



our purposeful transformation

2016 SUSTAINABILITY REPORT



ABOUT THE COVER

This is our first sustainability report, and we intend to keep our transformation — our journey to becoming a sustainable company — aligned with our purpose. Five colorful, individual pieces symbolizing strategic commitments are pushed to the forefront: a red chip signifying People; a yellow chip for Products; a green chip for Natural Resources; an orange chip for the Supply Chain; and a cyan blue chip for Economic performance. Each piece is filled with illustrations of what we value — say, a drop of water signifying one of our most important resources, or the faces of a man and a woman calling to mind our people. These are elements that make life vibrant within URC and the communities wherein we operate. They are pieces of a whole, without which URC would be incomplete. In a visioning exercise, we can arrange them to form the clearly-defined arrow that points us in the right direction — forward — or rearrange them to envision a seamless whole — one URC — perfectly aligned and perfectly linked.

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About URC

Who We Are

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Universal Robina Corporation (URC), a subsidiary of Filipino conglomerate JG Summit Holdings Inc. (JG Summit), is the largest listed food and beverage company in the Philippines. It has evolved through the years to become a multinational corporation. As such, URC has a significant and growing international presence in Asia (Association of Southeast Asian Nations or ASEAN, and China/Hong Kong) and Oceania, while accommodating other export markets, such as Korea, Japan, the United States, Canada, Europe, and the Middle East. We also cater to frontier markets in Africa, specifically Ghana and Nigeria, through our URC Thailand office.

Our Company's pioneer status was established more than six decades ago, when John Gokongwei, Jr. founded Universal Corn Products, Inc., a Philippine cornstarch manufacturing plant in Pasig, in September 1954. It was the first of what would become a chain of businesses, not all of which would be food-related. Mr. Gokongwei's expansive vision and entrepreneurial mindset pervade URC, as we know it, today. Within the conglomerate that is JG Summit, URC is an agile and purposeful company ever-mindful of moving forward in seeking out new opportunities.

Our knack for creating memorable brands and products that are sought-after by consumers has cemented URC's status as the leading branded snack foods and beverage company in the Philippines, with a strong and loyal customer base. Outside of the home country, URC has gained market-leading positions in New Zealand, Australia, Thailand, and Vietnam, while maintaining a strong challenger status in Indonesia and Malaysia. We also recently made strategic acquisitions and partnered with strong, foreign brands to further add value to URC's portfolio.

We have formed joint ventures (JVs) with leading international players to launch brands into new categories that cater to emerging consumer trends. URC cultivates local talent, even while focusing on international markets. We here at URC are proud of our Filipino-led management and staff which, as of December 2016, is composed of 8,554 employees in the business units and JVs. In addition, we also have 6,235 employees in our international operations, as of September 2016. *(See Graphs on pages 58-59 for complete data.)*

To date, URC is engaged in a wide variety of complementary businesses that produce branded consumer foods, beverages, and grocery items; food ingredients such as sugar, flour, and pasta, among other commodities; and allied agro-industrial products such as hogs and poultry, farm-fresh eggs, soy-based products, animal feeds, glucose, and animal health products.

URC is also engaged in the manufacture of bi-axially oriented polypropylene (BOPP) films for packaging companies, and the manufacture of polyethylene terephthalate (PET) bottles and printed flexible packaging materials. We delved into the renewables business through our Distillery, Cogeneration, and Biogas facilities. We now make use of biofuels to produce fuel-grade bioethanol, and renewable power for export to the grid. Most recently, we also started operating a Carbon Dioxide (CO₂) Recovery and Liquefaction plant to produce liquid CO₂. Such non-food businesses are testaments to URC's pioneering and entrepreneurial bent, in creating value from by-products that would otherwise be treated as waste material. These ancillary businesses are also aligned with our journey to become a more sustainable business.

As URC continues to explore new innovations, we remain open and adaptive to global trends and drivers, ever-vigilant of the emerging and current needs of consumers, and the emerging retail landscape. We are also currently reviewing our processes and systems to ensure that we meet our environmental, social, and governance targets. In doing so, we here at URC hope to become an even more sustainable business organization.

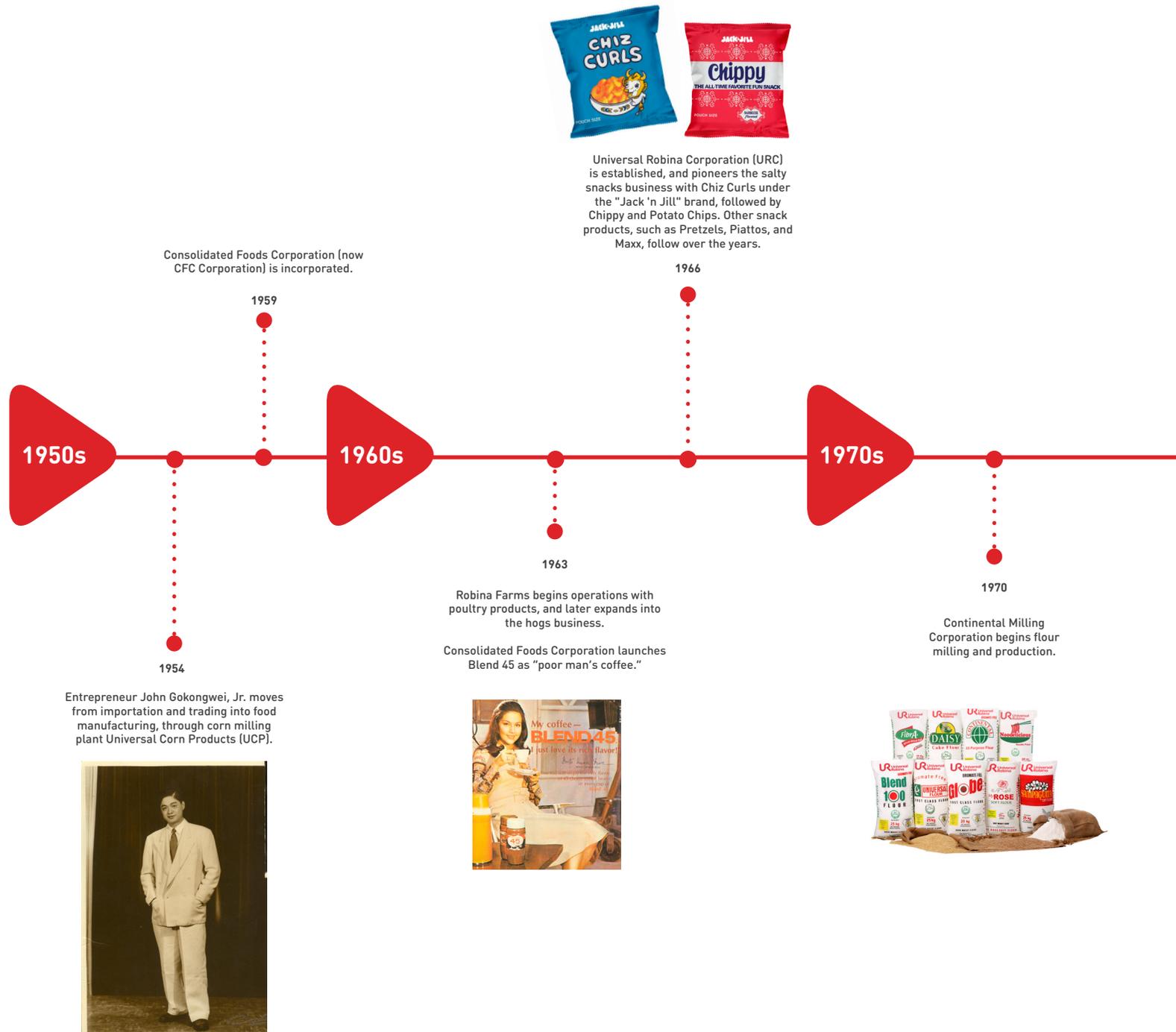


Our History: Transformative Innovation

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URC has established a rich heritage of success throughout the years. Led by our visionary founder, and fueled by our entrepreneurial spirit, passion to win, and culture of innovation, URC forged ahead despite the odds and fierce competition from leading global and regional players.

As a purposefully transformative company, URC has consistently adapted to consumers' needs and challenged the status quo. For URC, continuous change means progress.



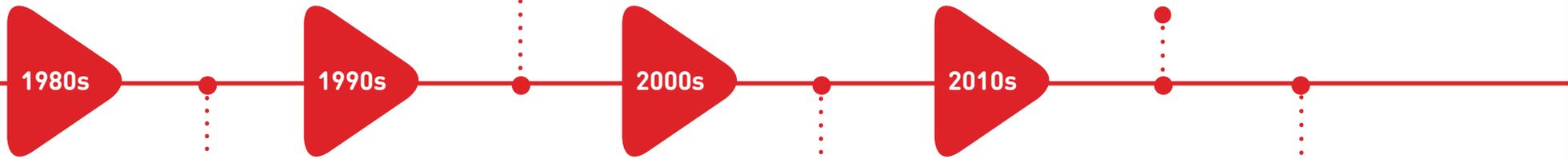


The Gokongwei family diversifies into the plastics business with BOPP plant, located in Batangas, and begins commercial operations in 1998.



URC diversifies into the power business in 2015, building a biomass-fired power cogeneration plant to export power to the grid. Excess bagasse of sugar mills are delivered to the power plant as source of fuel.

Starting in 2014, URC enters into strategic formations and acquisitions with The Calbee Group from Japan, Danone Asia Pacific Holdings Pte. Ltd. from Singapore, and Griffin's Foods Limited under NZ Snack Foods Holdings Ltd. from New Zealand. URC also acquires Consolidated Snacks Pty. Ltd. or Snack Brands Australia in 2016, and partners with Hong Kong's Vitasoy Group the following year. These developments solidify URC's status as a multinational company with premium brands that cater to diverse markets, all the while anticipating and fulfilling global consumer trends.



1988

URC enters sugar milling with the acquisition of United Planters Sugar Milling Corporation (renamed URSUMCO) and Southern Negros Development Corporation (SONEDCO).



1998

2000s

2005

Our core business divisions are now Branded Consumer Foods (including BOPP packaging), Commodities, and Agro-Industrial Products.

While other companies were only starting to join the globalization movement, URC had already previously established international subsidiaries in Hong Kong, Malaysia, Singapore, China, and Thailand. The turn of the millennium marks a period of continued market expansion for the company, with Indonesia (2002) and Vietnam (2003).



2014 - 2017

2017

URC unveils its Sustainability Strategy in 2017. The Company looks toward improving its environmental, social, and governance practices to become a stronger, more efficient, and more sustainable business.



What Drives Us

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VISION

Our VISION is to be the best Philippine food and beverage company with a powerful presence throughout the ASEAN and Oceania region, carrying a wide portfolio of delightful brands of exceptional quality and value, equipped with efficient systems and engaged human capital. We are committed in making lives a truly fun experience.

For BCFG, our Ambition is to be the most loved food and beverage company in Asia.

VALUES

Central to our operations and how we strategically pursue our vision are four core values:

Passion to Win

We build organizational capability by being entrepreneurial and proactive, driven by a sense of urgency and purpose. We continuously challenge ourselves to deliver world-class brands, and consistently rally our people to strive for excellence.

Dynamism

We cultivate a culture of innovation and productive working relationships. We continuously find ways to improve organizational and people capabilities to meet constantly challenging consumer needs.

Integrity

We are guided by transparency, ethics, and fairness. We build the business with honor, and are committed to good governance. Our processes and products meet the highest standards. We are credible in our dealings with both internal and external stakeholders.

Courage

We seize opportunities in building long-term, sustainable businesses. We make tough people and business decisions to ensure competitive advantage.

How We Create Value

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The main thrust of our founder, John Gokongwei, Jr., has always been to establish a strong industrial base in the Philippines. Our age of manufacturing began in the late 1950s, and we first created value through our agro-industrial business, selling commodity goods like cornstarch. Eventually, we started building strong brands like Jack 'n Jill, which became a household name in the Philippines, and has delighted Filipinos of different generations. Our core brands — all produced with high-quality ingredients — made Western-style snacking accessible to the Filipino people.

Innovation, then and now, has been our key value driver. In 2004, URC disrupted the beverage landscape when we launched our brand C2, which provided consumers a healthier alternative to carbonated drinks, just as the trend in health and wellness started. Our flagship coffee brand, Great Taste, pioneered the 3-in-1 coffee mix segment that offered a convenient way of coffee preparation. In 2010, we also introduced the Great Taste white coffee segment that brought the “upscale coffee shop feel” to consumers.

URC is now a growing multinational snack and beverage company adapting to the changing consumer trends, particularly in the ASEAN region. We are catering to a growing middle-class with increasing disposable income. As more and more consumers become discerning in their consumption and brand preferences, we will create value by delivering a premium snacking

sus - te - nance ('sæstənəns)

noun.

1. Food, provisions; a means of support, maintenance, or subsistence; nourishment
2. The act of sustaining; the state of being sustained; supplying or being supplied with the necessities of life
3. Something that gives support, endurance, or strength

Source: Merriam-Webster

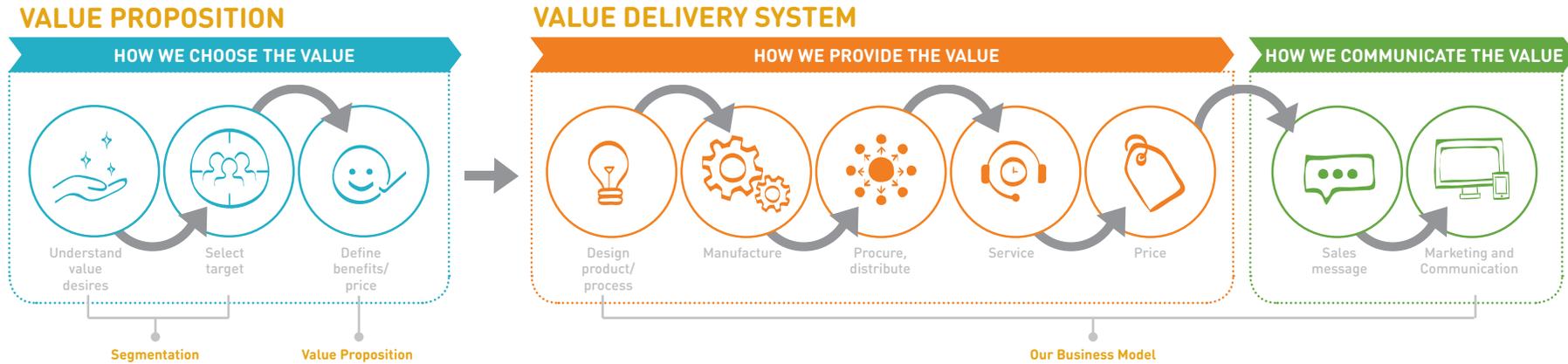
and beverage portfolio that is both accessible and convenient. Our recent venture into the more developed Oceania markets will also give us the additional customer/consumer insights, technical know-how, and operational capabilities, which we can then adapt to the emerging ASEAN.

URC's business and operations have a great impact on our key stakeholders — employees, suppliers, customers, investors, and society as a whole. We provide a wide range of product offerings that is distributed across diverse markets. As we extend our reach, we commit to safeguarding the interests of all our stakeholders by practicing sustainable sourcing and agriculture, promoting animal welfare, adopting eco-friendly initiatives such as recycling and reincorporation, and providing safe products. We embrace our obligation as a responsible corporation to increase production while managing our wastes.

URC has served generations of Filipinos by providing meaningful jobs, as it has always been our privilege to contribute to the livelihood, purpose, well-being, and career development of our thousands of employees. As we journey on our way to becoming a premier multinational, our goal is not only to provide for the needs of the present but also to ensure that we are able to build on our gains and to succeed in our aims in the future.

Our Business Model

How we create value, or the manner by which we create value, is illustrated in our business model.



VALUE PROPOSITION

As a company, our main purpose is to delight consumers with brands of exceptional quality and value. Driven by our core values, we continuously aim to manufacture quality products and to excite the market with innovative offerings that cater to different types of customers in our wide variety of food-related businesses. We strive to maintain our strong position in the region and further strengthen our partnerships not only with our retail partners, but also with all our relevant stakeholders.

Our Branded Consumer Foods Group (BCFG) provides on-the-go and on-trend snack foods, beverages, and noodle products to meet the ever-changing demands of young and millennial consumers, and add value to our retail channels.

Our Agro-Industrial Group (AIG) addresses the needs of Filipino households and hotel, restaurant, and institutional accounts through our safe and quality farm products; and of animal farmers through our commercial feeds and veterinary drugs. Our Commodity Foods Group engages with the sugar cane farmers through our sugar milling and refining services; with the key institutional accounts through our sugar, molasses, and bioethanol products; and with the national grid through our renewable energy supply. In addition, we offer key institutional accounts and Filipino households with our flour, pasta, and bread products. Lastly, URC BOPP Packaging and URC Flexible Packaging provide BOPP films and flexible packaging materials to our BCFG and other external institutional accounts.

VALUE DELIVERY SYSTEM

PROVIDING THE VALUE

Innovation

With our best-in-class technology and dedicated research and development team, we continuously introduce new and exciting products that are aligned with global snacking and drinking trends. Our streamlined stage-gate process, which closely engages both internal and external stakeholders, is one of our competitive advantages that enabled us to launch successful products over the years. In addition, our local expertise in the markets where we operate enables us to incorporate the taste profiles of each market to come up with products

that will definitely satisfy their cravings. Key bases for new product development include market trends and demand, competitive retaliation, and mitigation planning on possible regulatory risks.

Procurement and Manufacturing

We source our raw materials locally and internationally. Most of our external suppliers are farmers and traders who pass our stringent supplier accreditation process and procurement policies.

Our production facilities conform to manufacturing lines with dedicated control mechanisms. Our processes are also at par with the latest global standards, having certifications such as ISO 9001:2008 (Quality Management System), ISO 22000:2005 (Food Safety Management System), and HACCP (Hazard Critical Control Points). We also conduct regular testing of our raw materials, in-process goods, and finished products to ensure that we uphold our high-quality measures in every area of our value chain.

Distribution

Our well-established distribution network and strong retailer relationships ensure that our goods reach their destination in a timely manner. We optimize our presence within our areas of operation through our different channels of engagement. Our presence in modern and traditional trade channels, such as convenience stores, supermarkets,

grocery stores, drug stores, market stalls, and *sari-sari* stores, ensures that our products remain accessible to our consumers. We also have our on-premise account focused on providing the needs of our restaurants and food chain accounts. Our export distribution supports the global presence of our products. We strategically hand-pick our distribution partners, ensuring that each has significant coverage and will make our products readily available and accessible to our consumers.

Service

Our customer relations policy and procedures ensure that consumer's welfare is protected and concerns are well-addressed. We have a customer care group dedicated to communicate directly with our consumers, and we have a sales account management team dedicated to respond to the needs and concerns of our accounts.

Price

The strong value proposition of our brands enables us to price higher than our competitors in the branded consumer foods, as we are the price leaders in the categories where we are market leaders. Our customers are very loyal, particularly in the categories where we are the number one player such as in snacks, candies, chocolates, and ready-to-drink (RTD) tea in the Philippines; in biscuits and wafers in Thailand; and in sweet biscuits in New Zealand. On the other hand, we are price-competitive on sugar, flour, and live hogs

given that these products are commodity goods and are affected by the supply and demand dynamics of each industry.

COMMUNICATING THE VALUE

Marketing Communications

Our brands are actively promoted through integrated marketing communication campaigns that encompass the various communication disciplines: Advertising, Public Relations, Promotions, Consumer Marketing, and Digital Communications. We reach out to various target markets using several platforms – TV, radio, print, on-ground, out-of-home and cyberspace – to deliver a unified message in a creative and engaging manner. Though communication strategies differ depending on the brand, objectives, and markets, we are consistent in our effort to maximize all possible avenues of communications to effectively and efficiently approach different audiences.

We recognize the importance of cohesive 360° communication campaigns to not only build brand affinity, but to also engage consumers on different fronts: Advertising for maximum visibility in mass media; Public Relations to build the brand love; Consumer Marketing and Promotions for the consumers' actual experience with our products; and Digital as well as Social Media presence to capture the new generation of consumers.

Where We Are

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URC has manufacturing facilities for its Branded Consumer Foods Group (BCFG) segment, along with several distributors, throughout the Philippines and abroad. Meanwhile, non-BCFG facilities such as the sugar, flour and feed mills; sugar refineries and distillery; biomass-fired power cogeneration plant; and hog and poultry farms are all located in the Philippines. The Company also has sales offices in Hong Kong and Singapore, and exclusive distributor presence in Laos and Cambodia as of 2017.

We intend to continuously expand the international production and distribution of our BCFG products through the addition of manufacturing facilities located in geographically strategic areas, especially in the Oceania and ASEAN countries. Primary considerations for choosing these sites include production efficiency, cost-efficiency in terms of sourcing raw materials, and leverage due to increased focus and support for exports to other markets.

