- JWSL Bicutan, the distribution arm of JFC, has multiple Food Safety and Quality Systems Certification, namely FSSC-Q, ISO Quality Management System and Transported Asset Protection Association Facility Security Requirement Level A (TAPA). All of its third-party logistics providers have earned ISO 9001 QMS certification and meet TAPA requirements, a key strategy to prevent supply pilferages and theft.

2.1.2 FSC & Restaurant Operations Systems

To achieve day-to-day FSC and business goals, superior execution of all the Restaurant Operating Systems (ROS) is expected among Restaurant Operators. ROS is the blueprint of a JFC restaurant operation. These are the most commonly performed processes and management activities by the restaurant teams that drive operational excellence. ROS serves as the backbone of the Restaurant Quality Management System model that is comprised of 3 sub-categories, namely

- Primary systems - processes that directly impact customer experience
- Support systems - supply & manage the necessary resources for the Primary ROS to function
- Management Systems - guide and provide direction for the Primary and Support ROS

These systems are designed to deliver on customer requirements & expectations, to consistently conform to the JFC Quality standards, to comply to regulatory requirements and to drive operational excellence.

2.1.3 People

Practically all functional units in JFC are involved, responsible and contribute to the assurance of Food Safety and Quality. Everyone in the organization is empowered to communicate and take action when FSQ issues are encountered. Accountabilities are identified, competencies are developed and resources are provided to ensure that Food Safety and Quality Culture is sustained and built stronger in the organization.

2.2 Quality Inspection

Quality at source is a strategic thrust of JFC. From external suppliers, JFC-owned manufacturing sites, distribution centers, and up to the stores, quality inspection is conducted on food ingredients 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 consistency of conformance to quality specifications. 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.

Particularly for JFC-owned manufacturing and distribution sites with laboratory and testing facilities, the JFC One QA System is implemented. It covers Raw Material receiving inspection, In-process & Finished Product testing on sensory, physico-chemical, microbiological and mandatory

inspection requirements. Food Safety & Quality Standards & references used are in accordance with company quality specifications, mandatory release parameters, and country regulatory requirements where applicable.

2.3 Traceability

JFC's traceability system is in place that enables proper identification of raw materials and primary packaging materials used in intermediate or semi-processed products, rework materials, and finished products up to distribution and point of use. JFC's traceability system uses a combination of digital platforms such as SAP® and manual tracing of documents or records. Periodic mock recall exercises are carried out to verify system capability, effective documentation, and appropriateness of corrective actions. All these set in place stringent food safety & quality control checks and guarantee transparency to consumers.

2.4 Control of non-conformity

Self-inspection & correction, as part of the JFC FSQ Management System, enables the Supply Chain and Restaurant personnel to detect operational nonconformity, eliminate or correct quality defects and address the root cause to prevent recurrence. These information on nonconformities and corresponding actions are stored and tracked using platforms or portals. Food Safety and Quality violations detected in validation or audit activities are acted upon based on risk, magnitude, and priorities. There is a defined escalation process and corresponding level of action depending on the criticality and status of the nonconformity. When FSQ problems remain uncorrected and pose risk to customer or employee health & safety and can potentially damage the brand reputation, there are clear sanctions and guidelines that may lead to disenfranchisement of store or delisting of supplier.

2.5 Voice of Customer (VOC)

The Voice of the Customer is a critical element of JFC's FSQ system. We proactively listen to customer feedback, understand their good or bad experiences, and learn from their suggestions and expectations on our products & services. JFC's VOC capture is via two channels: 1) the Customer Satisfaction Survey, and 2) the Feedback Management System.

- JFC restaurants administer the Customer Satisfaction (CSAT) Surveys originally in paper format, and now through various online platforms across JFC brands. From the surveys, the Overall Guest Satisfaction and the Net Promoter Scores (NPS) are generated and reported to Business Unit Leaders. NPS is the key metric that measures the likelihood of customers to recommend the brand, its product or services to a friend or colleague.
- Customer Feedback in the form of complaints, inquiries, suggestions and commendations are captured through omni channels that include online VOC portals, e-mails, calls, SMS, apps, chatbots, or social media posts. Standardized procedures and guidelines are followed to ensure that every guest feedback is communicated to the right resolution owner, customer is recovered, and actions are taken to prevent recurrence.

2.6 Allergen Management

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.

This program has four key elements:

1. Risk Assessment in the product, process, and structural designs
2. Allergen Communication Policy that governs how information is processed internally and provided to the customers
3. Operational Controls both at the supply chain and restaurants to minimize risk, and
4. Definition of Functional Responsibilities and individual Training needs to reinforce the policies.

3 EVALUATION

Throughout the year, the JFC Global Quality Management progressively evaluates and improve its FSQ governance framework by validating and verifying FSQ compliance across the JFC organization while advocating the reasons for change and promoting opportunities for continual improvement.

The following programs are established to cover both internal and external audit of the Supply Chain:

- Internal Audit refers to the self-assessment of the organization to a particular Food Safety and Quality standard
- External Audit refers to the assessment conducted by external auditing bodies and by customers
- JFC Food Safety and Quality Management System (FSQMS)
- Third-Party Certification Bodies

At the restaurants, JFC employs the **Quality Improvement Cycle for Operational Excellence (Q-iCORE)**. It is a quality management framework that focuses on the **cycle of evaluating store performance** against set goals, plans and quality standards. It is a holistic approach to drive process excellence, and consequently grow the business. It covers business planning, implementation of strategies, coaching, audits, and performance review. Quality Audit scope includes the assessment of Food, Service, Cleanliness, Condition, and Food Safety. All restaurant locations are assessed at least once a year by either the JFC Internal Quality Auditors or by a 3rd party Auditor from a reputable auditing body. A health check on execution of the Restaurant Operating Systems (ROS) is performed to identify priority areas for systems improvement and to drive operational excellence.