Universal Robina Corporation

Head Office

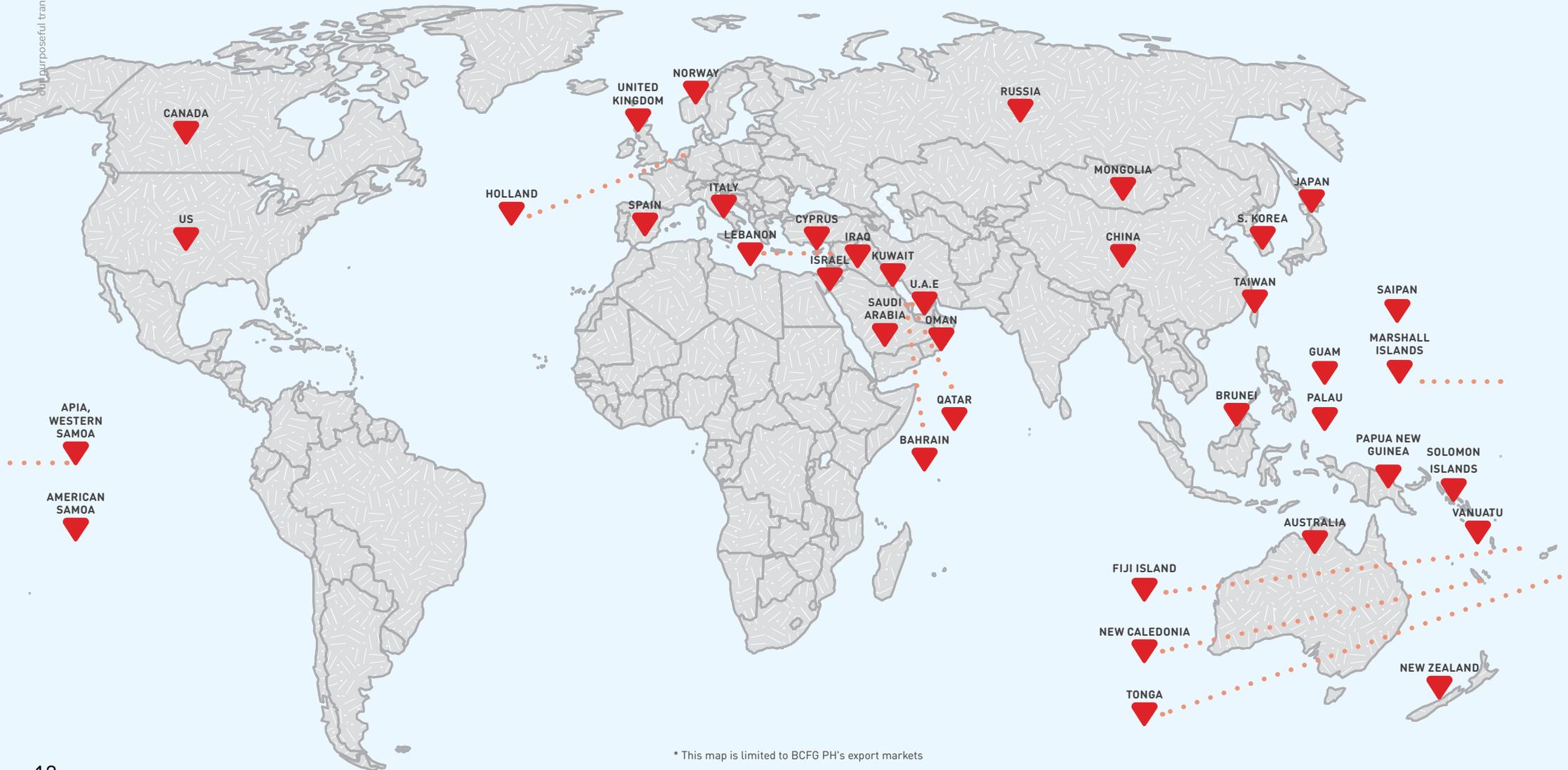
8th Floor, Tera Tower, Bridgetowne,
E. Rodriguez Jr. Avenue (C5 Road),
Ugong Norte, Quezon City 1110, Philippines





Export markets (as of 2017)

As a growing multinational company, URC not only caters to the market needs of the ASEAN and Oceania markets, but also continuously exports products to 38 countries across the globe. Our exports business was established to serve primarily the Filipino Diaspora communities worldwide by bringing them their beloved brands, such as Jack 'n Jill, wherever they are in the world. Our adherence to the strictest global standards enables our products to compete and penetrate different kinds of markets. It also shows how passionate and determined we are in ensuring competitiveness of our products globally.



* This map is limited to BCFG PH's export markets

A Closer Look at Our Organization

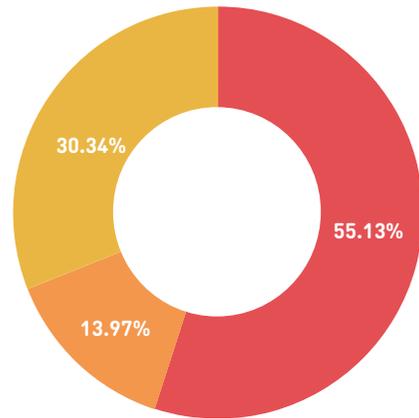
102-5

URC is majority owned by listed Filipino Conglomerate JG Summit and the balance is held by foreign and domestic institutional and retail shareholders (tagged as PCD nominee).

The culture of family business, other than the innate entrepreneurial spirit, remains to be a competitive advantage of the Company, since it instills discipline in managing our resources, agility in responding to changes, and effectiveness in decision-making. Our work ethics are grounded on the humble beginnings established by Founder and Chairman Emeritus John Gokongwei Jr., and upheld as the leadership transitioned to his brother, incumbent Chairman James L. Go, and to Mr. Gokongwei's son, President and Chief Executive Officer (CEO) Lance Y. Gokongwei.

As URC grows as a multinational, business stewardship has started to strengthen with the inclusion of more professional managers. These managers are highly qualified people of diverse backgrounds and expertise who are shifting away from traditional management styles. They are entrusted to maintain the company's

URC OWNERSHIP (FY 2016)



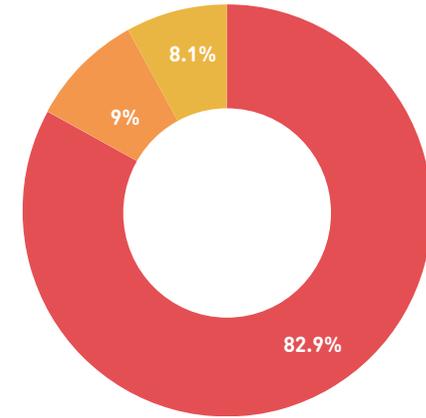
- JG Summit
- Filipino investors (PCD-listed)
- Non-Filipino investors (PCD-listed)

competitiveness, as we scale up our operations in a more intense global landscape.

URC manages its food business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into three business segments: (1) Branded Consumer Foods Group; (2) Agro-Industrial Group; and (3) Commodity Foods Group.

The Branded Consumer Foods segment (82.9%), inclusive of international operations (28.2%), comprise the majority of 2016 revenues. The Agro-Industrial Group (8.1%) and the Commodity Foods Group (9%) provide smaller contributions to URC's overall profit.

SHARE OF REVENUES (FY 2016)



- Branded Consumer Foods Group
- Commodity Foods Group
- Agro-Industrial Group

Recent years have seen the company's branded goods grow and expand to other markets outside of the Philippines, which is reflected in the company's financial performance for the year as discussed in the chapter on URC's economic performance on pages 102-105.

Digital Transformation

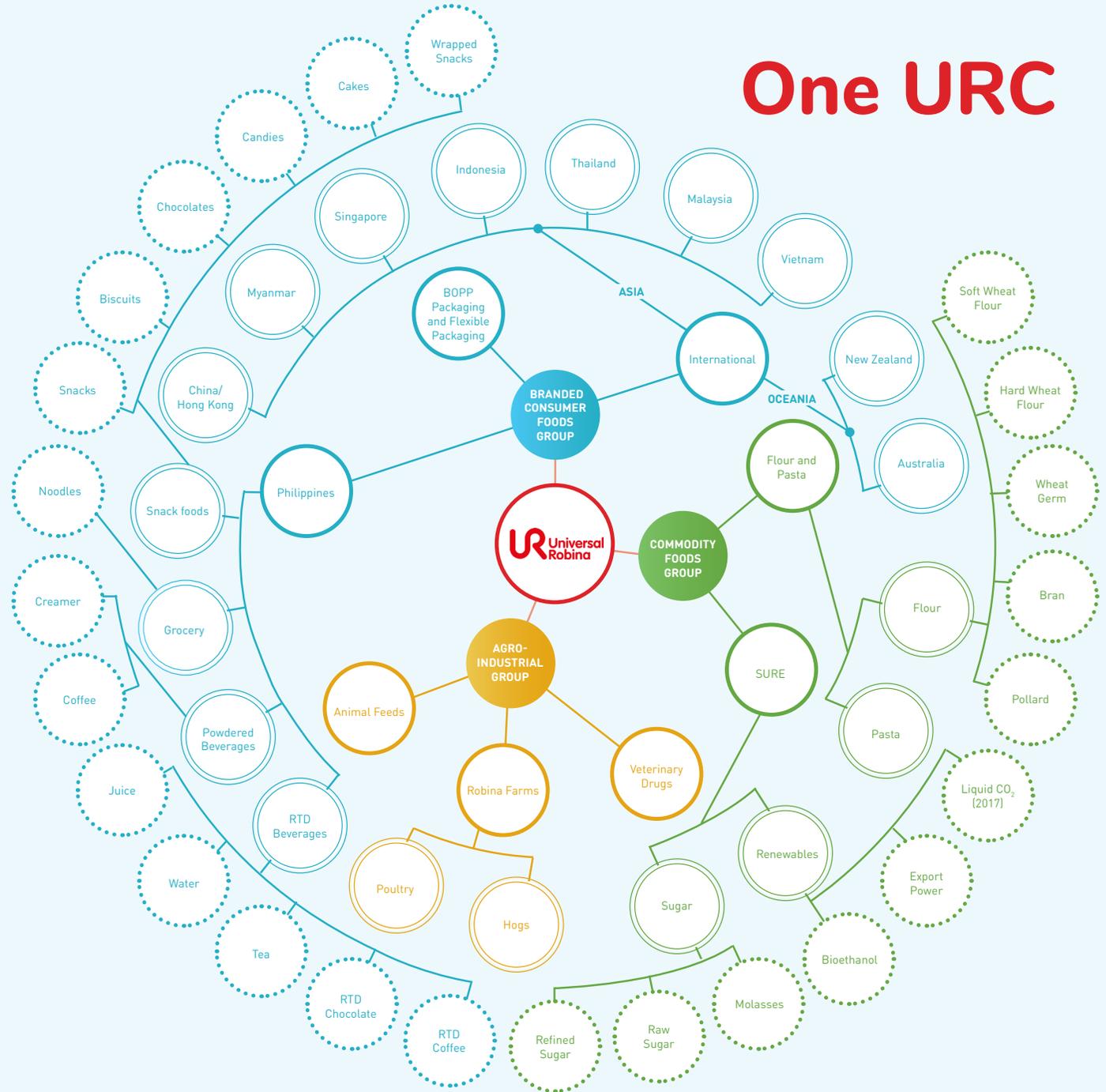
As we adapt to the changing business landscape, we have already begun our digital transformation. Beyond a change in equipment and management information systems, this digital shift involves upgrading strategic thinking and leadership, and adopting new methods, especially in engaging our new-age consumers.

The transformation is geared toward more efficient operational processes. The goal is to complete digitalization of our value chain, which will enable our employees to operate efficiently through a digital workflow.

Digitalization will also take our internal capability in delivering value to our customers to the next level. Our stakeholders can be segmented into geographies and markets. It will enable us to understand both our customers and consumers better, based on their behavior and expectations. Better customization and customer engagement will contribute to topline growth.

With digital transformation taking place, our business can fine-tune the strategy-making process, which will result in more effective executions that are data-driven. Ultimately, this will transform our business model and create synergies in our global operations.

One URC



URC Business Units

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BRANDED CONSUMER FOODS GROUP (BCFG)

Consumers today exhibit “a more fragmented and flexible eating style, encompassing multiple small meals, often eaten on the go or alone”¹. URC, given its product variety and wide distribution network, is well-positioned to cater to the prevalent consumer behavior of habitual snacking and all-day grazing.

URC’s biggest and strongest business has always been its branded foods segment, which has constantly innovated snack foods and beverage products that satisfy the taste preference for convenient consumption of a loyal following of delighted consumers. It maintains its leadership through continued product innovation.

BCFG PHILIPPINES

Building on its early success, BCFG Philippines (BCFG PH) continues to be the market leader in salty snacks, confectionery (candies and chocolates), and RTD tea, while holding a strong presence in coffee, bakery (biscuits and cakes), and noodles.

Snack foods

URC provides consumers with great quality and value, and a fun snacking experience through a wide range of snack foods products. In terms of Philippine market share, URC is no. 1 in snacks, candies, and chocolates.

The Snack foods category continuously develops new variants for the well-loved brands such as Chippy, Chiz Curls, Piattos, Cream-O, Nips, and Cloud 9, but also introduces and grows new brands and snacking segments like Mang Juan

Beverage

URC gained its entry-point in the local beverage industry through the coffee business by introducing Blend 45, the first locally manufactured soluble coffee, and following through with innovations such as Great Taste Granules, the first concentrated coffee in the country, and Great Taste 3-in-1, the first complete coffee mix. Currently, Great Taste White 3-in-1, which marked the shift from ‘pure black coffee’ to a creamier coffee mix, is the number one selling brand in the market. Besides the smooth and creamy original blend, Great Taste White also has caramel, chocolate, and sugar-free variants.

URC galvanized the market when it introduced C2 Cool & Clean, the first RTD tea entrant in a market significantly dominated by carbonated soft drinks. C2, which is brewed from natural tea leaves and bottled on the same day, continues to enjoy significant market dominance and leadership for more than 10 years after its launch. Since then, URC has also expanded its product portfolio by offering juices, water, RTD coffee, and RTD chocolate.

Exports

Our Exports department serves as our agent in reaching out to the overseas Filipino communities worldwide (North America, Middle East, Europe) through

¹ How We Eat: The Changing Face of Global Mealtimes, Euromonitor International, 2016

selling to appointed distributors and select retailers. We play a major role in business development by entering new markets and testing existing brands of the company. This ensures that our brands remain globally competitive by benchmarking our capabilities in terms of innovation, quality, and manufacturing. Our Exports department is in charge of maintaining growth on our Private Label business by offering new variants and product formats to our key partners.

BCFG INTERNATIONAL

We have been continuously growing our geographical footprint, bringing fun food products to international markets. Given our full-scale presence, URC is also becoming a beloved brand outside the Philippine market.

ASIA (ASEAN and China/Hong Kong)

URC has a strong presence in Asia, with manufacturing facilities in Vietnam, China, Thailand, Malaysia, Indonesia, and Myanmar, and sales offices in Hong Kong and Singapore. This 2017, we also established exclusive distributor presence in Laos and Cambodia.

We are the largest locally based player for snack foods in the Association of Southeast Asian Nations (ASEAN) today. In terms of market share, we are no.1 in the Biscuits and Wafers categories in Thailand. Our market leadership positioning is due to megabrands like Tivoli and Fun-O. Moreover, C2 remains to be a major brand in the Vietnamese market, whereas energy drink Rong Do enjoys robust sales.

URC Malaysia has a new factory building that will ensure a continuous supply of snack foods locally and in nearby Singapore. On the other hand, Indonesia will soon launch a new biscuit line to add to its 100% Halal-certified roster of products, including Piattos, Cloud 9, Sea Crunch, and Chiz King. URC's factory in Myanmar, which was established in 2015, continues to manufacture wafers under the brand name Halo.

We also have factories in China that produce Snacks, Biscuits, and Beverages for both the mainland and Hong Kong markets.

OCEANIA (Australia and New Zealand)

Through Griffin's Foods Ltd. and Snack Brands Australia, we have also gained a major foothold in Oceania.

URC acquired NZ Snack Foods Holdings Limited, the holding company of Griffin's Foods Ltd., in November 2014. A heritage brand established in 1864, Griffin's is no. 1 and no. 2 in the Sweet Biscuits and Crackers categories, respectively, in New Zealand today. Its other popular brands are Eta, Huntley & Palmer's, and Nice & Natural.

Snack Brands Australia (Consolidated Snacks Pty. Ltd.), the second largest salty snacks player in Australia, was acquired by URC in September 2016. SBA's iconic brands like Kettle, Thins, CC's, and Cheezels are meant to augment URC's chip offerings, and further strengthen URC's dominant position in salty snacks. We plan to deploy strategic investments to expand capacities on salty snacks in Australia, with the growth of SBA's business aligned with our plan to optimize sourcing for total Oceania and eventual exports to Asia.



URC BOPP PACKAGING AND FLEXIBLE PACKAGING

URC creates a wide range of Bi-axially Oriented Polypropylene (BOPP) films, which are primarily used for the packaging of different consumer products. CFC Clubhouse Property Inc. (CCPI), a wholly-owned subsidiary of URC, manufactures flexible packaging materials that cater to various URC branded products. Both manufacturing facilities are located in Simlong, Batangas and are ISO 9001:2008 certified for Quality Management Systems.

The Board of Directors approved in 2015 the merger of CCPI and URC, with the latter as the surviving entity, to integrate processes, attain greater efficiency and economy in the management of operations, and increase financial strength. Having been integrated with URC, CCPI will now be named as URC Flexible Packaging (UFLEX).

URC JOINT VENTURES

Our track record of building strong brands through the years made URC the preferred partner of dominant international companies today. We have five strategic joint ventures, and majority have 50-50 equity structure with unique strategic intent to address changing consumer trends like affordable premiumization, health, wellness, and nutrition. In the process of doing partnership, URC ensures that there's a strategic fit with URC's long-term strategies that will result to synergistic outcomes that will benefit both parties.

Calbee-URC

URC recently entered the premium consumer segment, starting with a sophisticated range of potato-based products, designed to sate the Filipino palate and which popularized new flavor variants such as wasabi



and cheesy pizza. These high-grade snacks are exclusively marketed under the megabrand Jack 'n Jill Calbee of Calbee-URC Inc. (CURCI), a joint venture formed between Japan's biggest salty snacks maker, Calbee, and the Philippines' market leader in delicious and fun snacks, Jack 'n Jill. The partnership was formalized on January 17, 2014.

Danone-URC

URC now manufactures and sells B'lue, a Water Plus drink with five different flavor variants, namely Orange, Calamansi, Lychee, Pear, and Peach (2017), under Danone Universal Robina Beverages, Inc. (DURBI). The joint venture formed between URC and Singaporean company Danone Asia Pacific Holdings Pte, Ltd. was finalized on May 23, 2014.



Nissin-URC (Grocery)

Nissin and URC have been partners for 22 years already (since 1994). The main purpose of the partnership is to offer instant and cup noodles under the famous Japanese brand Nissin, and value-for-money instant noodles under the Payless brand. Today, Nissin has already achieved market leadership in the cup noodles segment in the Philippines and continues its double-digit growth year-on-year. For now, the ownership of NURC is 51% URC and 49% Nissin.



Vitasoy-URC

With the formation of Vitasoy-URC, URC has expanded its RTD portfolio in the Philippines with plant-based beverages under the brand name Vitasoy. Last May 2017, the partnership launched a wide range of RTD soy milk products with flavors like coffee, chocolate, oat, and original that are well-differentiated in a better on-the-go packaging format. The joint venture is meant to address the emerging consumer trends on well-being and sustainable nutrition.



ConAgra-URC

With more than 30 years of partnership, the joint venture with American company ConAgra established URC's credibility as a reliable partner of choice and paved the way for additional strategic formations. ConAgra-URC brought the easy-to-cook and ready-to-eat tomato-based products under the Hunt's brand in the Philippines. This partnership also made Hunt's the market leader in the canned beans category.



As URC strengthens its product range and focuses on the increasing consumer demand for more convenient products, ConAgra-URC recently sold its Hunt's business. The joint venture will launch new, exciting products in 2018 that are on-the-go and are aligned with the Company's current portfolio in the snack foods and beverage categories.

AGRO-INDUSTRIAL GROUP

The Agro-Industrial Group (AIG) provides agricultural solutions and farm management expertise, including state-of-the-art diagnostic capability. AIG is subdivided into different segments, namely Robina Farms Hogs with its live pigs, as well as value-added segments such as carcasses and fresh meat cuts; Robina Farms Poultry, with its layer chicks and premium table eggs; Commercial feed products under the UNO and Supremo brand; and Robichem's veterinary goods and commercial drugs such as vaccines and soluble products. AIG also operates its own biogas facility in both hogs and poultry farms, thus garnering energy savings — a first in the industry.

AIG promotes "no hormone and antibiotic-free" practices in its farms. It has also been awarded certifications such as Good Animal Husbandry Practices (GAHP) and Hazard Critical Control Points (HACCP). AIG continuously promotes the *Kabalikat* Program by upholding our principle of being a "kabalikat" (partner), by giving "kalidad" (quality) to our customers, and ensuring "kita" (profit) to our business partners.



COMMODITY FOODS GROUP

URC's Commodity Foods Group engages in the production of flour and sugar, flour milling and pasta manufacturing, and sugar milling and refining services. Its products are distributed to commercial and institutional accounts. Recently, the commodity foods group has also engaged in renewable business through our Distillery and Cogeneration operations.

Approximately one-third of BCFG's input requirements are being supplied by the agro-industrial and commodity foods group after the successful vertical integration of our upstream and downstream processes.

URC FLOUR AND PASTA

URC Flour and Pasta is one of the top flour millers in the Philippines, with a milling capacity of 2,150 metric tons per day. The division produces hard wheat flour (Universal, Globe First Class Flour, and Blend 100 Flour), soft wheat flour (My Rose and Sampaguita), and specialty flour (Continental All-Purpose Flour, Daisy Cake Flour, FiberA+ Whole Wheat Flour, Noodlelicious Noodle Flour, and Galactic Specialized Flour). Other offerings are flour-milling by-products such

as wheat germ, bran, and pollard. In addition, the Company also produces and markets spaghetti and macaroni products (El Real).

URC SURE

URC SURE is divided into two major businesses — URC Sugar and URC Renewables.

URC Sugar is among the largest sugar millers and refiners in the country based on capacity, trading in raw and refined sugar and molasses. Its mills have a combined capacity of milling 35,500 tons of sugar cane and producing 33,000 bags of refined sugar per day.

URC Renewables engages in the production of fuel-grade anhydrous ethanol suitable for gasoline blending, with a capacity of 100,000 liters per day. It has a biomass-fired power cogeneration plant capable of producing 46 megawatts (MW) of power, 20 MW of which is exported to the National Grid. Since 2017, URC Renewables has also been operating a CO₂ recovery and liquefaction plant located in URC Distillery, Bais City, Negros Oriental.



About the Report

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THE FIRST STEP IN A PURPOSEFUL TRANSFORMATION

Reporting on our sustainability performance is a deliberate undertaking at URC. Having defined the sustainability focus areas of our business, our reporting practice serves as the mechanism by which we will track and measure progress on our group-wide strategy in a purposeful, and prudent, transformation.

We are keen on reporting on our unique strategy, as it will reflect performance on our most material economic, environmental, and social issues over the long term. As the crucial first step in fulfilling our long-term commitment, we have completed our first Sustainability Report that is referenced to the Global Reporting Initiative Standards (GRI Standards), the most comprehensive and widely used sustainability reporting framework, to measure our impacts.

We recognize that the GRI Standards' modularity, flexibility, and clarity of structure enables reporting organizations to ensure business relevance of triple bottom line disclosure. Hence, we have chosen to focus on URC's Purposeful Transformation strategy as the centerpiece of our reporting, and have taken full advantage of GRI's refreshed principles and structure. This inaugural Sustainability Report references the GRI Standards 2016. We have aligned the framework with what truly matters to our business, and have used specific GRI indicators, itemized in the GRI Content Index on pages 114-118, in line with Our Purposeful Transformation.

We are currently expanding our multinational presence and working toward further globalizing our standards. Thus, preparing this report is fitting for URC as it will help in identifying and addressing gaps that will enhance the way we do business. For this report, we set the parameters of the discussion to our first three focus areas under "Our Purposeful Transformation," specifically Natural Resources, People (Our Communities and Our Employees), and Product (Our Process and Our Products).