As part of quality & productivity initiatives in the new normal, the Agile Audit methodology was designed utilizing current technologies for data sharing, exchange of information and visual monitoring of processing lines or production operation from a remote location. This has helped in continuing the Supply Chain audits and ROS health checks amidst travel restrictions and community lockdowns.

4 CONTINUOUS IMPROVEMENT

Continuous Improvement is an integral facet of JFC's FSQ Systems. It is an ongoing effort to improve the organization's products, services, and processes and consequently elevate customer experiences in all JFC Brands. Continual improvement in JFC is manifested in various programs and systems.

- FSQ Improvement initiatives are implemented and Process Improvement Requests are communicated across the organization. These are usually managed at the Business Unit level to address systemic FSQ issues that require strategic actions.
- Industry Benchmarking and regulatory research are done with regularity to ensure that JFC's food safety and quality systems remain relevant, competitive and even surpass statutory and mandatory government requirements. Industry FSQ conferences, forums and webinars are common sources of best practices where JFC technical leaders are encouraged to attend.
- The annual FSQ Recognition Program better known as the FSC Star Awards is the official venue to recognize and celebrate the outstanding teams and individuals in their excellent execution of the JFC FSC & Food Safety Standards. The FSC Star Awards, one of the most prestigious events in JFC, is core to the organization's strategy towards Quality Culture-building. It reinforces the mindset on FSC As A Way of Life. It is a catalyst to living the JFC Core Values of Customer Focus, Speed with Excellence, Humility to Listen and Learn, Spirit of Family & Fun, and Integrity in doing business. Typically, the FSC Awardees, in their desire to operate excellently, would practice or demonstrate these values at work. A similar program was designed for Supply Chain where Quality Assurance Champions & Role Models in the manufacturing & logistics operations are recognized. In an annual conference of JFC Global Suppliers, exemplary vendor partners who demonstrate commitment to FSQ Management Excellence are recognized and honored.

JFC is proactive in pursuing Food Safety & Quality Excellence to grow consumer trust and confidence on its products and services. By embracing forward-thinking principles, the Global Quality Management function anchors its Food Safety and Quality transformative goals on JFC's 5-year strategic directions.

QM has defined three (3) strategic themes for continual improvement in the next 5 years: TRANSFORM, ACCELERATE and SUSTAIN.

- At TRANSFORM phase, it is imperative to update & upgrade the JFC Quality standards, systems and processes to fit in the New Normal of the industry, and support fast recovery of the JFC businesses coming from the serious impacts of the pandemic. Focus on Health & Safety is a priority in operational improvements.
- At ACCELERATE phase, several FSQ core processes will be migrated to digitalized platforms to enable global connectedness, faster and wider-reach, greater visibility across regions and brands, and more effective FSQ controls. A Quality Circle Program will be launched, and a team-based environment will be encouraged to promote active participation in FSQ innovations, problem-solving and developing initiatives that will advance Gold Standard Consistency of products and Operational Excellence.

- Finally, at SUSTAIN phase, QM will leverage on its best-in-class FSQ Management Systems in elevating JFC's environmental management and social responsibility policies & practices. Optimizing use of all digital platforms & QMS capabilities is key in advancing JFC's FSQ Culture of Excellence, in achieving business excellence and sustainability.

ANNEX I. Timeline of Major Food Safety & Quality Initiatives

1986	Launch of FSC - Food, Service, Cleanliness and Condition monitoring - or better known as the FSC Audit, was introduced to ensure that the quality standards set by the company are implemented in the stores .
1998-2001	Establishment of Store QA department and Store FSC Set-up Works (Integrated Pest Control Program, In-store Quality Inspection, Water Quality Monitoring, Product Feedback Process)
2002	First RM Internal Quality Assessors Certification
2003-2006	FSC Improvements in Philippines and International, Store Quality Management Systems Review, Corporate Food Safety Council
2007	Set-up of Supply Chain Quality Management System Audit for Vendors & Commissaries
2008-2012	Launch of Store HACCP Programs and Construction Quality Audits FSC and QMS set-ups in various brands in PH, US, ME, Vietnam, China
2013	Launch of SAP Customer Relationship Management Platforms for Feedback Management
2014	Launch of Customer Satisfaction Survey for Store Customers through the OMR
2015	Launch of JFC Quality Improvement Cycle For Operational Excellence or Q-iCORE for Restaurants combining FSC with Restaurant Operating Systems (with annual improvements)
2016	Launched the Moonshot End to End Food Safety Quality Management System Framework and Glidepath for Supply Chain Food (covering certifications for GAP, GAHP, HACCP, GFSI, ISO 9001, TAPA) and Restaurants (see next slide for the framework)
2017	First Global IQA Summit for Restaurants and QA Conference for Supply Chain
2018	JFC's Voice of the Customer Platforms Won in the 6th International Best Practice Competition held in Dubai, UAE 3rd Party Food Safety Audit in JFC International Set-up of Vendor Quality Management System in JFC International
2019	Development of OneQM Gateway housing store and supply chain Food Safety, Quality and Voice of the Customer Data FSC Set-up works with JFC acquired brands Launch of Service Now Voice of the Customer Platform in EMEA
2020	Launch of Mystery Shopper Program for Off-premise Channels
2021	Launch of JFC Allergen Management Program First Global Food Safety Week with the theme "Safe Food Today for a Healthy Tomorrow" First Philippine Food Safety Week with the theme strengthening our 3 lines of food safety defenses