Our very first Sustainability Report demonstrates URC's firm resolve to do business with integrity, guided by transparency, ethics, and fairness in all our dealings. Moving forward, we will disclose the progress that we are making on our sustainability strategy in future reports.

Reporting Framework:
GRI Standards

Approach to GRI: 102-54
GRI-referenced, wherein selected GRI Standards are used to provide specific information in line with our sustainability strategy

Reporting Period: 102-50
Year 2016 (January 1 to December 31, 2016)

Reporting Cycle: 102-52
Every two years

Reporting Scope:
Philippine operations only unless otherwise stated. International operations shall be fully covered in future sustainability reports.

DEFINING WHAT MATTERS

This report is one among our first steps as we embark on our journey to grow a more competitive and sustainable business. In doing so, we undertook extensive stakeholder engagement and group-wide materiality assessment to understand what matters to URC across our diverse business units. This is defined in our five sustainability focus areas of Natural Resources, People, Product, Supply Chain, and Economic.

This robust and holistic process allowed us to determine URC's most relevant economic, environmental, and social impacts. Such a process likewise forms the basis of our GRI-referenced reporting. It began with an industry benchmarking process against multinational FMCG (fast-moving consumer goods) peers, and then spanned

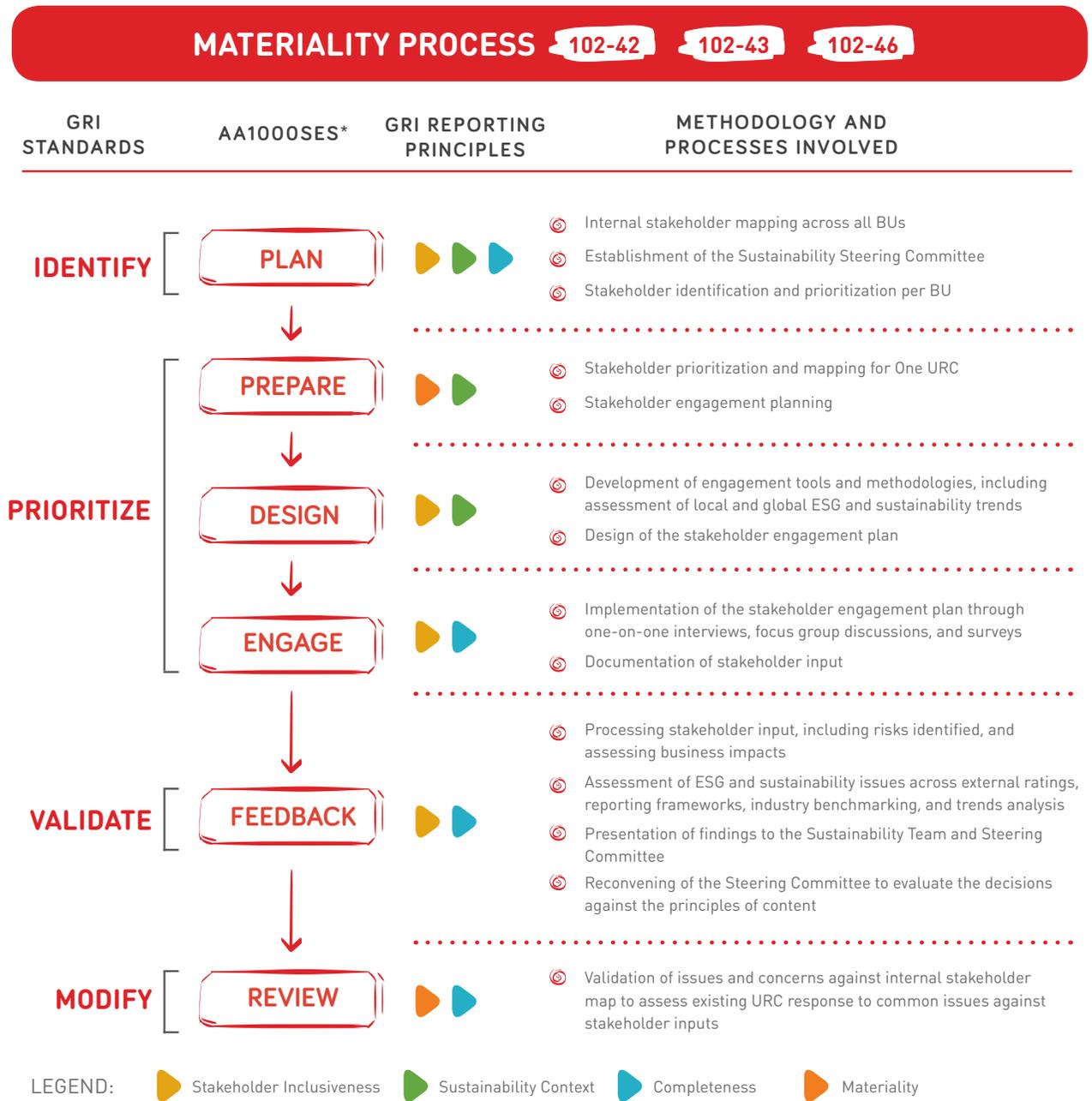
a series of trends analyses, engagement sessions with internal and external stakeholders via survey testing and focus groups, and discussions among senior leadership (URC's Sustainability Steering Committee Council) to determine key material aspects.

Our materiality process assessed a range of issues facing our business, and the food and beverage industry as a whole. Issues were identified through the following sources: the group-wide stakeholder engagement process, industry benchmarking, external ratings and reporting frameworks, and reports from industry and multilateral organizations.

In terms of scope and boundaries, our material issues have been defined as those within management control, with respect to the principles of relevance to business, business control, completeness, stakeholder inclusiveness, and materiality.

ENGAGING OUR STAKEHOLDERS

Engaging our stakeholders is integral to URC as we set out on a purposeful transformation. Within scope of the materiality process, we conducted several engagements with internal and external stakeholders whose insights inform our most material issues. They are moreover reflected in the company's strategic priorities up till the Key Performance Indicators (KPIs) and targets we continue to set, as well as the report content in keeping with GRI reporting principles.



* It describes (1) how to establish commitment to stakeholder engagement; (2) how to determine the purpose, scope and stakeholders of the engagement; (3) how to integrate stakeholder engagement with governance, strategy and operations; and (4) the processes that will deliver quality and inclusive engagement practice, and valuable outcomes.

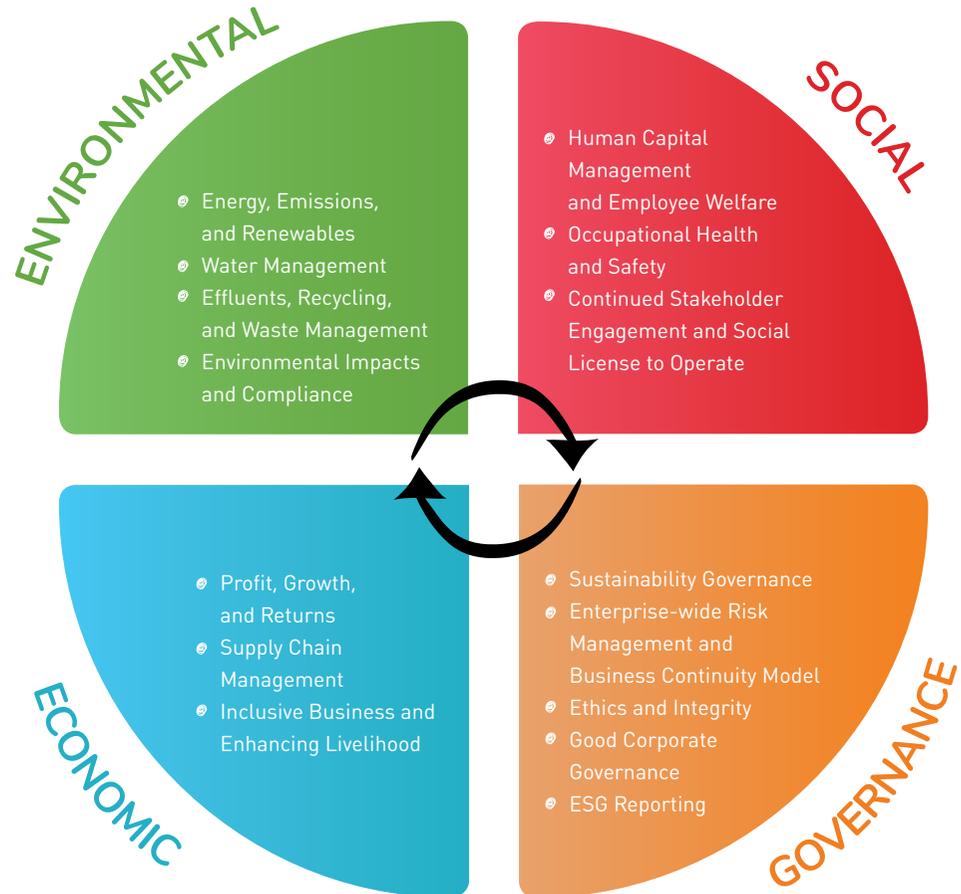
Stakeholders were likewise identified, prioritized, and mapped across the various business units (“One URC”), using the GRI Standards and AccountAbility Stakeholder Engagement Standard (AA1000SES), the established global framework on good-quality stakeholder engagement. The overall stakeholder engagement and materiality process was conducted together with a third-party consultant in ensuring transparency and in-depth subject matter expertise.

STAKEHOLDERS ENGAGED 102-40



For the year 2016, the company engaged and gathered feedback from institutional investors, labor union leaders, high-potential employees, senior leaders for our international markets, government regulators, and the suppliers, customers, local communities, and consumers specific to the BUs. For BU-specific groups engaged, these included but were not limited to: modern trade customers, traditional trade customers, raw materials suppliers, local communities, and local government units where we operate.

ONE URC MATERIALITY MATRIX 102-44 102-47



In summary, stakeholders are pleased to hear that URC has initiated an overarching sustainability strategy. Among the stakeholder groups engaged, our company faces – and is ready to meet – high expectations from stakeholders for our business to perform well. These expectations stem from URC’s position of leadership, especially with those whom we have had good business relations spanning decades, as well as our solid track record and brand reputation as being a “first mover” and game changer in the industry.

For questions or feedback about URC’s 2016 Sustainability Report, please contact the Investor Relations group.

Contact Person:
JOHN PAOLO JOSE
Manager,
Corporate Strategy and Development Group
Trunk Line: (+632) 633-7631 local 453
Email: paolo.jose@urc.net.ph

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GUIDE TO THE REPORT READER

We recognize sustainability as a long-term transformational activity for URC that is currently at its first stages. This strategy will continue up to 2030, in conjunction with the global agenda of the UN Sustainable Development Goals. These first stages include: kickstarting sustainability reporting, identification of KPIs within our focus areas, baseline assessment of material issues, and target-setting within the next few years. We encourage readers of this report to keep in mind that URC is getting started on its long-term strategy.

The GRI-referenced 2016 Sustainability Report serves to narrate URC’s existing initiatives and efforts that have been mapped to the initial focus areas of our strategy. We have chosen the “GRI-referenced” approach in selecting certain Standards that enable us to align our overarching goals and targets on sustainability. In terms of scope and boundaries, information disclosed herein covers performance of material topics for the calendar year January 1 to December 31, 2016. More information about our operating and financial results are available through our timely disclosures filed with the Securities and Exchange Commission (SEC) and the Philippine

Stock Exchange (PSE), which may also be found on the URC’s website:
<http://www2.urc.com.ph>.

This GRI-referenced report also contains forward-looking statements about our company’s future performance. Forward-looking statements, by their nature, are based on currently available financial, operational, and competitive information, and are subject to a number of risks and uncertainties. Forward-looking statements are generally identified by their use of words or phrases such as “aim,” “anticipate,” “expect,” “goals,” “hope,” “intend,” “plan,” “targets,” “will,” and other similar phrases and expressions.

We believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations. The assumptions are made strictly based on current data, and speak only as of the date they are made, and URC is under no obligation to update such statements should the conditions change, or unexpected occurrences take place after their issuance. Furthermore, actual results may vary from the forward-looking statements due to several factors, which may include, but are not limited to: impact of market competition,

fluctuations in international economies and currencies, risks related to the food production process, severe weather conditions, potential outbreaks of diseases, changes in regulations relating to the protection of environmental and human health, and other risk factors discussed in the 2016 Annual Report and subsequent reports on Form 17-A. Investors are cautioned not to place undue reliance on forward-looking statements.

For URC’s first Sustainability Report, GRI-referenced information is limited to Philippine operations unless otherwise stated. All report content is presented in the context of Our Purposeful Transformation sustainability strategy.

We are committed to strengthening and transforming the way we operate, to ensure long-term value and inclusive growth for our stakeholders.



Message from the Chairman, and the President and Chief Executive Officer



JAMES L. GO
Chairman

LANCE Y. GOKONGWEI
President and
Chief Executive Officer

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To our valued stakeholders,

Through the years, URC has established a rich heritage of success in producing great brands and products that consumers have come to love. The company transformed from a local manufacturer of cornstarch in the Philippines to one of the largest multinational companies in the ASEAN and Oceania regions, offering a wide range of delightful snack foods and beverages to consumers.

Today, URC prides itself in creating a strong portfolio of brands that are household names in the Philippines and the ASEAN markets. Jack 'n Jill is the master umbrella brand for all of URC's snack food products in the ASEAN region, commanding no. 1 positions in snacks, candies, and chocolates in the Philippines, and in biscuits and wafers in Thailand. Great Taste is an innovator brand that made the modern coffee shop experience accessible to a wider market, and created the shift toward the "white coffee" segment. C2 is the brand for URC's ready-to-drink (RTD) tea products, which leads the market, commanding an 82% market share in the Philippines and significant presence in Vietnam. Meanwhile, in the Oceania region, Griffin's is a strong brand of high-quality sweet biscuits, backed by more than 150 years of heritage in New Zealand. Our acquisition of Snack Brands Australia also allowed us to widen our premium salty snacks portfolio by having established brands such as Kettle, Thins, CC's, Natural Chip Company, and Cheezels.

Our credibility in building solid brands throughout the years has made us the partner of choice of strong international companies, namely ConAgra

of the United States, Nissin Foods and Calbee of Japan, Danone of France, and Vitasoy of Hong Kong. Currently, we manufacture and/or distribute innovative products to a total of 13 markets across the ASEAN and Oceania region. Our agro-industrial group, and commodity foods business are also among the largest and most profitable in the Philippines.

It's now imperative for us to take our business to the next level by embedding a sustainability program that ensures continued growth, and strengthens our competitive advantage as a premier multinational company in Asia and Oceania.

A STRATEGIC PILLAR: SUSTAINABILITY

Being responsive to our stakeholders' expectations — mainly from investors, consumers, competitors, regulators, and even our employees — means that we will inevitably recalibrate our business to align to global standards. We have been deliberate in committing to sustainability last year, and this led us in forming a sustainability steering committee composed of the top key executives of the company and the conglomerate.

We started with the development of our sustainability strategy in 2016 and this has been further articulated as one of our key strategic pillars during our recent strategy planning meetings. We identified and acknowledged our



It's now imperative for us to take our business to the next level by embedding a sustainability program that ensures continued growth, and strengthens our competitive advantage as a premier multinational company in Asia and Oceania.

most material economic, environmental, and social issues as long-term priorities. We intend to report to all our stakeholders our plan in achieving our sustainable goals.

As we undergo this process of integrating sustainability, we will discover that we have existing sustainability programs, and we will also discover gaps that need to be addressed by the Steering Committee, and other champions from different business groups. These gaps will be effectively addressed by creating new programs aligned with the KPIs leading up to 2030.

Moving forward, URC will pursue such activities more strategically, having defined our key focus areas to become a better, more sustainable company in the first five years, namely:

Natural Resources. We affirm our commitment to operate with the future in mind by making our approach proactive to responsible resources

management in terms of energy consumption, and we will go beyond environmental compliance. We will be reducing our energy and water consumption until 2030, but within the first two years, we will focus on completing the baselining of our water and energy consumption. Aside from energy and water, we will also conduct profiling and proper disposal methods of our waste and strengthen the policies of our Energy Conservation (ENERCON) Committee in all URC operations.

People. We maintain our commitment to be a fair employer by providing a decent workplace for our people, and enhancing our social impact in the lives of people in the communities where we operate. Cognizant of the value created by our workforce, our primary objectives for our employees are to strengthen employee learning and performance development review, support employee welfare, and ensure 100% workplace safety. Achieving total workplace safety for our employees means complying with all health

and safety regulations, and aiming to reduce or eliminate lost time injury. Within our communities, we aim to improve our approaches to community development based on measured social needs in areas where URC operates, and further promote nutrition and livelihood.

Products. Naturally, our Products will be central to our sustainability practice. Providing safe, nutritious, and delightful food entails that we maintain 100% food safety throughout our operations, and provide the best quality from raw to finished products, with an eye to making the product experience fun for everyone. We will continue to address the need for better food choices through a wider range of products, and likewise enhance responsible marketing practices. We will ensure the quality of our products by complying with all applicable product responsibility and labeling legislation.

For the remainder of the sustainability strategy timeline, which is until 2030, URC will be addressing the following material aspects on top of Natural Resources, People, and Product:

Supply Chain. Across our business units, we recognize the risks inherent to a large and diverse food supply chain. Our commitment is to promote responsible supplier relationships throughout our procurement practices and decisions, improving traceability mechanisms for our tier 1 and tier 2 suppliers, risk assessment within our supply chain, and enhanced supplier training.

Economic. All this leads to economic growth that is responsible and inclusive. We reaffirm our commitment to achieving financial viability with integrity, inclusive growth among stakeholders, enterprise risk management, investor transparency and disclosure, innovation through sustainable practices, and other financial benefits from meeting Environment, Social, and Governance (ESG) targets.

Today, we recognize that we operate in an industry where environmentally and socially responsible companies are themselves in high demand, given the importance of issues like climate change, shifting consumer lifestyles, and supply chain responsibility. These five focus areas – Natural Resources, People, Product, Supply Chain, and Economic – are drawn from the broader trends that URC now faces and must address, and they are of utmost materiality to our business as determined through rigorous processes of stakeholder engagement, performance benchmarking, and industry analyses.

This purposeful transformation strategy will enable us to respond to the opportunities that are influencing the future of our business. Across the markets where we operate, lifestyle choices are geared toward wellness, and products are brought under scrutiny, from their origins to even their retrieval. Among the middle-class populations in emerging markets, consumers are looking for healthier and more premium snacking options.

We are perfectly positioned to address consumer trends capitalizing on convenience, on-the-go, ready-to-eat, and ready-to-drink. We must likewise meet the demand to increase the nutritional value of snack foods and beverages, thus maintaining our favorable brand image.

Governments are also much stricter when it comes to the integrity of food and its processing. Regulations may vary depending on the market, but the end goal is the same: to provide safe, good-quality products that will enhance people's lives. We remain focused on enhancing our operational capabilities according to the highest food safety standards, while working together with our regulators, as we build on each other's goodwill.

Furthermore, as a publicly listed company with a growing fast-moving consumer goods (FMCG) portfolio, we heed the call of our institutional investors to strengthen our stance and approach to sustainability. Being a multinational player catering to diverse markets, we have a greater responsibility to be transparent with our business practices. We also compete with the best, and indeed recognize the legacy, track record, and the on-going transformation of our global peers in pursuing sustainable and responsible businesses.

The timeline of Our Purposeful Transformation envisions a long-term strategy that will be achieved in a series of milestones that run parallel with the United Nations Sustainable

Development Goals (UN SDGs). The first two years will establish our KPIs through baseline audits and the sustainability governance structure that will champion our sustainability initiatives in the long run.

While we have been working hard to keep our business efficient, and ensure we do no harm to our environment and society, those efforts will now be streamlined, and our performance measured and disclosed in a Sustainability Report. In this inaugural Report, structured in reference to the Global Reporting Initiative (GRI) Standards framework, we have emphasized our initial focus areas – Natural Resources, People, and Product – and disclosed current performance on which we will track our improvements. We will be targeting the remaining two focus areas – Supply Chain and Economic – for further review as we progress in the coming years.

THE YEAR 2016 IN REVIEW

We strive to better ourselves every day, to deliver on our promise of a truly fun experience. While the year 2016 has been one of the most challenging for URC, we look back on such challenges with a firm resolve to be on guard, and we look forward to seizing new opportunities and making the necessary investments for our sustainability.

Over the past year, we have met several achievements that maintain our positive outlook on long-term performance. Our modern trade channels, specifically convenience stores, have

been growing significantly faster, compared to traditional trade. This almost favors an increase in demand of more affordable premium products driven by the growing middle-class population in emerging markets with higher disposable income.

In 2016, we made two acquisitions. First is the Balayan Mill in Batangas, which made URC the biggest sugar milling company in the Philippines in terms of production capacity. We also strengthened our credibility as a multinational company with the acquisition of Snack Brands Australia (SBA), the second largest producer of salty snacks in Australia. The acquisition of SBA allowed us to consolidate both our Australia and New Zealand operations into one business, under a single management team, serving both markets in a more efficient way.

In addition, we have teamed up with Vitasoy of Hong Kong to address the growing trend in health, wellness, and nutrition in the beverage category, by providing sustainable, plant-based drinks to our consumers. The joint venture was formally sealed in the first quarter of 2017 and launched its first products in June.

The company had its share of setbacks in the past year. We weathered the strengthening of the dollar against the peso, just as the cost of key raw materials increased. There was a slowdown in the home market as a result of tougher price competition on our key categories, like coffee and salty snacks, coming from multinational and regional companies.

On our international business, the unexpected recall in Vietnam of one batch each for our two best-selling beverages – ready-to-drink C2 tea and Rong Do energy drink – caused a decline in our financial results. We have since hurdled this major challenge and received clearance from the Vietnam Ministry of Health last August 2016. We remain hopeful and confident as we re-establish the sales momentum of our Vietnam business through a phased approach, including the relaunch of these two strong brands, as well as our greater focus on sustainability through stakeholder and community engagement.

Quality is vital to our business. We operate with high standards throughout the value chain, supported by the drive for continuous improvement that ensures the safety and integrity of our products – from sourcing the raw materials up until our products are packaged and delivered to our customers. We continue to drive a total quality culture in the company and remain vigilant toward risks assessment and management.

OUR FUTURE PROSPECTS

As we transform with purpose, our main priority is to accelerate our growth momentum and maintain the relevance and competitiveness of our brands. We will introduce sustainability as a core anchor of our overall strategy.

In the medium- to long-term, our ambition is clear – to be the most loved food and beverage company in Asia. We will continue to transform the company (revitalizing both our corporate and consumer brands) into one of the most respected and profitable locally based players in the pan-ASEAN-Oceania region. We envision a company where sustainability is institutionalized with periodic reporting mechanisms in place, and greater stakeholder engagement is embedded. To build on this, we also intend to frontload the resolution of any issues we come across that touch on the Supply Chain and Economic focus areas.

In the process of our continuous growth and evolution, we will continue to face different opportunities and challenges that will require

us to collaborate more closely. We will further strengthen our partnerships with our own people, our supplier and distribution networks, the regulatory bodies, and the communities we work in, to renew our social license to operate.

IN CLOSING,

In line with our sustainability commitments, we will gradually build up to more ambitious yet achievable goals. Our values of dynamism, passion to win, integrity, and courage will hold us in good stead. Having adopted best regional practices, we are already off to a good start. Ultimately, our aim is to be great at what we do – more efficient, inclusive, resilient, and sustainable.

Our legacy as a company has always been about transformative innovation. For us, change means progress – we constantly reinvent and adapt to meet new challenges and expectations. While our loyal customers value the nostalgia of URC's triumphs, they continue to reward us and crave for our innovations, including the embedding of sustainability as a key business pillar well into the future.

Your continued trust in our endeavors inspires us to take this bold step toward a sustainable URC.

JAMES L. GO
Chairman

LANCE Y. GOKONGWEI
President and
Chief Executive Officer

While our loyal customers value the nostalgia of URC's triumphs, they continue to reward us and crave for our innovations, including the embedding of sustainability as a key business pillar well into the future.

Our Purposeful Transformation: URC Strategy 2030

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Decades-long experience in the food industry has taught URC the importance of envisioning new ways to delight consumers. URC's legacy has been one of progressiveness, of building both a stable company with strong fundamentals and, at the same time, a revolutionary business that continuously pushes the limits. URC embraces both continuity and change. Thus, the Company wins the loyalty of its customers by creating brands that remain relevant, able to become part of personal history and family tradition, and are passed on from one generation to another. It is not unusual to be introduced at a young age to a URC product by a family member who, in turn, has nostalgic memories of that very same product going back to their youth.

As URC continues to grow into one of the premier food and beverage companies in the ASEAN and Oceania regions, we recognize the need to

harness and embrace sustainability as part of our core business strategy. We see this as a critical component of our business, including how we manage our resources, how adequately we respond to issues like climate change, and how we innovate and respond to changing consumer behaviours.

All of this is predicated on our accountability and transparency as a publicly listed company. As we expand into new markets, we understand that we need to regularly stay ahead of and address global trends and drivers. We recognize that (1) governments and regulators are increasingly requiring sustainability information; (2) institutional investors are now incorporating environmental, social, and governance (ESG) data into their investment decisions; (3) companies must demonstrate responsible business practices in order to stay competitive; and (4) consumers are increasingly demanding that companies address

social and environmental impacts, and practice transparency in their operations.

We understand the need to change the way we conduct our business to keep in step with technological advancement, economic disruption, and cultural evolution. We understand the need to be more conscious of the blending of society, how we adopt each other's ways, how we impact each other, and how we are able to resolve our problems only through cooperation and concerted effort.

In 2016, URC embarked on a journey to understand where we are with our sustainability performance. This started with a benchmarking exercise against our industry peers to learn from their best practices, and to help us understand the most impactful elements within our sector. We undertook an extensive stakeholder engagement process, which allowed internal and external stakeholders to share their views and expectations of our sustainability performance. We also conducted a robust materiality assessment, which led us to our main sustainability priority areas.

The result of these deliberations is URC's group-wide sustainability strategy, dubbed Our Purposeful Transformation. Driven by our mission to be the best in the food and beverage industry, and inspired by our core values of Passion to Win, Dynamism, Integrity, and Courage, we are committed to strengthening and improving the way we operate to ensure long-term growth and value for our stakeholders.

This started with a benchmarking exercise against our industry peers to learn from their best practices, and to help us understand the most impactful elements within our sector.

Our envisioned timeline coincides with the culmination of the United Nations Sustainable Development Goals (SDGs), a global mandate committed to by 183 member states. The new sustainability agenda is primarily meant to end extreme poverty, slow down and resolve the destructive phenomenon of climate change, and reduce inequalities and promote justice for all. We find a thread of commonality, particularly in the targets to end poverty and hunger, achieve food security and improved nutrition, and promote sustainable agriculture by 2030. As a leading snack foods and beverage manufacturer and distributor, we are invested in sustainable food production systems, and in maintaining open trade and properly functioning markets. We see the need for a concerted effort to combat climate change and ensure the resiliency of agricultural practices, on which our business depends for its raw materials.



natural resources

- Conduct baseline energy and water consumption and efficiency audits.
- Conduct waste profiling and proper disposal methods.
- Maintain and go beyond environmental compliance where possible.
- Establish energy conservation committee (ENERCON).

KPI

1. Ensure 100% environmental compliance
2. Complete baseline audit within two years
3. Reduce energy consumption



people

- Our People (Employees)**
 - Boost employee learning, performance review and development.
 - Enhance support for employee welfare.
 - Achieve 100% workplace safety.
- Our Communities**
 - Conduct baseline social needs assessment.
 - Implement project impact measurement.
 - Promote livelihood and nutrition in our communities.

KPI

1. Compliance with all health and safety regulations
2. Reduce/eliminate lost-time injury
3. Training and lifelong learning programs



products

- Process**
 - Achieve 100% food safety across all operations.
- Product**
 - Increase product variety to include healthier ingredients and options.
 - Promote and spur responsible marketing practices.

KPI

1. Food safety processes across all products
2. Compliance with all applicable product responsibility and labeling legislation

We are resolved to do our part, starting the sustainable transformation from within the Company and its various divisions. We have organized our strategy to include five key focus areas, namely, Natural Resources, People (Our Employees and Our Communities), Product, Supply Chain, and Economic. These are the most material issues of the business that pose significant opportunities and/or risks, and therefore require group-wide participation. Each focus area opens with our commitment statements, which indicate our long-term objective, under which we have cited our key strategic priorities, which signify our starting points.

As of publication time, we have initiated our assessment of three focus areas – Natural Resources, People, and Product. With this initial report, we intend to perform the baseline audits against which we will develop our performance targets. Our key performance indicators start with compliance, but we expect this to evolve as well. Over time, when we have addressed our most basic impacts, we will determine KPIs for responsible supplier relationships as well as inclusive growth. The process of transforming our company will be documented every two years until 2030, with actual targets.

**We will transform with purpose.
We will lead through sustainability.**

Our vision is to be the best Philippine food and beverage company, with a powerful presence throughout the ASEAN and Oceania regions, carrying a wide portfolio of delightful brands of exceptional quality and value, equipped with efficient systems and motivated people. We are committed in making lives a truly fun experience.

These are our commitments to sustainability:



In order to make certain that we deliver on this strategy, we have also introduced a governance structure to lead Our Purposeful Transformation. Our President and CEO acts as the overall Sustainability Champion, guided by the Board of Directors, who will ensure alignment and consistency with the overall business strategy and risk management framework. Our Sustainability Steering Committee, composed of the heads of business units and functional heads, collectively define the strategy and KPIs, while also having complete oversight of monitoring and reporting requirements. The Sustainability Lead, currently serviced by the Investor Relations team, works with the respective business units to ensure that policies and programs are cascaded, and our performance is monitored, measured, and reported.



DRIVING GROWTH THROUGH SUSTAINABILITY

Creating financial, environmental, and social value.

Securing the continued operation of the business and the growth of its environment.

Defining ourselves as a responsible business.

Our shareholders trust that we will embed sustainability in our business practices, and thus increase shareholder value.



Sustainable Future



ACTING ON GLOBAL ISSUES

Considering environmental challenges as part of our business practices.

Adapting products to consumer demand and environmental issues.

Improving policies on business operations to fulfill sustainability standards.

Integrating overall business with sustainability to increase market value and continue leading business.

Our international business partners ensure that wherever we go, we are able to transform lives for the better.

OPERATING WITH THE FUTURE IN MIND

Managing costs and utilizing assets efficiently.

Maintaining sustainable regional sourcing.

Integrating suppliers into the company.

Our suppliers are encouraged to adopt more sustainable practices, even as we begin updating our supplier assessment policies to match current and future needs.

CONTRIBUTING AS INDIVIDUALS

Our individual decisions drive our corporate culture of being more responsible and conscious citizens.



CREATING A CULTURE OF COOPERATION

Our local communities understand that our unity of purpose – to develop the community and uplift lives – binds us together.

Beyond compliance to applicable laws, we have an open relationship with our regulators and do not hesitate to lend our expertise on issues of national concern.



RISING ABOVE COMPETITION

Improve distribution of our best-selling products across Asia.

Produce premium products to match demand and reputation.

Our social commitment is to be transparent with our customers/consumers while encouraging a culture of responsible consumption.

Highlights

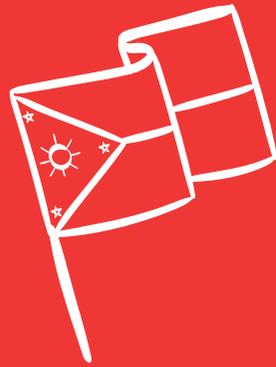


LOVE OUR PRODUCTS

WE PACK NUTRITION INTO OUR FOOD & BEVERAGE. Our Cloud 9 Choco Milk Drink contains calcium, zinc, magnesium, phosphorus, potassium, and Vitamins B1, B3, and B6.

WE BUY THE BEST TO MAKE THE BEST. Corn for Jack 'n Jill Chippy is mainly sourced from Sta. Maria in Ilocos Sur – both municipality and province topped the Department of Agriculture's National Quality Corn Achievers Awards in 2016.

WE BRING THE BEST TO THE WORLD. Our multinational presence has positioned us to bring our various brands to key markets in Asia and Oceania. In 2017, we formed the Vitasoy-URC joint venture that brought high-quality, sustainable plant-based beverage products to the Philippines.



UPLIFT LIVES

WE ARE 100% INVESTED IN THE LOCAL COMMUNITY. All of our business units have community engagement and development programs.

WE TEACH WHOM WE HIRE. In 2016 alone, 61 graduates of our *Iskolar ni Juan* education-to-employment program started working at URC. Every employee at URC has an average of 32 to 40 hours of training per year.

WE UPLIFT THE INDUSTRY THROUGH THE INDIVIDUAL. Hog raising is a profitable business for many backyard farmers in rural areas. Being a true *Kabalikat* (partner), URC has trained new hog-raisers in partner-farms nationwide. This also means more premium-quality meats for the local communities.



SAVE THE PLANET

WE SEEK SUSTAINABLE PRODUCT. We prefer sourcing materials from organizations that undergo regular audits and are certified sustainable. We are also improving our manufacturing processes to minimize our environmental impacts.

WE TURN POO INTO POWER. Our biogas digester plants use chicken and hog manure to produce electricity for our chicken and hog farms, cutting our electricity demand.

WE INNOVATE FOR A CLIMATE-RESILIENT WORLD. We already reduce, reuse, and recycle. This 2017, we started capturing and liquefying our carbon dioxide.



natural resources

Based on years of experience operating in different markets, we are able to replicate best practices in our operations. We also benchmark with other companies to consider potential investments for water conservation, use of renewable energy, sustainable farming, science-based eco-friendly animal husbandry, and effective waste management through the recycling of waste across our business units (BUs).

**pg. 48 Multi-Use
Plastics**

We've turned scrap plastic into marketable products.

**pg. 50 A Wealth of Uses
for URC Waste**

As one URC, we have discovered that there is more than one way of tackling our waste disposal problems. Here, we present some of our creative solutions.

NATURAL RESOURCES



URC belongs to an industry that is dependent on natural resources for raw materials. As such, we require the utmost care in utilizing our operational resources to manage the impact on the environment. In line with our purposeful transformation, we intend to further enhance our approach to responsible management of natural resources.

ENVIRONMENTAL COMPLIANCE: SYNERGY AT URC

103-1

103-2

103-3

Environmental compliance is the baseline of responsible resources management, which is essential to business continuity. As a diverse and fully integrated business, we look for ways to synergize our operations so that we adequately manage our resources. Over time, we have continued to enhance this overall approach.

Across our operations, URC studies all applicable regulatory requirements; determines and assesses the gaps; identifies the permits and licenses needed per facility; establishes the relevant guidelines; develops and implements action plans; and provides the needed infrastructure and other resources to meet mandatory conditions. We fully

comply with the regulations of the countries where we operate and sell our products, as well as any conditions required by our customers.

In the domestic market, which is the scope of this report, we are continuously monitoring our performance based on environmental regulations put forward by the Philippine Department of Environment and Natural Resources (DENR), National Water Resources Board (NWRB), and the pertinent City or Municipal Environment and Natural Resources Office (CENRO/MENRO). Aside from these, we also seek to comply with the requirements of energy regulatory bodies such as the Department of Energy (DOE) and the Energy Regulatory Commission (ERC).

Our environmental compliance is evaluated based on governing laws and requirements prescribed

by our regulators, including but not limited to the Philippine Clean Water Act (Republic Act No. 9275); Clean Air Act (R.A. No. 8749); Ecological Solid Waste Management Act (R.A. No. 9003); Toxic Substances and Hazardous and Nuclear Wastes Control Act (R.A. No. 6969); Pollution Control Law (R.A. No. 3931, as amended by Presidential Decree 984); the Environmental Impact Statement System (P.D. No. 1586); and the Laguna Lake Development Authority (LLDA) Act of 1966 (R.A. No. 4850). Our Environmental Compliance Certificates (ECCs) fulfill the requirements of Presidential Decree No. 1586, in accordance with DENR Administrative Order No. 2003-30.

Given that we generate renewable energy and sell our excess power supply, we also comply with the Renewable Energy Act (R.A. No. 9513) and the Electric Power Industry Reform Act (R.A. No. 9136).

URC SURE's biomass-fired power cogeneration plant in Kabankalan, Negros Occidental adheres to the standards for energy generation set by the DOE, ERC, and the National Grid Corporation of the Philippines (NGCP).

At URC, we are guided by transparency, ethics, and fairness. Our enduring commitment is to do business with integrity. It is the responsibility of all URC BUs to comply with applicable environmental laws and regulations. Corporate direction and alignment is provided from the JG Summit Holdings, Inc. (JG Summit) level under the Government Affairs, Legal, and Corporate Governance departments with all the BUs.

As part of our commitment to the preservation and conservation of the environment, we continue to establish a Safety, Health, and Environmental Policy across URC. The Policy aims to satisfy the requirements of International Standards, such as ISO 14000 on environmental management and OHSAS 18001 on occupational health and safety management. It also underscores URC's commitment as a responsible citizen in the communities where the business exists.

In managing environmental compliance, evaluation is done through audits by both internal and external auditors. For URC Branded Consumer Foods Group (BCFG), in particular, a Plant Environmental Assessment process is being conducted semi-annually by the Plant Environment, Health and Safety (EHS) Engineers, and annually by the Corporate Operational

Governance and Sustainability Group, to validate the plants' compliance with environmental laws and regulations, and implementation of operational controls and management system standards.

EFFICIENT PRODUCTION & MATERIAL USE

103-1

URC is focused on finding solutions that lead to seamless and efficient operations. The responsible use of natural resources — intrinsic to our business — entails that we minimize our environmental impacts and optimize synergies where possible, whether in the careful sourcing of raw materials from select suppliers, or in the proper use, reuse, or disposal of these same materials and the material by-products generated from our operations.

Certified Sustainable

103-2

We are looking into sourcing materials from organizations that undergo regular audits and are certified sustainable. At BCFG, for example, we support this initiative by patronizing suppliers of palm oil, such as Cargill and Oleo Fats, which have been certified by the Roundtable on Sustainable Palm Oil (RSPO). Our subsidiaries, Snack Brands Australia and Griffin's Foods Ltd., also use only RSPO-certified palm oil for their products. Meanwhile, URC Agro-Industrial Group (AIG) has been procuring US soybeans for more than 10 years, and received its certification from the US Soybean Sustainability Assurance Protocol in 2016.

As a multinational company, URC also emphasizes the regional and local sourcing of raw materials. Buying local allows us to minimize our carbon footprint and, at the same time, support our communities. At BCFG Philippines, we patronize local sugar cane producers, whereas at BCFG Vietnam, our green tea comes from the highlands of Vietnam.

Renewable and Recyclable

103-2

303-3

Currently, URC utilizes a mix of renewable and non-renewable raw materials. We try to extend the life of our raw and associated process materials by recycling or reusing these same materials elsewhere in our operations.

Among our non-renewable but recyclable materials would be the polyethylene terephthalate (PET) resin used for our C2 bottles, and polypropylene (PP) resin used for our Rong Do packaging. The food-grade PET material can be reground and mixed in with virgin resin to create new bottles. Meanwhile, our PP resin is one of the safest and most flexible plastics used in food packaging. Notably, post-consumer recycling can be done for both types of resin to create new packaging.

As a responsible manufacturer, URC is collaborating with concerned stakeholders — such as other food manufacturers, and non-governmental organizations (NGOs) — to

reduce the amount of plastic waste that ends up in landfills and oceans. *(More information on our waste management efforts may be found in the feature, "A Wealth of Uses for URC Waste," on pages 50-51.)*

Meanwhile, the molasses from sugar production at URC Sugar and Renewables (SURE), and pasta trimmings from flour milling at URC Flour and Pasta Division, are mixed, pulverized, and further processed by URC AIG to use as animal feeds. These associated process materials are fed to the hogs and chickens, which makes for a very cost-effective means to feed our livestock.

Biofuels Promotion, Waste Conversion, & CO₂ Recovery

303-3

URC, through SURE, strongly supports the government's Biofuels Act by producing ethanol that is suitable for blending with fossil fuels like gasoline. The Act mandates a minimum blend of 10% bioethanol per volume of fuel. The URC Distillery, located in Bais, Negros Oriental, uses molasses as its primary feedstock in producing this commercial fuel-grade bioethanol. It is the first ethanol distillery plant in Southeast Asia to utilize a spent wash incineration boiler, ensuring environmentally safe and hazard-free operations.

Most recently the URC CO₂ Recovery & Liquefaction Plant, also located in Bais, started operations to recover, purify, and liquefy the carbon dioxide

naturally produced from fermentation and bioethanol production at the Distillery. We are now selling our liquid CO₂ to a leading supplier of industrial, process, and specialty gases worldwide, as well as a leading retailer of liquid CO₂ and dry ice in the Philippines.

With Natural Resources as a key focus area in our sustainability strategy, we strive to make sustainable choices and connections. In the years to come, we hope to improve our linkages so we can better manage our resources and thus optimize URC operations.

WATER MANAGEMENT

103-1

Water is a scarce and critical resource. As a food and beverage company, we utilize water at every stage of our manufacturing process. We understand the importance of efficient water management given that our water use affects operational cost, stability of water supply, compliance to government standards, and overall business continuity. Our commitment to sustainability means that we practice water source protection and conservation.

Protecting Water Sources

103-2

303-2

We are monitoring our performance based on the requirements of the National Water Resources Board (NWRB). We withdraw water from different

sources, and adhere to the maximum allowable extraction rate.

URC BCFG utilizes deep wells and avails of municipal water, whereas URC BOPP Packaging and URC Flexible Packaging draw water primarily from deep wells. URC SURE draws from deep wells and rivers, and avails of municipal water during off-season repairs. Notably, URC SURE also reduces its water consumption by recycling water. URC SURE is able to extract water from sugar cane during milling, and condenses water vapor to extract more water.

URC AIG draws from deep wells and procures water from Metropolitan Cebu Water District. Meanwhile, URC Flour and Pasta Division procures water from Davao City Water District. Both also purchase water from Manila Water. Our water providers have developed their own environmental management systems and comply with national regulations.

We are gathering our baseline data on the amount of water withdrawn annually, and the potential impacts of our continued tapping of the water sources on the locality. BCFG, for one, is planning to conduct a source vulnerability assessment to identify water sources at risk of becoming scarce and polluted, critical areas for deep well water use, and possible losses in lakes. We also recognize the importance of looking for alternative sources of water aside from the deep wells that our plants are currently using.

Practicing the 3Rs

103-2

303-3

Water is a non-renewable ingredient and associated process material in our food and beverage production. In managing our water use, we follow the three Rs: Reduce, Reuse, and Recycle.

Implementation of the three Rs is based on the need or requirement of the plant. An assessment is being done by comparing the actual versus the theoretical water usage of each product category or plant. Priority is given to product categories or plants with high water usage.

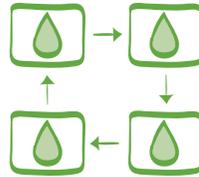
We are currently closely monitoring our water use ratio (WUR), or the amount of water used (in liter) per product (in kilogram), in BCFG plants.

Fixing the Basics

We identified that there are water leaks in the plant operations and we strongly believe these can have a negative impact on our water consumption goals. Having this in mind, we will be more pro-active in sweeping all existing leaks and preventing future leaks through initiatives that will address plant maintenance, ensuring all the pipes and fittings within the operation are in good condition.

URC is very much cognizant of the need to conserve water, hence, we insist on recycling and reusing as much of the resource as we are able. Several BCFG plants have started the practice of using non-virgin water in washing some of our key raw materials in snacks, such as corn and potato. In BCFG Vietnam, for example, bottle rinse water is collected and reused — around 12% of water withdrawn is recycled in this manner. We also use recycled water in daily activities of the plant, such as watering the greenery, and using treated water for toilet-flushing.

URC SURE has several initiatives in place to reduce water wastage:



SURE-SONEDCO employs a closed loop system to efficiently recirculate its condenser water requirement, with a flow of **6.65 million (MN) liters (L) per hour**.



Recycling is embedded in the processes of specific milling sites, namely SURE-PASSI (**364.50MN L** or **10.92%** of treated wastewater recycled as make-up water to spray ponds, and used in condensers as cooling medium), SURE-TOLONG (**263.91 thousand L** or **1.37%** of treated wastewater reused in the wet scrubber as spray water), and SURE-Distillery (**257.69MN L** or **34.97%** spent wash mainly recycled to the fermentation process and fired to boiler).



Water conservation is also applied by recycling spent wash from the URC Distillery to be mixed with mud press for fertilizing sugarcane fields, and treated wastewater from SURE-CARSUMCO (**25.86MN L**) discharged to the rice fields upon the need of farmers. *(More information on recycling wastewater may be found in the sidebar titled "How do we recycle our wastewater?" on page 46.)* Given the nature of SURE operations, there are cases where wastewater discharges are higher compared to water extracted due to water from sugarcane.

ENERGY & EMISSIONS**103-1****103-2****302-1****305-1****305-2**

URC recognizes that energy management will have positive impacts on the organization and the environment, resulting not only in regulatory compliance but also reduced carbon footprint, lower production cost, and significant savings on operational expenditures (OPEX). Hence, responsible energy use is a crucial aspect in our company's sustainability.

We are committed to reducing our overall energy consumption through continuous technical innovation, sustainable energy conservation programs, elimination of waste to improve energy efficiency, use of alternative sources of energy, and administration of proper and effective training of personnel at all levels of the organization.

Initially, Energy Conservation (ENERCON) committees at plant level have been organized to lead and manage the energy improvement programs. We conducted energy mapping to identify the areas and processes to be prioritized.

Some of the programs and initiatives that we are implementing to reduce the energy usage in the priority areas/processes are: installation of power meters; identification of processes leaks and other wrong practices; technological innovation; resizing of motors; conversion of low efficiency motors to high efficiency motors; migration of motors to

Variable Frequency Drivers (VFD); and conversion of steam-driven equipment to motors for SURE.

URC employs qualified engineers to act as energy managers, and to submit energy conservation programs and energy audits in accordance with Republic Act No. 73, "An Act to Further Promote Energy Conservation and for Other Purposes," which regulates industrial, commercial and transport establishments. For BCFG, quarterly reports on energy use and an annual report on our energy conservation programs are being duly submitted to the Department of Energy.

ENERCON Initiative

The ENERCON program of the parent company JG Summit is being implemented and cascaded URC-wide. It emphasizes the importance of energy management and conservation to every business unit. Each BU adopts their own approach to realize this commitment according to their identified parameters.

We aim to be part of the global effort to combat climate change by reducing our carbon footprint. This entails close monitoring of our energy use, and the greenhouse gas (GHG) emissions that trap heat in the atmosphere and contribute to global warming.

URC recognizes that energy management will have positive impacts on the organization and the environment, resulting not only in regulatory compliance but also reduced carbon footprint, lower production cost, and significant savings on operational expenditures (OPEX).

In 2016, we were able to consume around 2.49 billion megajoules (MJ) from our Scope 1 energy sources such as coal, bunker oil, diesel, and liquid petroleum gas (LPG). On the other hand, our Scope 2 energy consumption amounted to around 1.16 billion MJ from electricity use. We are just starting to baseline our usage for the first two years, and we believe we can further optimize by increasing our renewable sources of energy and generating our own power. Baselines are derived from historical records, and targets are set to further reduce energy consumption.

Our GHG emissions for the year amounted to 195,345.13 metric tons of carbon dioxide (mtCO₂) from our fuel energy sources while our GHG from electricity sources, reached 216,731.14 mtCO₂ from our power demand. Although we regularly burn fossil fuels to operate our various equipment (e.g., boilers, ovens, generation sets, forklifts), we minimize this practice by substituting fuels or equipment for cleaner or more efficient combustion.

In our sugar mill in Negros, the biomass cogeneration facility was expanded to maximize the usage of bagasse and produce power, not only to support its own milling operations but also for exporting to the power grid. Furthermore, we have also been reducing our dependence on non-renewable fuel sources by using waste materials as fuel, such as spent wash for our spent incineration boiler, bagasse for our biomass-fired power cogeneration plant, and manure for our biogas digester plant.

Our transport and logistics also consume fossil fuels. This year, we invested in barges for our flour business — comparatively, ocean freight has fewer emissions compared to air freight.

For the plants, the energy usage is tracked and monitored daily, and the desired ratio of energy use is reviewed by the Water and Energy Management Committee on a monthly basis. Furthermore, the BUs submit an energy consumption report to the JG Summit Energy Committee on a monthly basis, and yearly recognition is given to those who achieved their targets.

Cost per unit of production

Looking at our largest BCFG plant, which is Pampanga, our solid production (such as confectionary, snacks, biscuits, and coffee) is averaging at 988.62 MJ per unit, while our liquid products (ready-to-drink beverage) are averaging at around 1,025.34 MJ per unit. Moving forward, we aim to improve our energy consumption against the baseline.

Data on URC's energy consumption is provided by JG Summit ENERCON, which gathers the gross energy consumption figures for all five URC business units. The available data covers total URC operations except for the Balayan milling site under URC SURE. To ensure consistency in following the GRI Standards, the corresponding data on our emissions performance has been calculated and converted directly from our energy consumption. This was accomplished

using conversion factors from the Institute of Global Environment Studies (IGES) and the US Environmental Protection Agency (US EPA). Original figures in kilowatt-hour were converted to megajoules using the standard metric of 1 kilowatt-hour = 3.6 megajoules.

The creation of the ENERCON Committee as the designated governing body on all energy conservation initiatives will institutionalize energy management in URC. With full resolve to ensure the sustainability of the ENERCON program, a feedback mechanism on the compliance of every BU shall also be established.

ENERCON 2017 SUMMIT



Leaders of energy conservation within JG Summit Holdings met last March at the ENERCON Summit 2017, with the theme “Embracing the Regime of Retail Competition and Open Access,” to take stock of the effectiveness of the Energy Conservation program, exchange best practices, and discuss other ways their units can contribute to lowering energy costs and raising the competitiveness of the Conglomerate.

Participants included energy conservationists from URC BCFG, AIG, Flour and Pasta Division, Sugar and Renewables Division (SURE), JG Summit Petrochemicals Group, and other business units within the conglomerate. Among the energy cost drivers discussed were inefficiencies, additional processes, continued expansion, and the rising power costs.

Energy savings, in fact, had been achieved through varied energy conservation initiatives; efficiency improvements in processes and equipment, as well as enhanced skills; use of new and efficient technology; and economic procurement of electricity sources. Total energy consumption of JG Summit stayed close to baseline consumption.

As defined in our strategic priorities on resources management, we will continue to monitor the company’s energy usage and ensure that we achieve our targets.

Generating Electricity for Own Use

A portion of our energy requirements is provided by biomass, a renewable energy resource being utilized in URC SURE and URC AIG.

AIG uses a biogas digester to collect the methane gas and organic fertilizer produced during the anaerobic decomposition of waste. The biogas yield serves as the fuel to generate electricity. This technology not only helps improve energy efficiency in both the chicken and hog farms, but also helps nature by preventing the discharge of effluents generated by their operations from harming the environment.

AIG’s 160 kilowatt (kW) biogas digester plant in Naic, Cavite produces enough energy from chicken manure to supply the power demand of its five chicken houses and other farm facilities, which are tunnel-ventilated, climate-controlled, and fully automated. The waste-to-energy plant has enabled the layer farm to cut electricity costs by 36%. Similarly, AIG’s 400 kW biogas digester plant in San Miguel, Bulacan uses hog manure to generate electricity for its hog farm, particularly for the Growing Finishing Unit and Hog Breeding Unit. Together, the two facilities have allowed up to Php 1.7 million in savings, monthly. As AIG expands its sow levels in the next three years, the hog waste-to-energy initiative will also expand, potentially resulting in increased savings.

Meanwhile, the URC Biomass-Fired Power Cogeneration Plant located in Kabankalan City, Negros Occidental can generate 46 megawatts (MW) of electricity using bagasse, a by-product of sugar milling, as fuel. The plant already exports 20 MW of its total power to the national grid. We have also modernized our equipment in SURE, resulting in lower domestic power consumption and greater capacity to export power to the grid. This entire investment supports the government's Renewable Energy Act, and we are one of the few players in the sugar industry who are feed-in-tariff (FIT) compliant.

We are looking forward to increasing our capacities in the near future. Apart from energy savings, increasing our use of renewables could only reduce our dependence on non-renewable energy sources, and bring us closer to our vision of a sustainable URC.

As part of our strategic priorities under Our Purposeful Transformation, we are taking steps to further improve how we manage energy and emissions. We evaluate the effectiveness of our management approach on energy through the yearly assessment of our energy use, comparing the actual usage against the established targets and standards. We also assess employees' awareness and commitment to energy saving programs and initiatives.

WASTE MANAGEMENT

103-1

103-2

103-3

Managing our effluents and waste, apart from our emissions, is integral to the regulatory compliance and social responsibility of URC. How we approach these aspects affects both our operations, as well as how we are perceived by our stakeholders. Proper management encourages cost-efficiency (such as through waste-to-energy initiatives), and ensures sanitary operations that would prevent complaints and environmental grievances from the communities where the BUs operate (part of our social license to operate).

URC has various existing BU-initiated activities with corresponding internal goals and targets. The initiatives aim to reduce wastes (liquid, solid, and residual waste) by optimizing our operations, which will lead to the reduction of manufacturing rejects. Recognizing that we are a business with value scrap that generates excess and leaves packaging footprint, recycling and reclamation are highly material to URC.

At present, URC BCFG is set to undergo pre-assessment for the standards under ISO 14001: Environmental Management System. A number of manufacturing plants are recycling the wastewater effluents for cooling tower makeup. We also shred packaging materials on-site. *(More information on URC's current waste reutilization may be found in the feature, "A Wealth of Uses for URC Waste," on pages 50-51.)*

The proper management of emissions, effluents and waste is the responsibility of the Environment, Health and Safety (EHS) Committees across the BUs. We frequently evaluate our compliance with regulatory standards through analysis of our effluents and wastes by DENR-accredited testing centers. Copies of the results are submitted to DENR for their evaluation.

Managing Wastewater Effluents

306-2

306-5

As part of our environmental compliance, URC meets the required wastewater effluent quality based on the standards stipulated under DENR Administrative Order (AO) No. 2016-08, "Water Quality Guidelines and General Effluent Standards of 2016."

URC has the capacity to process wastewater amounting to 7,265 cubic meters per day.

Often, treated wastewater is coursed through the approved water receivers or water systems. Non-hazardous waste from BCFG and AIG are discharged through public sewage. URC Flour and Pasta has no wastewater treatment plant yet; however, the volume of wastewater discharge is not considered significant, given that flour milling is a dry operation process, and the final effluent conforms to standard specifications provided by DENR AO No. 1990-35, "Revised Effluent Regulations of 1990." For SURE, there are cases where wastewater discharges are higher compared

to water extracted, due to water from sugarcane. Recycling and disposal of wastewater is taken care of by the waste management facility owned by each SURE plant.

By proximity to our facilities, however, affected bodies of water would be Batangas Bay (near our URC BOPP Packaging and URC Flexible Packaging plants in Simlong, Batangas), Sicopong River in Negros Oriental (near SURE-TOLONG), and the Ilog-Hilabangan River (near SURE-SONEDCO), also in Negros. AIG on the other hand, has operating units near the Pasig River, Laguna Lake, Candaba Swamp in Pampanga, Pinatubo River, and the Pacific Ocean. As a responsible company, we try to keep these waters pristine.

Responsible Waste Disposal

We methodically collect our waste on-site, and separate it based on whether these are hazardous or non-hazardous.

URC tries to minimize wastage by reincorporating manufacturing by-products — such as candy mass — back into the production process. As previously mentioned, URC also converts by-products such as wheat bran and pollard into animal feeds.

Other items, though equally non-hazardous, are harder to dispose of, such as the refinery press cake, which are the remaining solids after the juice has been extracted. Unlike mud cake and ash, refinery cake has no agricultural use and must be temporarily stored in a landfill, before being transferred off-site.

URC is also looking into better ways to minimize its plastic footprint, by working with the Philippine Alliance for Recycling and Materials Sustainability (PARMS), an organization composed of peers in the food manufacturing and consumer goods business, and NGOs like Zero Waste Recycling Movement of the Philippines, Inc. (ZWRMPF, Inc.).

URC tries to minimize wastage by reincorporating manufacturing by-products...

How do we recycle our wastewater?



Our wastewater is treated on-site for reuse, majority as wash water or irrigation for the rice field;*



spent wash, which is a by-product of the distilling process, is recycled during the fermentation process that produces fuel-grade ethanol and incinerated via the boiler to generate steam and power; or



mixed with mud press for bio-compost that fertilizes the sugar cane fields.

* Some wastewater is discharged into different rivers, but we ensure that the amount and quality withdrawn is acceptable by DENR standards.

A photograph of a worker in a high-visibility vest and safety glasses, standing in a large industrial facility. The worker is positioned next to a large white bag, possibly containing waste or a byproduct. In the background, there is a yellow tractor with 'MUST-AG' written on it, and a large pile of yellow material, likely a byproduct of the waste management process. The facility has a high ceiling with a green tarp or covering. The overall scene depicts a waste management or recycling operation.

Best-in-class Practices on WASTE MANAGEMENT at Griffin's

The Griffin's Food Company, New Zealand

What's good for URC Philippines is also good for URC International. The discipline of making waste functional is practiced both here and abroad. Take New Zealand subsidiary Griffin's as an example:

☉ **Used oil is given a second life.**

Griffin's natural waste oil is recovered and sent off-site to be cleaned, reprocessed, and used for biodiesel and other environmentally friendly industrial applications.

☉ **Food "waste" becomes a new product.**

Griffin's separates food waste into starch, dry product and wet product — this allows the company to earn revenue from waste materials and recycle starch into raw material for packaging products.

☉ **Farms benefit from consumer production.**

Production waste of Griffin's is moved through Eco Stock to farms, and is used for stock feed for both cattle and pigs.

Today, we remain focused on building on our existing initiatives on reutilizing waste, and fully intend to formalize policies and guidelines over the long term. In line with Our Purposeful Transformation strategy, our goal is to institutionalize these initiatives as One URC using a robust and comprehensive framework, including appropriate environmental monitoring and accounting measures.

Multi-Use Plastics

102-15

There used to be an excess of scrap plastic in URC's plant in Simlong, Batangas. Given that plastic can only be recycled a number of times, the build-up of waste material is inevitable. Recently, however, URC has found a way to not only reduce waste, but also gain from a market-ready product made of recycled scrap: plastic pallets.

MAKING THE BOPP FILM

Owned and managed by URC BOPP Packaging, the Batangas plant produces the plastic film materials used by the Company. Specifically, machinery converts resin material into Bi-axially Oriented Polypropylene (BOPP) films, which is used for the packaging of different consumer products, particularly food. BOPP is non-toxic, and resistant to ultraviolet (UV) light, acid, and mild chemicals, as well as heat — ideal material for storing and slowing the spoilage of food products.

In the process of converting the resin material into BOPP film roll form, the plant regularly generates scraps. These scraps undergo a recycling process that transforms them into re-granulated pellet resins or "regrinds". Unfortunately, only a limited quantity of regrinds can be reused back into the mainline machine system, as it may affect the quality of the films. Regrinds can be sold "as is," but at a very low market price, or can be recycled.

UPCYCLING SCRAP PLASTIC

URC BOPP Packaging is constantly implementing improvements in the production process to measure and minimize scrap generation. In fact, the Batangas plant is the only BOPP Plant in the Philippines that has an integrated management system with ISO certifications — ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Part of our waste management strategy is to find ways to utilize the net generated regrinds inventory, instead of selling it at a losing price.

...the Batangas plant is the only BOPP Plant in the Philippines that has an integrated management system with ISO certifications — ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System.



In 2016, the business unit started to explore the use of regrinds into different plastic products. One result was a feasible plastic pallet tolling project, envisioned to serve the needs of URC affiliates using plastic pallets in their warehouse. This led to a partnership between URC BOPP Packaging and URC Branded Consumer Foods Group (BCFG) for the latter's plastic pallet requirements used in various URC food products.

Plastic pallets are particularly useful in highly regulated and hygiene-sensitive industries such as food manufacturing. These pallets serve as a hygienic bed for merchandise when storing and shipping — minimizing contact with the floor or ground, forming an easy in and out of the truck bed or other conveyance, and reducing the risk of damage to the products. Compared to the traditional wooden pallet, the plastic pallet has the advantage because it is both lightweight and

durable, easier to clean and unlikely to harbor bacteria, and made of one single piece with no nails or screws that could snag the product. Using plastic pallets also eliminates the risk of injuries from splintered wood or loose boards.

URC BOPP Packaging delivered its first batch of plastic pallets to URC BCFG plants in July 2016. There have been no major complaints regarding these products, and the deliveries continue to date.

SAVING THE ENVIRONMENT

We use every means to prudently and properly use, reuse, and dispose of our plastic materials, so as not to add to the already burgeoning solid waste problem in the Philippines. Minimizing scrap and extending the lifespan of plastic is eco-friendly, efficient, and cost-effective.

The BOPP plant was able to free up the warehouse space formerly occupied by the regrinds inventory for its BOPP film finished goods products, which are available to serve regular BOPP customer requirements.

We were able to find a better use for our scrap. Converting the regrinds into plastic pallets means they're given a second life, with a new function of storing goods for transport and warehousing. Plastic pallets can be reused more times compared to wooden pallets. This means that fewer trees are cut down to create new wooden pallets; it also means that fewer wooden pallets end up in the landfill.

Given the success of the project, we have also offered these plastic pallets to other divisions of URC, and Robinsons Retail units such as Handyman and Robinsons Supermarket. We are now also developing a one-way (disposable) pallet to be used in export by URC Flour and Pasta Division.

A Wealth of Uses for URC Waste

Maximizing our resources and minimizing our waste will go a long way to making URC a sustainable company. Our Purposeful Transformation is two-pronged when it comes to waste management: it entails efficient and extended use of our raw materials, and systematic collection and application of alternative functions for waste materials within URC itself. By repurposing our waste and diverting it from the landfill, we are then able to reduce our greenhouse gas (GHG) emissions.

To date, URC has several initiatives, across our business units (BUs), geared toward the reutilization, recycling, and reprocessing of waste.

FROM GARBAGE PILE TO COMPOST GOLD

Transforming waste into organic fertilizer

Various domestic and international divisions of URC donate bio-waste for composting, to the benefit of planters and farmers. For example, product scraps from BCFG Vietnam such as used

tea leaves are reused for composting and donated to partner farms. In the Philippines, domestic waste such as mud press from URC Sugar and Renewables (SURE) is withdrawn by planters and applied to fields as organic fertilizers.

PLASTIC SCRAP REPACKAGED AS NEW

Upcycling regrinds into PET bottles

URC's commitment to quality usually entails rejecting packaging materials that do not pass inspection, however small the blemish or dent. Added to which, scrap plastics remain after the materials have been cut and folded or shaped into the desired packaging. Rather than dispose of these materials in a landfill, URC has found ways to reincorporate them into new products. For one, URC's scrap polyethylene terephthalate (PET) material – including bottle rejects – are reground into PET flakes and mixed with virgin PET resin to create new bottles. Only 2-10% reprocessed PET resin is allowed into the mix to maintain the integrity of the bottle.

URC has several initiatives, across our business units (BUs), geared toward the reutilization, recycling, and reprocessing of waste.

WASTE CONVERTED INTO RENEWABLE ENERGY

Bagasse and biomass used to generate power

URC AIG collects chicken manure from its layer farm, which is then used to fuel its biogas digester plant in Naic, Cavite to produce 160 kilowatts (kW) of electricity – more than enough to accommodate the power demand of five fully automated, climate-controlled, and tunnel-ventilated chicken houses. Apart from minimizing waste, the facility is also able to save on power costs of up to Php 6 million annually. In addition, URC AIG uses hog manure to fuel its 400 kW biogas digester plant in San Miguel, Bulacan. The electricity produced by the facility saves the hog farm around Php 14.4 million, annually.

On the other hand, at URC SURE, bagasse or the dry, pulpy residue leftover from the extraction of juice from sugar cane is used as fuel to generate electricity. Currently, the biomass-fired power cogeneration plant in Kabankalan City, Negros Occidental is capable of generating 46 megawatts (MW) of electricity, enough to power the sugar mill operations of URC SURE SONEDCO, and also supply 20 MW to the grid.

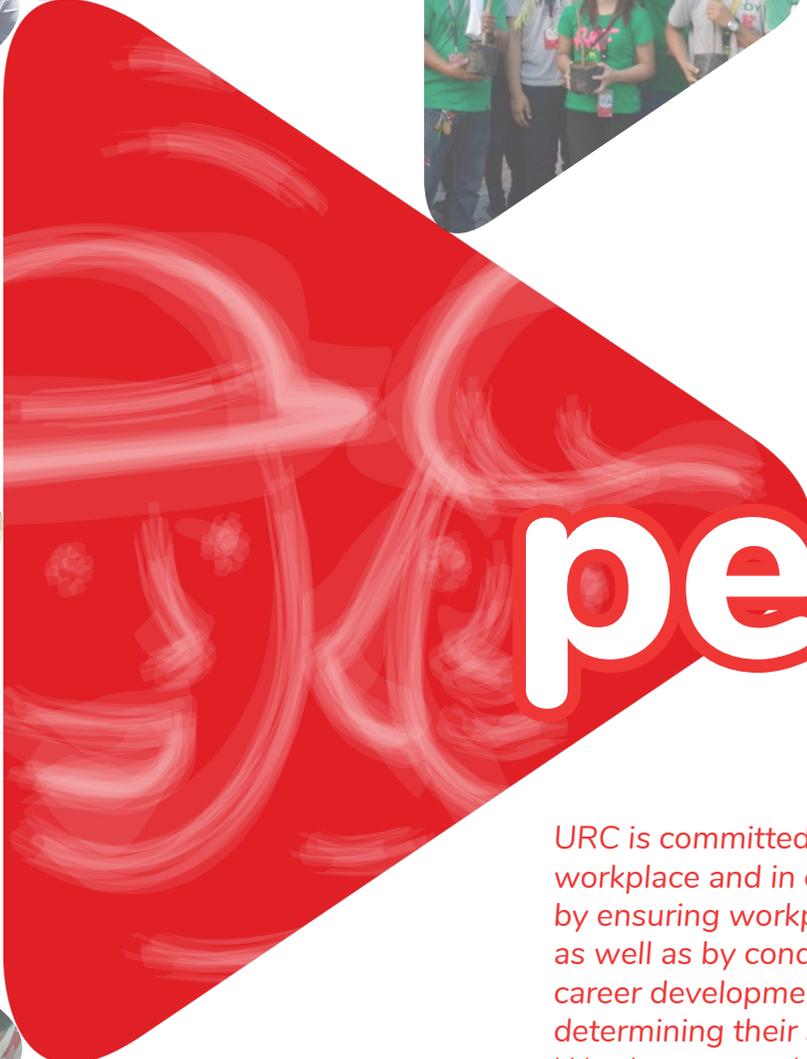
Meanwhile, at the URC Distillery, spent wash is recycled during the fermentation process that produces fuel-grade ethanol, and incinerated via the boiler to generate steam and power.

Moving forward, we have identified waste management as a strategic priority, and we intend to further improve on our existing programs. We are motivated by our sincere desire to neutralize any negative impacts our waste generation may have on the environment as a whole, and particularly on the local communities where we operate. We are currently in the process of reviewing our initiatives, and we intend to formalize the interconnected aims of our various divisions. Given that we are already proactive in extending the life cycle of our raw materials and by-products, in time, we expect URC's concerted efforts to significantly reduce waste. At best, we hope to achieve zero waste status.

We have identified waste management as a strategic priority, and we intend to further improve on our existing programs.



URC SURE SONEDCO, Kabankalan City, Negros Occidental



people

URC is committed to enhancing the lives of the people in our workplace and in our communities. We support employee welfare by ensuring workplace safety and providing continuous training, as well as by conducting regular performance conversation and career development programs. We develop our local communities by determining their social needs first, before we implement any program. We also assess the impacts of our projects to make certain that we are able to truly make people's lives better. At URC, we believe that putting people first will be the key to our purposeful transformation.

**pg. 70 A Farmer's Partner
in Progress**

We treat our suppliers as our partners. This ensures that, as we grow together, we also bring up the economy in the process.

**pg. 72 Boosting Employee
Learning and
Development**

We are a learning company, ensuring that skills and knowledge are cascaded from our most experienced managers to our newest hires.

**pg. 74 Changing Lives
through Education
and Rehabilitation**

We will extend a hand to those who need our help, here and abroad. In our experience, a little kindness could make one person's life a whole lot better.

OUR EMPLOYEES

103-1



We value our employees. Given the labor-intensive and demanding nature of our domestic and international operations, we find ways to ensure a safe, efficient, and engaging work environment for our employees. We take care of our people where it matters, focusing on training, career development, and workplace health and safety. URC also strives to maintain harmonious labor-management relations by upholding our employees' right to organize and associate freely. By building up our people where it matters, we empower them to lead our strategic shift to becoming a more sustainable company.

TRAINING & DEVELOPMENT

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404-2

URC retains and empowers its talent pool by providing our employees relevant training and education to further develop their technical and management skills.

We continuously strive to build a performance-driven organization with highly skilled and engaged employees. Dynamism and the passion to win define our entrepreneurial culture, which builds organizational capability in a proactive manner, driven by a collective sense of urgency and purpose.

URC's training policy cuts across all business units of the enterprise, which includes our international businesses and joint ventures. This policy is supported and managed by the Human Resources Group, which has the main responsibility for all items related to employee training and education.

Effective training and education is crucial as it will equip our employees with the right knowledge, skills, and attitudes to perform excellently.

We build our company culture in line with the JG Summit Values and Leadership Attributes, and maintain a talent pipeline that prepares our people for continued success in the company.

We have developed different programs to upgrade the skills and competencies of our employees based on three key areas: technical expertise, leadership, and soft skills. As a leading food and beverage manufacturer in the region, URC needs to develop employees who not only have technical expertise, but also have the leadership and social skills to best represent the company wherever they may be assigned or deployed.

As part of the JG Summit family, URC employees also train under the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), JG Summit's leadership platform for systemic and sustained career development programs. Established in 2005, JG-ILED is spurred

...every employee should have at least 32 to 40 hours of training per year, on average.

by the vision of our founder, John Gokongwei Jr., to demonstrate unwavering commitment to continued learning, organizational growth, and career development. Its mission is to enable the organization to facilitate the learning and development of all its employees through customized training and development programs.

JG-ILED continues to develop different training programs anchored on six crucial JG Summit leadership attributes, namely: competent, team player, entrepreneurial, innovative, passionate, and strategic. The programs of JG-ILED are crafted to help employees effectively manage themselves (personal leadership), manage teams (motivational leadership), and contribute significantly to the organization (strategic leadership).

JG-ILED has two types of programs: core programs, and management development programs. Core programs are basic programs under the JG-ILED curriculum designed to equip employees with a basic understanding of the standard ways of working in JG Summit.

Management development programs, on the other hand, are training programs designed to strengthen the leadership skills, functional competencies, and business acumen of all JG Summit employees.

Training is provided by JG-ILED certified facilitators, sometimes in partnership with organizations such as Kepner-Tregoe, through the Manila Execon Group, Inc., and the Asian Institute of Management (AIM).

All things considered, every employee should have at least 32 to 40 hours of training per year, on average.

URC is also part of JG Summit's Management Traineeship (MT) Program, which traces its roots to JG Summit's Junior Management Traineeship (JMT) Program. Today, the MT Program is the conglomerate's talent pipelining strategy to ensure that we have a steady stream of talents trained for supervisory and managerial positions.



**JOHN GOKONGWEI
INSTITUTE FOR
LEADERSHIP
AND ENTERPRISE
DEVELOPMENT
(JG-ILED)**

404-2

CORE PROGRAMS

- Achieving Customer Service Excellence
- Basic Management Program
- Effective Business Communication Program
- Problem Solving and Decision-Making
- Employee Discipline Program
- Professional Image and Demeanor
- My First 100 Days as a JG Summit Leader

MANAGEMENT DEVELOPMENT PROGRAMS

- Strategic Communication Program
- Executive Coaching Program
- Advanced Negotiation Skills Workshop
- Leading and Managing Change
- Strategy Planning and Execution
- Becoming People Leaders
- Finance for Senior Executives

* The Bicycle Logo of JG-ILED harks back to founder John Gokongwei Jr.'s roots as a bicycle peddler after World War II, and embodies the entrepreneurial spirit of the JG Summit companies. True to its nature as an integrated leadership platform, JG-ILED makes use of different colors in its logo, representing the core businesses of JG Summit Holdings Inc., including red for Universal Robina Corporation (URC).

JGS Thrusts

For 2017, URC has committed itself to the four following thrusts set forth by our parent company, JG Summit Holdings, Inc. (JG Summit). URC has anchored its employee training and development programs to these transitional thrusts, which aim to empower our people and ensure that our on-going transformational initiatives will permeate within the organization.

2017 People Thrusts

1. **Leadership Stewardship and Sustainability.** We will empower our leadership teams to cultivate an environment that stimulates continuous improvement and excellence. Our leaders will become stewards of their people and of upholding the welfare of the organization as a whole.

2. **Metrics and Scorecards.** We will employ the right metrics and scorecards to ensure that business and employee performance remains measurable. This also means that we have an adequate gauge of business performance.

3. **Risk Prevention and Mitigation / Business Continuity.** We will appraise our systems and processes to identify areas that are susceptible to risks. We will employ strategies to prevent or mitigate risks to safeguard our critical resources.

4. **Fulfilling Employee Experience.** Through our collective efforts, we will provide an inspiring, empowering, and caring work environment to ensure that our employees will have a fulfilling experience as they journey with us in the organization. We will enforce the implementation of health and safety measures that will proactively protect the interests and the well-being of our people.

For 2018, JG Summit will shift to the following imperatives to better address changes and disruptions in the different areas of its business operations. URC recognizes the need for this shift as it intends to build a more agile workforce to better adapt with a technology-driven workplace, a more competitive international market, and heightened customer expectations.

2018 People Thrusts

1. **Simplification of Organization Processes.** We will develop leaders with the capability to simplify the core processes of the organization, driven by the need to add value for our customers. Through the Company's digital transformation, we will enable our leaders to simplify our organization design and processes by removing extraneous activities and redundancies.

2. **Quality and Safety as Ways of Life.** We will embed quality and safety into the cultural fabric of our company culture. We will strive to deliver superior products and services, created under the strictest standards of quality. We will also

ensure that JG Summit Holdings, Inc., as well as its Subsidiaries and Affiliates, are safe places of work for our employees, third parties, and other stakeholders in the value chain.

3. **Regulatory Compliance and Risk Prevention.** We will anticipate trends in the Philippine regulatory environment to quickly assess and address their potential impact on the organization. We will also continue to assess our existing systems and processes, and ensure implementation of initiatives, to help mitigate risks and exposures in the different stages of our operations.

4. **Promulgation of the Culture of Courage.** We will cultivate a culture of courage to bolster innovation and creativity in the organization. We will empower our employees to take smarter risks, seize opportunities in fast-changing markets, and discuss unpopular ideas and opinions.

5. **Leadership Stewardship and Accountability.** We will espouse a culture of leadership responsibility and accountability across all levels of the organization through Balanced Scorecards. We will set and communicate performance standards and metrics to ensure alignment, accountability, and achievement of results.

The Corporate Resources Group will work with respective functional heads and key employees to ensure that these thrusts are effectively carried out within the organization.



JGS

C

Communication.

Initiatives that foster open communication between management and employees, and among employees

A

Advocacy.

Initiatives that promote awareness on national or community-wide issues that impact the workplace

R

Recognition.

Initiatives that reinforce desired standards of performance by rewarding exceptional behaviors

E

Engagement.

Initiatives that contribute to the holistic growth of employees

S

Social Responsibility.

Initiatives that give back to the community and promulgate a spirit of volunteerism among employees

Guided by the JGS CARES employee engagement philosophy, URC is committed to creating an engaged and productive community where all aspects of employee welfare are promoted through programs that do not discriminate between organized and unorganized groups.

EMPLOYMENT



URC strives to hire and retain the best talents here and abroad. As of December 2016, our workforce consists of 8,554 employees in the business units and JVs. In addition, we also have 6,235 employees in our international operations, as of September 2016. On top of which, we also have third-party hires and additional manpower from partner agencies (see Graphs).

The quest for the best talent starts with our compliance with existing labor laws and requirements set forth by the Department of Labor and Employment (DOLE), which are necessary to properly manage employment in the organization. Compliance ensures that we observe fair labor practices while upholding equal opportunity and workforce diversity.

We enforce several internal policies that govern how we manage employment in the company. These policies, which apply to all URC employees, inform our hiring practices, compensation and benefits, transfer, regularization, promotion, career development, separation, pay/merit increase, manpower planning and budget, job evaluation, and performance management.

For all of our hiring decisions, we follow the URC Hiring Approval Matrix, which has the relevant standards and guidelines to assess our potential hires. The standard contracts and pre-employment requirements are specified in detail under the job descriptions.

We also have internal policies that govern how we contract third parties and hire seasonal employees. URC has a dedicated corporate outsourcing group that handles the accreditation

of third-party suppliers every two to three years. Similar to our employees, we also make sure to engage with our third-party manpower.

To manage and further develop our pool of talent, URC implements SuccessFactor, a company-wide talent management platform for all our employees. To promulgate employee engagement, we also conduct Annual Pulse Surveys where employees can voice their concerns and provide feedback on their employee experience.

LEGEND

Business Unit (BU):

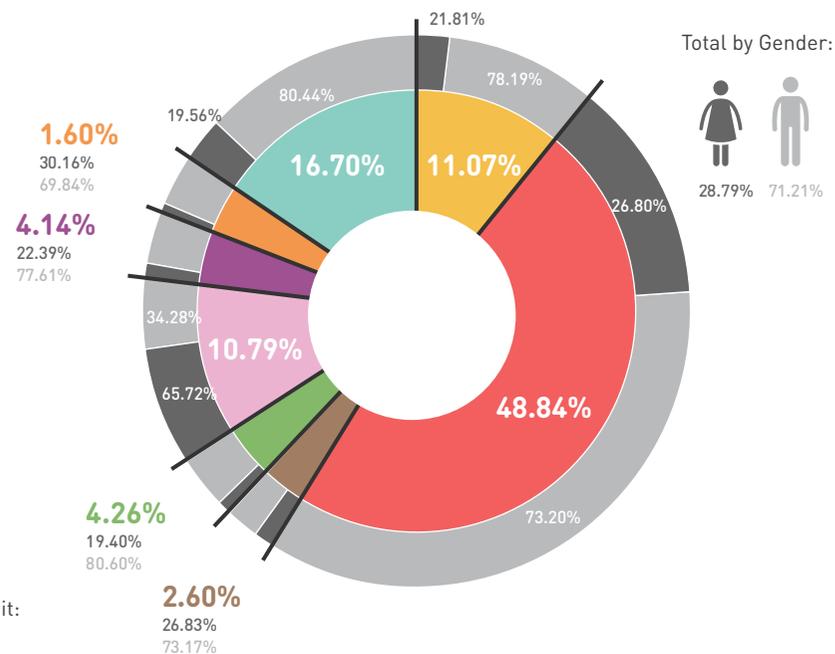
- Agro-Industrial
- Branded Consumer Foods
- Joint Ventures
- Packaging (UFLEX)
- Corporate
- Flour and Pasta Division
- Packaging (BOPP)
- Sugar and Renewables

Male and Female Employees per Business Unit:

- Female
- Male

Permanent Full-time Employees (PFTE)

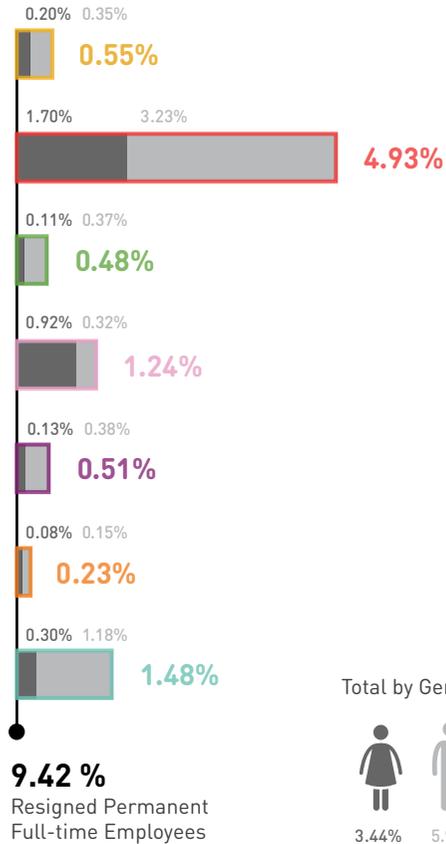
Active Headcount, as of December 2016



* Employee data includes Joint Ventures, but excludes Branded Consumer Foods International
 ** Permanent full-time employees (PFTE) include regular and probationary employees

Resigned Permanent Full-time Employees (PFTE)

Turnover Rates, as of December 2016



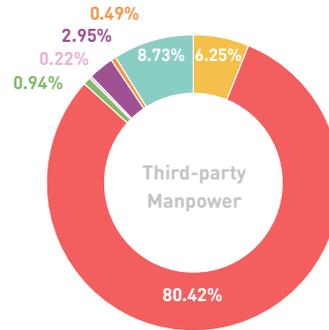
Total by Gender:



* Employee data excludes Joint Ventures and Branded Consumer Foods International

** Formula:

PFTE turnover rates = $\frac{\text{Number of PFTE who resigned}}{\text{Average Total PFTE for 2016}}$



* Third-party manpower is composed of agencies and cooperatives. This includes manpower tasked with purchasing, sales and marketing; ground maintenance and cleaning; engineering and maintenance; production; agriculture (AIG, Sugar, and Flour and Pasta); and security
 ** Third-party manpower in Joint Ventures is included in the BCFG Philippines data

LEGEND

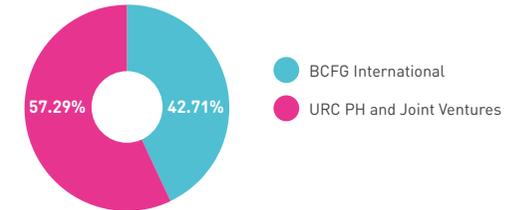
Business Unit (BU):

- Agro-Industrial
- Branded Consumer Foods
- Joint Ventures
- Packaging (UFLEX)
- Corporate
- Flour and Pasta Division
- Packaging (BOPP)
- Sugar and Renewables

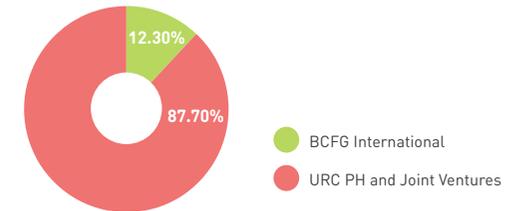
Male and Female Employees per Business Unit:

- Female
- Male

Total BCFG International vs. Philippines and JVs Permanent Full-time Employees (September 2016)



Total BCFG International vs. Philippines and JVs Third party Manpower and Others (September 2016)



* Permanent and full-time employees (PFTE) include regular and probationary employees

** International employees as of September 2016 include employees in Thailand, Vietnam, Indonesia, Malaysia, Singapore, China, Hong Kong, Myanmar, and New Zealand

***Branded Consumer Foods Group (BCFG) International

Due to our growing multinational presence, URC taps third-party service providers for different stages of our operations. Throughout years of partnership, we have improved our relationship with these suppliers, ensuring that the latter grow alongside URC. As the Company continues to expand, particularly in the case of strategic joint venture formations in our Branded Consumer Foods Group (BCFG), we also expect to grow our manpower.

COMPENSATION & BENEFITS

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In line with our purposeful transformation, URC is committed to improving employee retention and talent attrition by offering competitive employment and retirement benefits. We have standardized the implementing guidelines for the following benefits per BU:

On top of the government-mandated benefits, URC also provides the following benefits to full-time employees:

1. Health Maintenance Organization (HMO);
2. Group life insurance;
3. Medicine allowance;
4. Company loans for emergencies and education;
5. Subsidies for motivational programs such as company outing, Christmas party, sports fest, and family day, among others; and
6. Christmas package.

In addition, URC also has a funded, non-contributory benefit plan that provides retirement, separation, disability, and death benefits to all our regular employees. Retirement benefits are provided to regular employees who are 60 years old and above. Early retirement benefits, on the other hand, are provided to regular employees who

have at least 10 years of tenure, and are at least 45 years old for non-managers and at least 50 years old for managers.

However, URC reserves the right to change the rate and the amount of its contribution at any time on account of business necessity or adverse economic conditions. The retirement costs charged to operations, including the net interest cost, amounted to Php 152 million, Php 143 million, and Php 153 million for fiscal years 2016, 2015, and 2014, respectively.

LABOR RELATIONS & FREEDOM OF ASSOCIATION

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As captured in the JGS CARES philosophy, we aim to have a productive and engaged workplace, where there is no discrimination between organized and non-organized groups. At URC, we deem it important to maintain harmonious labor-management relations and to respect our employees' right to organize and associate — working together toward a more efficient work environment.

We have taken measures to support the rights of our employees to exercise their freedom of association and collective bargaining, such as the provision of union leaves, memberships

LAW-MANDATED LEAVES



Service Incentive Leave



Solo Parent Leave



Maternity Leave and Paternity Leave



Leave Entitlements under Republic Act No. 9262, or the "Anti-Violence Against Women and their Children Act of 2004"



Special Leave Benefits for Women under Republic Act No. 9710, or "An Act Providing for the Magna Carta of Women"

COMPANY-PROVIDED LEAVES



Vacation Leave



Sick Leave

SPECIAL LEAVES SUCH AS:



Emergency Leave



Nuptial Leave

in union federations, and attendance to federation-initiated events.

As such, URC duly follows the Labor Code of the Philippines and enforces internal policies and guidelines with respect to labor unions. These policies include the Code of Discipline, and other guidelines on confidentiality, corporate governance, information technology (IT) security, non-competition, special leave benefits for women (as per Republic Act No. 9710, or the Magna Carta of Women), sexual harassment (as per Republic Act No. 7877), and maintaining a drug-free workplace (as per Republic Act No. 9165).

URC also upholds industrial peace through the following goals and targets:

1. To conclude Collective Bargaining Agreements (CBAs) between labor unions and the management in a peaceful manner (i.e., no strike, no lock-out);
2. To conduct Labor-Management Council meetings; and
3. To have pre-negotiation meetings and "talakayan" sessions.

Through what we jointly call the Labor Management Cooperation, both the labor unions and the management can work in coordination with each other for labor matters.

Outside of Corporate, URC's BUs that have CBAs include: Branded Consumer Foods Group-Philippines (BCFG PH), Agro-Industrial Group (AIG), URC Flour and Pasta Division, and URC Sugar and Renewables (SURE). The CBAs are with 26 different unions as of fiscal year 2016. In total, union members participating in CBAs comprise 38% of active regular and probationary employees.

After each negotiation, a CBA usually has a five-year term until evaluation, which is documented to serve as reference for the next cycle. We conduct a periodic review of our internal policies and of our salary structure, when there are regional wage increases, to further evaluate the effectiveness of our management approach.

Further, URC also strives to leverage on performance-based rewards, enhance recognition programs, and to intensify employee engagement initiatives.

Employees and their elected representatives are usually provided one month's (30 working days) notice prior to the implementation of significant operational changes that can substantially affect them. For BCFG, this notice period and the provisions for consultation and negotiation are specified in the collective agreements, with written notifications duly noted and signed by both the labor unions and management.

WORKPLACE HEALTH & SAFETY

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Understanding the high-risk and labor-intensive nature of our domestic and international operations, workplace health and safety (WHS) is crucial to promote employee wellness, prevent work-related accidents, and maintain full compliance with regulatory requirements and industry standards. A healthy and safe working environment increases workplace satisfaction and productivity among employees. Thus, our overarching goal across all our BUs is to reduce the number of work-related accidents and, ultimately, to attain zero accidents.

At URC, we value the health and safety of our employees. Our workers are represented in formal joint management-worker health and safety committees at different levels across our different domestic and international BUs.

Aside from providing a safe working environment and facilities, annual premium subsidy for hospitalization services provided by a health maintenance insurance company is also granted.

Since URC is in the business of manufacturing food, beverages, and packaging materials, our working environment is considerably high-risk. We proactively instill measures to mitigate risks or incidences of workplace diseases. For example, URC Flexible Packaging ensures that all employees are given Personal Protective Equipment (PPE). The conduct of Work Environment Measurement (WEM) annually in the plants ensures that critical parameters meet WHS standards.

Across BUs, in all our plant operations and facilities, we implement URC's Safety, Health, and Environment Policy. This policy reinforces a culture of health and safety within URC through full regulatory compliance, the provision of adequate resources, the adoption of proven technologies and innovations, and appropriate health and safety training to empower our employees. We also conduct regular safety and emergency drills, such as fire and earthquake drills, as mandated by regulatory requirements.

Across the BUs, we regularly monitor work-related accidents and check the WHS factors in our operations, and conduct hazard identification and risk assessment (HIRA) aligned to the development and establishment of Occupational Health and Safety Assessment System (OHSAS 18001). This is in compliance with the policies of the Department of Labor and Employment's Bureau of Working Conditions (DOLE-BWC).

We also conduct the following specific actions to promote WHS across all our BUs:

1. Issuance of Personal Protective Equipment (PPE);
2. Formation of Health and Safety Committee;
3. Orientation on Workplace Health and Safety;
4. Formation of emergency response training teams;
5. Knowledge transfer and education for all employees on the importance of safety, as conducted by the Quality Assurance departments; and
6. Conduct of annual physical examination for all employees.

As part of our approach to WHS, URC also provides health education for all our employees. We conduct educational awareness activities on the prevention and risk control of serious diseases. Counseling and post-traumatic therapy are also provided to our employees on a per need basis. We extend our health education programs to our local communities as well. URC provides medical missions and home safety orientations to children in schools.

Respective BUs have created structures in addressing the requirements for health and safety. However, the responsibility and accountability rests in the respective leaders of each site.





For example, the Plant Managers for BCFG have appointed Plant Environmental, Health, and Safety (EHS) Engineers to facilitate the programs and initiatives for WHS. Full-time Safety Officers were established per site as mandated by law, and additional Safety Officers, like the frontline leaders such as Supervisors and Managers, were appointed to ensure flawless execution of required compliance requirements and programs. The designated on-site Safety and Security Officers from the Engineering department, and frontline leaders such as the Operations Manager, Factory Manager, and Plant Manager, are all in charge of managing WHS in all our plants and facilities.

BCFG's Operational Governance and Sustainability Group also conducts regular visits, validation, and assessments in our plants and facilities, to ensure effective and efficient achievement of objectives and performance results. Our Technology and Operations Group also makes regular rounds in our plants and facilities.

DIGITAL HR

We have also made significant advances on Human Resources Information Systems with the adoption of SAP Human Capital Management (HCM) core modules: Organizational Management, Personnel

Administration, Timekeeping, and Payroll Management. These modules have been rolled out in all the business units of URC. Workforce-related processes and data are now standardized and consolidated into a single platform, while ensuring adherence to company policies and government regulations.

SAP HCM was also a prerequisite to successfully transition to Shared Services. This approach has allowed the business units to focus on their core activities, reduce costs, and improve process quality and service levels. The services include handling of timekeeping administration, updating of employee records, administration of company-initiated and government-mandated benefits, loan applications, clearance and final pay processing, 201 file records management, employment verification, processing of utilities payment, and mobile phone management, among others.

URC has started shifting from paper to digital data, and from manual processes to digital and automated workflows. Beyond simple digitization, we now create an environment for digital business. We provide new opportunities for the workforce to engage differently while adopting new technologies.

OUR COMMUNITIES

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We aspire to harmonious and mutually beneficial relationships with the communities in proximity to our operational sites. Embedded within our values at URC is the promise to make life better, including creating positive impact in the areas where we operate. Guided by the JGS CARES philosophy, we take social responsibility to heart by giving back to our local communities and by instilling the spirit of volunteerism among our employees. Through training, knowledge transfer, and livelihood opportunities, we empower the people in our local communities toward a purposeful transformation.

> 100% of URC operations have local community engagement and development programs

MAKING OUR PRESENCE COUNT

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To give back to our local communities and instill the spirit of volunteerism among our employees, the different BUs organize various Corporate Social Responsibility (CSR) initiatives catering to the social needs of our local communities.

URC is now taking a more strategic and integrated approach to CSR. Each BU coordinates with JG Summit to integrate local community development into the different priority or opportunity areas of

the business, such as safety, waste management, water management, energy conservation, and livelihood generation. Close coordination across the conglomerate and the BUs is also required to strategically align our community engagement initiatives.

Thus, all of our BUs are working on community engagement and development programs. Due to our more strategic and integrated approach to CSR, the initiatives of our BUs cover a wide range of community development programs, focusing on responsible manufacturing or environmental

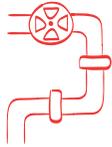
stewardship, well-being, inclusive business or livelihood, and education-to-employment.

Guided by our sustainability strategy of purposeful transformation, we will redefine our business strategies to arrive at a more integrated approach to CSR that can best develop our initiatives and our local communities.

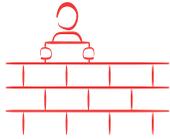
THE 4 PILLARS OF URC'S COMMUNITY DEVELOPMENT PROGRAMS

413-1

RESPONSIBLE MANUFACTURING OR ENVIRONMENTAL STEWARDSHIP



Waterworks



Multipurpose Hall construction



Tree Planting and Nurturing

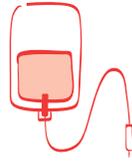


Street Sweeping and Clean-ups



River Clean-ups

WELL-BEING



Blood Donations



Medical and Dental Missions



Feeding Programs



Day Care Center Rehabilitation

INCLUSIVE BUSINESS OR LIVELIHOOD



Training in hog and poultry raising



Training in vegetable growing



Tie-ups with government for livelihood promotion



Other livelihood programs

EDUCATION TO EMPLOYMENT



Brigada Eskwela,
or Back-to-School Clean-up Drives



Adopt-A-School Program

COMMUNITY DEVELOPMENT PROGRAMS PER BUSINESS UNIT

413-1



URC BCFG

URC BCFG has been the most active business unit in terms of community development programs. Its CSR initiatives, managed by its Human Resources and Marketing departments, cover education, medical and dental assistance, livelihood programs, and environmental conservation.

Different plants under BCFG regularly participate in the annual *Brigada Eskwela*, a nationwide voluntary effort of teachers, parents, students, community members, and other organizations to repair and clean up schools in preparation for the start of the school year.

For the environment, BCFG also conducts regular tree-planting and tree-nurturing activities, and coastal and river clean-up drives, in partnership with local government units (LGUs), the City Environment and Natural Resources Office (CENRO), and the Department of Environment and Natural Resources (DENR).

Aside from regular medical and dental missions to local communities, BCFG also holds regular blood donation drives in partnership with the Philippine Blood Center (PBC) and the local chapters of the Philippine Red Cross (PRC).

BCFG, in partnership with non-governmental organizations (NGOs), also gives donation in kind, such as rice and survival kits, to those affected by natural calamities. During the Christmas season, URC BCFG conducts regular gift-giving to children in need, particularly orphaned children who have been victims of abuse.

URC BOPP PACKAGING AND FLEXIBLE PACKAGING

URC BOPP Packaging and URC Flexible Packaging each have CSR initiatives, managed by a CSR supervisor, that cover education, safety, health and well-being, and the environment. One of its more notable activities for the environment is the planting of mangrove trees along the banks of the Calumpang River in Batangas.

The unit also has strong community involvement through medical missions, the construction of multipurpose areas for local communities, and the rehabilitation of schools, as seen in the repair of the waterworks and the day care center in Barangay Simlong, Batangas City.

URC FLOUR AND PASTA DIVISION

URC Flour and Pasta Division's CSR activities are managed by its Human Resources and Marketing departments. The unit leverages its products for its feeding programs by providing El Real pasta products to the disabled children of Tahanang Walang Hagdanan to improve their body weight and augment their carbohydrate and protein needs.

The unit conducts regular blood donation drives in partnership with the PBC. During the Christmas season, URC Flour and Pasta also gives gifts to disabled children.

URC SURE

URC SURE's CSR activities, managed by its Human Resources Group, include education programs, medical and dental assistance, livelihood programs, and environmental conservation through tree-planting activities and the maintenance of planted trees.

Through its Adopt-a-School Program, SURE provides scholarships, school supplies, and feeding programs to the students of its adopted schools. The unit participates in the annual *Brigada Eskwela*, and also holds activities in its adopted schools, such as the

Nutrition Month Cooking Contest in Sagrada Elementary School.

SURE also provides livelihood opportunities to its local communities through the development of vegetable gardens, and through livelihood programs developed in partnership with the Department of Labor and Employment (DOLE) and the Technical Education and Skills Development Authority (TESDA).

Moreover, SURE works with the Sugar Regulatory Administration (SRA) to establish dialogue between the planters, millers, and the workers. We encourage our partner farming communities to plant sugar cane through community-building campaigns.

We offer financial support to our farmers, especially Agrarian Reform Beneficiaries (ARBs). We also offer logistical support, where we haul their harvest from their farms; free warehousing, where we store the processed and refined sugars at no cost to them; and marketing support, where we help them sell their processed sugar to different buyers.

The unit also conducts regular medical and dental missions in partnership with the Sugar Industry Foundation, Inc. (SIFI), and blood donation drives in partnership with the local chapters of the PRC.

URC AIG

URC AIG's CSR initiatives, which are managed by its Human Resources and Marketing team, primarily leverage on the unit's hog and poultry raising expertise. Through the *Kabalikat* Program, AIG promotes an inclusive business model by generating livelihood opportunities for local residents through proper hog and poultry raising.

Employees of AIG also regularly join the annual *Brigada Eskwela*. In 2016, the unit also participated in the municipal-wide river clean-up in Teresa, Rizal, and in tree-planting activities in Tanay, Rizal in support of the provincial government's "*Kawayanihan*" project.

Health-wise, AIG is also an active partner for various projects of the Philippine Red Cross (PRC) in Regions III and IV, and is consistently recognized as an "Outstanding Blood Services Partner." AIG has also been instrumental in protecting nearby host communities from rabies. The respective anti-rabies vaccination programs started in Bulacan in 2010, and in Antipolo the following year. In Bulacan, AIG partnered with the barangay officials in Patong Patong and Calumpang, and the Department of Agriculture's Bureau of Animal Industry (BAI), which donates the vaccines for the annual drive. Farm veterinarians

administer the vaccinations. They expect to have a rabies-free province by 2020. In Antipolo, AIG has partnered with the City Veterinarian and the Barangay Chairman. The annual vaccination activities are conducted house-to-house. As of last count, around 400 dogs and cats have been given anti-rabies shots. The City Veterinary Office provides the vaccines, whereas AIG assists in the listing of domesticated animals for vaccination. The business unit also shoulders the meal/snack allowance and tokens for partners. In the future, AIG shall also be donating samples of its products, including dog food, as giveaways to participating pet owners.



CREATING POSITIVE IMPACT**103-1****103-2****413-1**

With our growing presence and performance as a leading Philippine FMCG (fast-moving consumer goods) multinational, URC operates in diverse locations throughout the ASEAN and Oceania. Recognizing the reach of our operations, we strive to ensure that our presence creates a positive impact on our communities by providing employment and livelihood opportunities. This also means developing our smallholders through training, knowledge transfer, and empowerment activities in the areas where we operate.

URC's economic benefits are cascaded down the line to the people we work with. All the while, we generate employment opportunities for our communities, including distributors, suppliers, and other service providers. Engaging businesses within the local area, we recruit dealers and help provide either a business opportunity or technical assistance as a means for them to grow their own business.

Hiring from the local community is preferred to maintain an accessible pool of qualified talent. URC promotes direct or indirect hiring of local residents, especially for contracted services such as trucking service, shuttle service, and food service in canteens, among others. This is reinforced by our group-wide Procurement Policy in order to optimize the sourcing of materials and services.

...we strive to ensure that our presence creates a positive impact on our communities by providing employment and livelihood opportunities.

Across the BUs, we also promote education for our stakeholders in partnership with the Technical Education and Skills Development Authority (TESDA), an agency of the Philippine government under the Department of Labor and Employment (DOLE) and Office of the Cabinet Secretary. Through on-the-job training, graduates can be provided employment in URC, in coordination with third-party service providers.

Each BU has specific livelihood programs, all of which are guided by the thrust to develop the business acumen of local residents. URC AIG has the *Kabalikat* Program, a flagship livelihood development program, which is managed by the BU's Human Resources and Marketing team. In 2016, the program helped increase the number of hog raisers from 50,000 to 70,000.





Iskolar ni Juan

203-2

A scholarship program born out of the partnership between Universal Robina Corporation (URC) and the Gokongwei Brothers Foundation (GBF), *Iskolar ni Juan* holds a significant and positive impact as it provides scholarships with direct employment opportunities for our stakeholders.

The program offers deserving high school graduates fully-subsidized one-year Technical-Vocational Education and Training certificate courses on Mechatronics Servicing (NC II) and Instrumentation and Control Servicing (NC II) from the Technical Education and Skills Development Authority (TESDA), an agency under the Department of Labor and Employment (DOLE). The training will prepare our scholars for future employment as technicians or operators in one of the facilities of URC, in coordination with third-party service providers.

Iskolar ni Juan is open to single Filipinos aged 16 to 25 years old, at least a High School or an Alternative Learning System graduate, with good scholastic record and moral character, and belonging to a household with an annual income of less than Php 200,000.

As of 2016, *Iskolar ni Juan* has more than 61 graduates, all of whom have been deployed to the different manufacturing and packaging facilities of URC.

Currently on board are our third, fourth, and fifth batches of scholars, for a total of 139 students.

“*Kabalikat sa Pag-Unlad*” A Farmer’s Partner in Progress

203-2

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

RAISING STANDARDS IN PIG FARMS

AIG’s *Kabalikat* Program, which started in June 2014 with the Uno+ *Kabalikat* Farms (Kfarms), provides farmers, especially hog raisers, knowledge on the latest farming technology and management practices.

The program hinges on the principles of being a “*kabalikat*” (partner), both to our consumers through the promise of “*kalidad*” (quality), and to our partner farmers through “*kita*” (profit).

Through the *Kabalikat* Program, we demonstrate that AIG is not just an ordinary supplier of quality feeds and veterinary medicine, it is also a “*kabalikat sa pag-unlad*” (partner in progress).

Managed by the Marketing Team of AIG, the program was initially conceptualized as a brand-building program which, through community engagement, created positive learning experiences for the farmers and their local communities. Through their testimonials, our partner farmers themselves become AIG’s brand ambassadors.

Our partner farmers are chosen based on their openness to accept and share best practices to improve the productivity and profitability of their pig farms. We impart end-to-end knowledge about hog raising: from breeding (i.e., selection of breeders, insemination systems), to fattening (i.e., feeding program, cleaning management, record-keeping system), down to the appropriate meat production standards.

*We leverage
our expertise in
farming operations
to forward
URC’s thrust of
promoting training,
lifelong learning,
and livelihood
opportunities.*

We also teach our partner farmers bio-security systems so that they can protect their animals against diseases or harmful biological agents; this, in turn, also ensures that their meat products are clean and safe for human consumption.

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

HELPING FARMERS NATIONWIDE

By 2016, the program has grown to include almost 200 Kfarms, and has helped increase the number of hog raisers nationwide. This nationwide reach was made possible through the Barangay Uno+ Hog Farms, the Barangay Supremo Gamefowl Farms, and the *Kabalikat* Poultry Farms, with plans to further expand the program's reach through partners for Top Breed Dog Meal and Robina Farms Premium Farm Products.

Over the course of three years, the program has helped improve the performance of its partner farms. Majority of the Kfarms has since expanded their farm population, and improved their productivity in terms of their animals' growth rate and mortality. Overall farm health of

the Kfarms has also improved, which in turn promoted health and sanitation practices within the local communities.

Since AIG personnel had a direct hand in implementing the program, it also helped AIG improve its own farming operations and practices. For one, AIG can now better monitor its quality and cost parameters. The AIG's response time to changes in products, services, and even field conditions, such as in the cases of disease outbreaks or competitor activities, has also significantly improved thanks to knowledge gleaned from our partner farmers.

Ultimately, the greatest contribution of the *Kabalikat* Program is the improved lives of hog raisers nationwide. Thanks to the wide distribution network of the AIG nationwide, hog raisers all over the country now have access to an inclusive, replicable, and sustainable learning and livelihood opportunities.



Ultimately, the greatest contribution of the Kabalikat Program is the improved lives of hog raisers nationwide.

Boosting Employee Learning and Development at URC Flour and Pasta

203-2

As one of the top flour millers in the country, we at the URC Flour and Pasta Division actively develop training programs and establish talent pipelines for succession in order to retain the best talent in the industry. We enhance our workplace by investing in long-term training programs such as the Cadetship Program and the Skills Enhancement Program, both of which are geared toward the purposeful transformation of our employees' knowledge and skills.

DEVELOPING FUTURE LEADERS WITH THE CADETSHIP PROGRAM

In order to develop URC's own talent pool and improve employee retention, the Human Resources Group and the Manufacturing Group of URC Flour and Pasta Division designed a comprehensive Cadetship Program. This two-year training program is intended for engineering graduates or new employees who want to develop their competencies in flour and pasta manufacturing.

We enhance our workplace by investing in long-term training programs such as the Cadetship Program and the Skills Enhancement Program...



Owing to the improved skills of our employees, URC Flour and Pasta Division produced 105% more in FY2016 than our original target production for the year.

The first stage of the program consists of a month-long series of classroom lectures, with the supervisors and managers serving as subject matter experts (SMEs) and overseeing weekly evaluation examinations.

For the second stage, the program participants, called Cadet Engineers, undergo job rotations in the engineering, technical services, supply chain, technology, flour milling, and pasta production departments of the Manufacturing Group. Thus, the Cadet Engineers are able to learn the processes, functions, and activities of each department. Prior to employment regularization, the Cadet Engineers must complete a *revalida* study (i.e., an evaluation of skill and knowledge) focused on an innovation or renovation topic related to the Manufacturing Group.

For the third stage, or after their employment regularization, the Cadet Engineers then undergo job immersion to the same departments to expose them to a wider variety of skills and experiences.

Along with this, the Cadet Engineers are asked to complete individual *revalidas* every six months for the duration of the training. A thorough evaluation is done prior to their final deployment to the different departments of the Manufacturing Group.

In 2016, the Cadetship Program's first batch of graduates has been deployed to critical positions such as project engineers, maintenance and production planners, and process specialists. The training program has also generated 19 internal SMEs for both flour and pasta operations. With the success of their first batch of Cadet Engineers, URC Flour and Pasta Division continued the program by hiring the second and third batch of Cadet Engineers.

CONTINUOUS LEARNING WITH THE SKILLS ENHANCEMENT PROGRAM

To further instill a learning culture among its employees, URC Flour and Pasta Division also created a Skills Enhancement Program that

provides hands-on learning experience in flour and pasta production. The program aims to enhance the skills and develop the competencies of the Manufacturing Group's engineers in order to improve their ability to operate and handle maintenance activities.

With its framework geared toward consistency in the implementation of skills development, the program is designed to cater both to the training needs of employees and to the urgent needs of the business. It equips employees to fill up certain positions in case of vacancies, thereby ensuring that the business will still run smoothly even during the transition.

To begin with, all employees of the Manufacturing Group assess their skills and submit their self-assessment to immediate supervisors for validation. The Department Managers and Supervisors identify the skills required for specific positions, and select employees who can become subject matter experts (SMEs) in a specific field or topic. The Technical Training Officer then assesses the skills gap of employees, and then prepares a training plan and schedule for the year to address the identified skills gaps.

In 2016, 143 employees were trained under the program, with a total of 55 trainings and seminars conducted inside and outside the plant. Owing to the improved skills of our employees, URC Flour and Pasta Division produced 105% more in FY2016 than our original target production for the year.

Changing Lives through Education and Rehabilitation

413-1

Snack Brands Australia (SBA), a recent acquisition of URC, actively engages local communities in Australia, New Zealand, and Fiji through its social support programs geared toward education and rehabilitation. Now, under the leadership of URC, SBA will continue to engage and empower local communities with its global reach, especially as the company pursues its purposeful transformation through sustainability.

Now, under the leadership of URC, SBA will continue to engage and empower local communities with its global reach, especially as the company pursues its purposeful transformation through sustainability.



Nadi, Fiji

MAKING A DIFFERENCE IN THE SABETO DISTRICT SCHOOL

Despite its limited resources and rudimentary facilities, the Sabeto District School has done an outstanding job of catering to the educational needs of more than 200 students from four rural villages in Nadi, Fiji.

As part of our annual business conference activities, SBA decided to help the school upgrade its resources and facilities. Conference attendees

painted and renovated eight classrooms, and also painted and donated 230 new desks and chairs to the school.

Thanks to the generous contributions of some SBA employees, most of whom did not even attend the conference, we were also able to distribute 260 gift bags to the students of the school. The gift bags, prepared by SBA employees in Australia before being shipped to Fiji, contained school supplies and some of the Company's well-loved snacks.

As per the contract, SBA will donate AUD 250,000 to ONE80TC over the course of the next five years.

SUPPORTING ONE80TC'S WOMEN'S CENTER

For the past five years, SBA has been a strong supporter of ONE80TC, a Christian-based not-for-profit organization that provides long-term residential treatment and rehabilitation services for men who want to overcome drug and alcohol addiction. Since 1974, ONE80TC has provided assistance to over 5,000 young men aged 18 to 35 years old through its rehabilitation center in Hawkesbury, New South Wales, which houses 45 beds and 25 staff members.

Now, with further support from SBA, ONE80TC's long-held vision to provide the same level of rehabilitation assistance to women is coming to fruition. SBA recently signed a five-year contract with ONE80TC to provide funding for a female case worker in its soon-to-open Women's Center in Kurmond, New South Wales. As per the contract, SBA will donate AUD 250,000 to ONE80TC over the course of the next five years.

This shows SBA's long-term commitment toward the development of the Women's Center, in addition to the work it is already doing with ONE80TC through fundraisers. Aside from drug and alcohol rehabilitation services, the Women's Center will also offer emergency housing and support for women who are victims of domestic violence.

ONE80TC's Women's Center in Kurmond, New South Wales is expected to be operational in 2018.



Nadi, Fiji



**pg. 94 Our Passion
for Quality**

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

**pg. 96 Our Innovation
Pipeline**

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

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

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

Our Process: Ensuring Quality and Food Safety

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

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

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

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

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

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

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

PROCUREMENT & SUPPLY

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

We consistently meet the needs of our stakeholders by sourcing from accredited suppliers at the right time, quality, quantity, and at the most competitive price. Our company has a dedicated supplier selection team that handles the stringent supplier selection process.

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

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

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

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

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

We consistently meet the needs of our stakeholders by sourcing from accredited suppliers at the right time, quality, quantity, and at the most competitive price.

URC SUPPLY CHAIN

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

Sourcing. As we become more sustainable, it is critical for URC's raw and input materials to be traceable and responsibly sourced, thereby ensuring that we uphold the highest food safety standards. For example, our palm oil, which is one of our key raw materials, is already being sourced from RSPO-certified suppliers like Cargill.

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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

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



QUALITY MANAGEMENT SYSTEM

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

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

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

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



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

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

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

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

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



EVALUATION & FEEDBACK

103-1

Supplier

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

Customer/Consumer

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

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

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

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

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



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

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

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

Mr. Danilo Batania
Ilocos Sur Corn Farmer, Supplier

Our Products: Bringing Fun and Delight to Consumers

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

CHANGING CONSUMER TRENDS

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

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

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

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

We need to adjust our organizational capabilities in our entire value chain to adapt to this new reality we're facing.



WATER

is the

New Age Beverage

102-11

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

PROMOTING WELLNESS

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

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

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

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

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

NUTRITIOUS & AFFORDABLE

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

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

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

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

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

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

At URC AIG, we live out our core values in being a true *Kabalikat* (Partner) to all our shareholders in the various segments that we participate in.

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

BCFG PH FOOD (Sangkap Pinoy Seal)

WITH IRON



Roller Coaster
Piattos Cheese
Granny Goose Tortillos

Jack 'n Jill Pretzels
Chiz Curls
Mr. Chips

WITH VITAMIN A



Magic Creams
Nissin Instant Mami
Payless Pancit Canton Xtra Big

BCFG PH RTD BEVERAGES

VITAMIN C



C500 Juice

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



Cloud 9 Choco Milk Drink

FORTIFIED WITH ZINC



Refresh Flavored Drink
Big Sip

**WITH VITAMIN B3,
B6, B12**



B'lue Flavored Water

**NON-GMO PLANT
PROTEIN**



Vitasoy

**HIGH CALCIUM AND
VITAMIN D**



Vitasoy Plus

URC FLOUR AND PASTA DIVISION

G4-FP7

WITH VITAMIN A & IRON



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

A GOOD SOURCE OF FIBER, WITH VITAMIN A & IRON

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

WITH NATURAL CARROTS AND MALUNGGAY (MORINGA)



El Real Healthy Spaghetti

WITH IRON



El Real Party Pasta

Sustainable SOY

102-10



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

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

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

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

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

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

LESS IS BETTER, HEALTH-WISE

102-11

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

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

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



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

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

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

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

BCFG PH

LOWERED IN SODIUM



Chippy

ZERO SUGAR/CALORIE



Refresh

LOW SUGAR



C2 Apple Sugar-Free

LOWERED IN TRANS FATS



Griffin's Biscuits

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

LOW SUGAR, AND A SOURCE OF PROTEIN AND FIBER



Griffin's Nice & Natural Protein Nut Bars

LOWERED IN SATURATED FATS



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

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



Vitasoy

TRACEABLE LIFE CYCLE

103-2

417-1

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

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

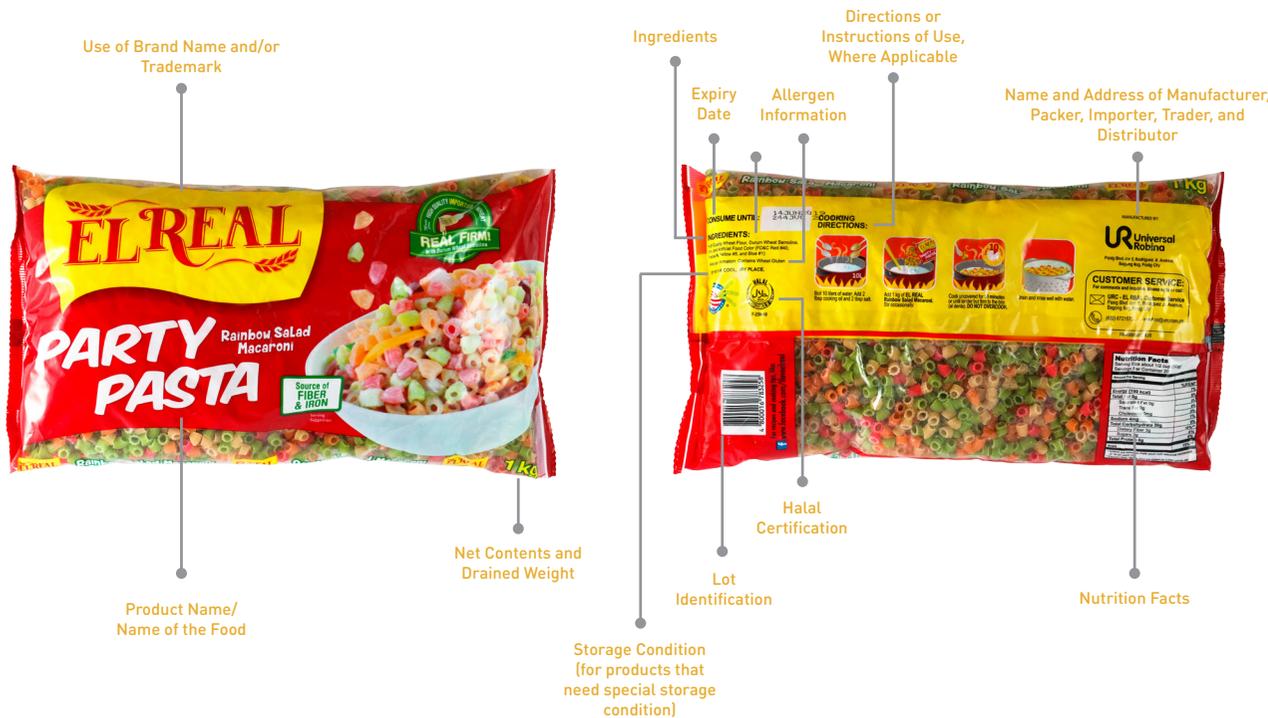
requirements of pre-requisite programs, including the Quality Plan, Safety Plan, and Cleaning & Sanitation Plan. Warehouse audits are conducted based on good warehousing practices to check storage conditions and finished goods across the BUs. Import documentation is also checked against consignment conditions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

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

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

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

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



Our Passion for Quality

G4-FP5

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

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

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

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

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

SGS



URC Calamba Plant

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

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

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

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



URC Vietnam Laboratory

Our Innovation Pipeline

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

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

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

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

ALIGNING WITH MARKET AND CONSUMER TRENDS

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

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



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

CREATING SAFE, FUN AND DELIGHTFUL PRODUCTS

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

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



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

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

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

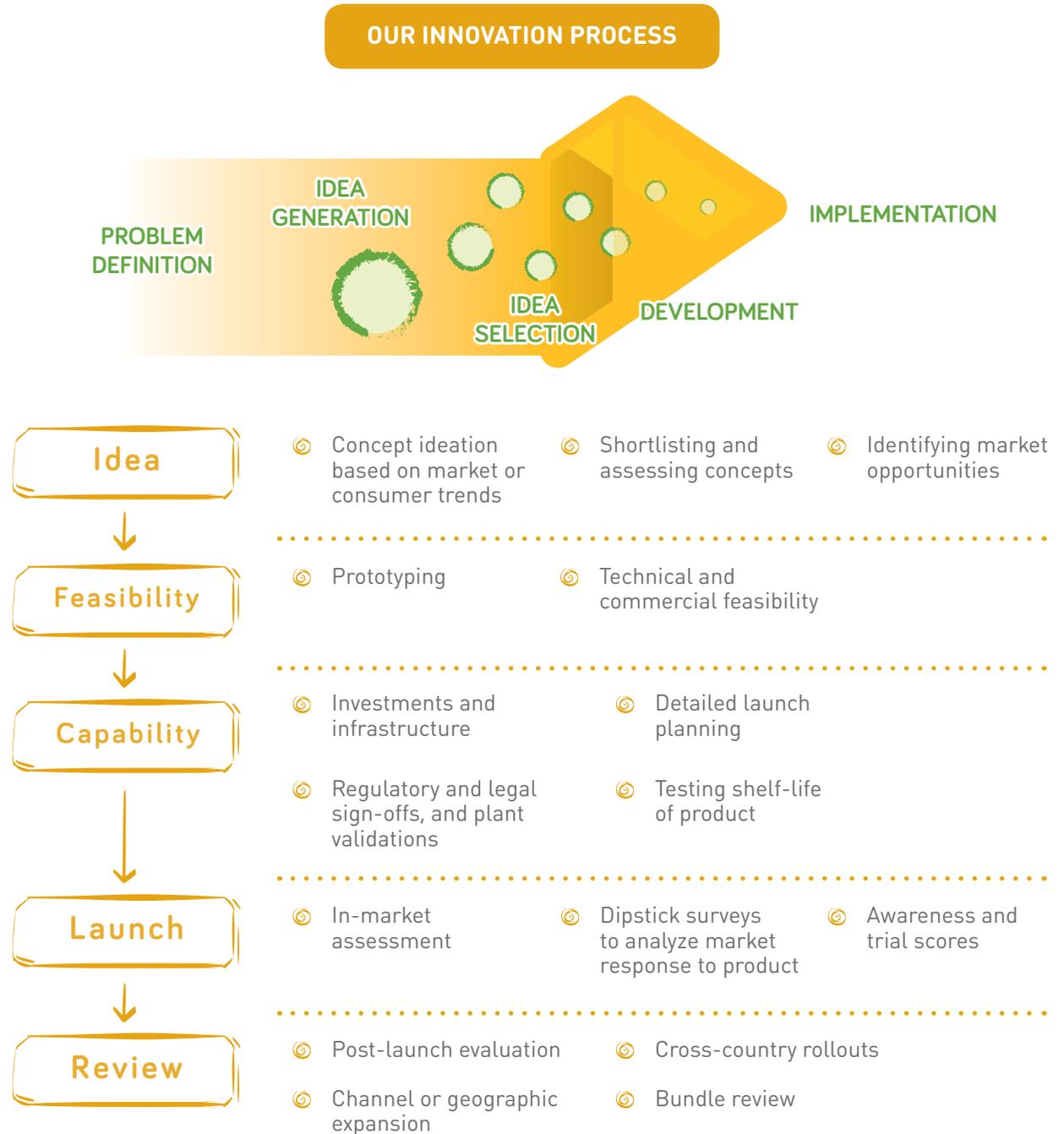
We strive to create safe, fun and delightful products so that they can be enjoyed by all ages in different markets.

COLLABORATING ON PRODUCT INNOVATION

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

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

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



C A S E S T U D Y

C2 Cool and Clean



THE BIG IDEA

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

UNIQUE SELLING PROPOSITION

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

MARKETING STRATEGY

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

Robina-Raised, Family-Safe

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

ROBINA-RAISED

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

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



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

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

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

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



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

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

FAMILY-SAFE

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

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

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

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

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

HIGH-QUALITY

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

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

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

Our Economic Performance



URC has evolved from a local Philippine manufacturer into one of the largest ASEAN-based multinational companies. As we work toward sustainable business practices, there will be prudent and purposeful changes in the way we operate. These changes will reap financial benefits, aligned with our short- and long-term goals. It will also give us better positioning in capital markets, and stronger brand equity, while enhancing value for all our stakeholders.

OUR ECONOMIC GOALS

103-1

103-2

103-3

Our company's financial performance speaks directly to our contribution to wider growth. As we look at growth opportunities in domestic and international markets, economic performance measures our company's success not just in terms of financials but also in how profit drives value.

As URC leverages its best position in key markets, generating a healthy profit gives us more development capital, and more opportunities to grow together with our employees and partner-businesses. We continue to maintain the competitiveness of our agro-industrial foods group and commodity foods group in the Philippines with our entry into renewables, value-added offerings for farms, and expansion in flour and sugar milling. Delighting consumers with brands of exceptional quality and value, we make life better.

Profit, growth, and returns are a given in the conduct of business. URC's overarching financial performance goals include a continuous story of growth, good track record of profitability, consistent shareholder returns, and sustainability.

URC has several policies in place to duly manage and monitor economic performance, embedded in strategic planning, performance reviews, and internal and external audits across the business units (BUs). Operational expenditures (OPEX) and capital expenditures (CAPEX) management cover all departments. The business employs a top-down approach in monitoring macro environment conditions, and a bottom-up approach in building the BU targets and metrics.

Across all categories, URC implements manufacturing capacity utilization, effective brand marketing, sales management, as well as customer relations management. Supply chain and logistics execution cover logistics and distribution to consumers. We regularly monitor our financials against the annual budget and specific key performance indicators.

OUR FINANCIALS

201-1

201-2

The year 2016 was a test of our resiliency, as external factors and rare challenges resulted in a slower than normal sales performance. Nevertheless, despite tougher competition and a slowdown in commodity prices worldwide, there is evidence of growth.

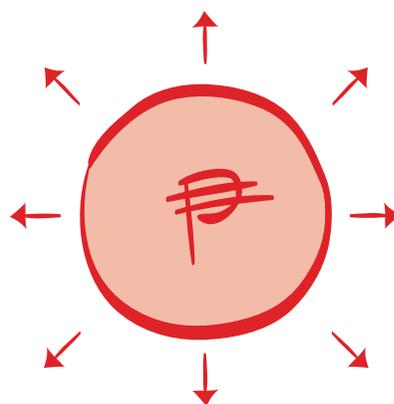
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In FY 2016, our company generated revenue of about Php 112 billion, the bulk of which came from the Philippine operations.

In FY 2016, our company generated revenue of about Php 112 billion, the bulk of which came from the Philippine operations. Approximately 81.9% of URC's sale of goods and services this year were from the Branded Consumer Foods Group, excluding the packaging divisions. This enabled us to provide Php 6.2 billion in wages and benefits to our employees, and Php 7.9 billion in capital payments. We retained Php 5.1 billion, or 4.45%, after subtracting our economic contributions (including OPEX, wages and benefits, dividends and other finance costs, and taxes) from our generated revenue and other income (including foreign exchange gains, market valuation gain on fair value reported in profit and loss, etc.).

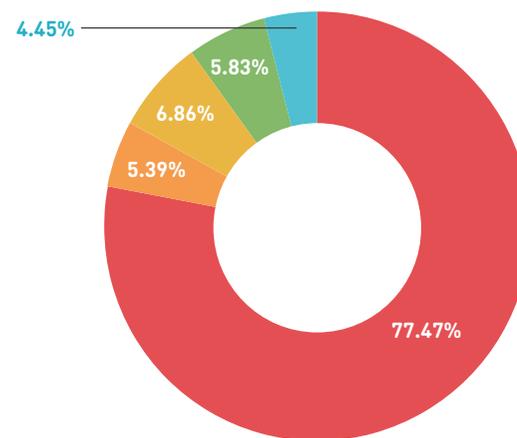
Total URC Operations (domestic and international markets)			
201-1			
ECONOMIC PERFORMANCE			Total Amount for FY 2016 (in million pesos)
ECONOMIC VALUE DISTRIBUTED	Operating costs	Cost of sales, operating expenses (excluding personnel cost), impairment losses, and equity in net losses for JVs	89,036.17
	Employee wages and benefits	Personnel costs	6,200.10
	Payments to capital providers	Dividends paid and finance costs	7,884.59
	Payments to government (Philippines only)	Income taxes, value added tax (VAT), creditable and final withholding taxes, withholding taxes on compensation, withholding VAT, DST, and local taxes	6,697.77

* FVPL is fair value through profit or loss. DST is documentary stamp tax.
* Source: SEC 17-A 2016 audited financial statements



**Economic Value Distributed:
Php 109.82 million**

OUR DIRECT ECONOMIC CONTRIBUTIONS



- Operating costs
- Employee wages and benefits
- Payments to capital providers
- Payments to government
- Value Retained

* Formula:
Economic Value Retained = Economic Value Generated - Economic Value Distributed

With sustainability in mind, we are laser-focused on making the necessary investments to address existing gaps, and seizing opportunities that are met with products of world-class standards within a wide portfolio of respected brands.

The risks due to effects of climate change — to our crops and our food systems — have financial implications, apart from ecological and social costs. We recognize that these risks are interconnected, and may have an impact on

some aspects of URC's business. The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions, and earthquakes. Severe weather conditions may affect our sugar cane milling operations due to reduced availability of sugar cane, and in general, affect our company's ability to obtain raw materials given disruptions in the supply chain and corresponding changes in material costs.

We have already started strengthening our initiatives on environment, health, and safety in our various areas of operation. This year, our Branded Consumer Foods business has begun the process of recertification on internationally recognized standards on food safety and quality management. As we optimize the entire URC supply chain, better systems will result in a more secure and traceable flow of goods and services. Local sourcing, meanwhile, allows a certain measure of control and improved stability.



Corporate Governance

Good governance practices, founded on the utmost integrity, are integral to how we conduct our business. As a publicly listed company, URC is committed to the corporate governance standards set forth by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). Our company is committed to achieving world-class success while maintaining the highest standards of transparency and ethics, and the responsiveness to change as we begin to deliver on our sustainability commitments.

GOVERNANCE STRUCTURE

102-18

102-22

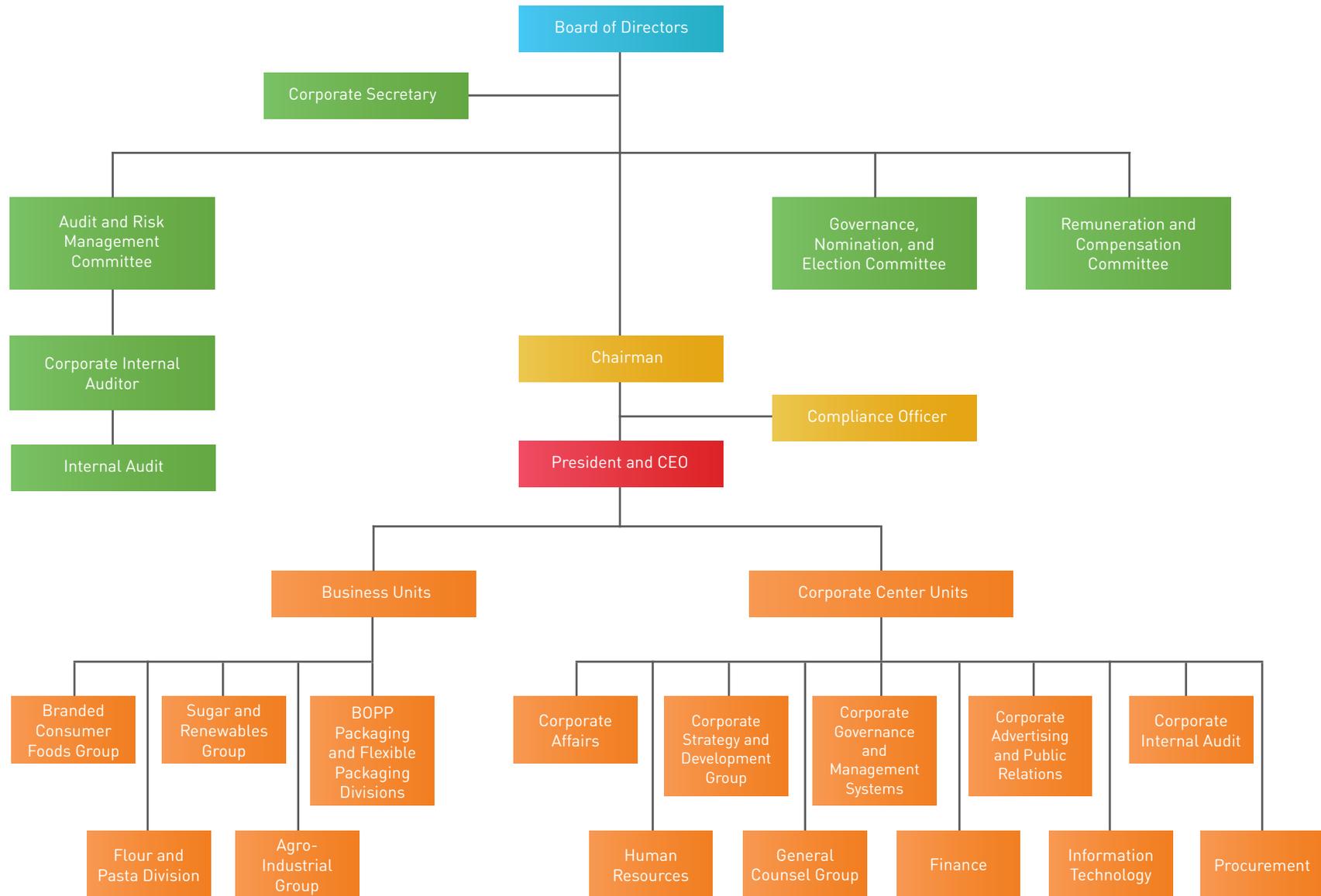
102-23

The Company adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Business Conduct, and related SEC Circulars. Continuous improvement and monitoring of governance and management policies is undertaken to ensure compliance. This also assures the shareholders that the Corporation conducts its business with the highest level of integrity, transparency, and accountability.

URC adopted the Revised Corporate Governance Manual which elaborates the governance roles and responsibilities of the Board and its Directors. The Board of Directors (BOD) is composed of nine directors: four executive directors, three non-executive directors, and two independent directors, all of whom have diverse backgrounds and work experiences.

To ensure fairness, none of the independent directors should own more than two percent of the Company's capital stock. Also, the role of Chairman of the Board is separate from the role of CEO, with different people assuming those leadership positions.

The Board strongly respects and promotes the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws. As such, the Board ensures that all material information about the Company is disclosed to the public in a timely manner.



CODE OF BUSINESS CONDUCT

102-17

At URC, our core values and principles speak to the highest standards in all dealings with internal and external stakeholders. Our Code of Business Conduct focuses on business practices that operate on the principles of honesty, integrity, openness, hard work, and responsiveness to change as we seize opportunities in building a long-term, sustainable business.

All our employees are required to conduct business in accordance with the highest legal and ethical standards. The Code applies to all officers and employees of the Company, as well as to all its agents, consultants, and other representatives. As such, the Code is to be used in conjunction with the policies and procedures in effect within the Company's different business units (BUs).

Everyone must observe the Company's core values, norms of behavior, and the policies indicated in the Code in all of our business activities and future endeavors. These standards must never be compromised to meet financial plans or to realize personal gains.

We take the Code seriously. If an employee is found to have violated any provision of the Code, or found to have knowingly permitted a violation of the Code, they may be subject to disciplinary action which includes dismissal and reimbursement for any losses incurred by the Company due to their actions.

ENTERPRISE RISK MANAGEMENT

102-30

The Board of Directors (BOD) oversees the adoption and implementation of a sound risk management framework for identifying, monitoring, and managing key risk areas. As such, the Board reviews management reports with due diligence to enable the Company to anticipate, minimize, control, and manage risks or possible threats to its operational and financial viability.

Encapsulated within our sustainability commitments is the continued implementation of enterprise risk management (ERM) that allows us to uphold our fiduciary responsibilities and pursue growth. The ERM framework revolves around interrelated risk management approaches, which are the following: 1) Internal Environmental Scanning, 2) Objective Setting, 3) Risk Assessment, 4) Risk Response, 5) Control Activities, 6) Information and Communication, and 7) Evaluation. Furthermore, specific Corporate Center Units (CCU) across different functions support risk management activities of the Company and its BUs.

Developed in 2016, the URC Risk Register is the internal portal for the Enterprise Risk Management (ERM) Strategies and Action Plans of the Company. In-house IT personnel developed the URC Risk Register to provide the company's management a holistic documentation and monitoring system to track, report, and thereby manage risks. We are also cognizant of how our risks fall within the broader realm of sustainability impacts.

Our ERM Support Group firmly believes that we can proactively mitigate risks and respond positively to change through objective and comprehensive analyses, which will now be supported by data from the URC Risk Register. The system can also help the ERM Support Group review and streamline processes to formulate risk-controlled policies that can help the Company achieve its objectives. The URC Risk Register will be activated in 2017.

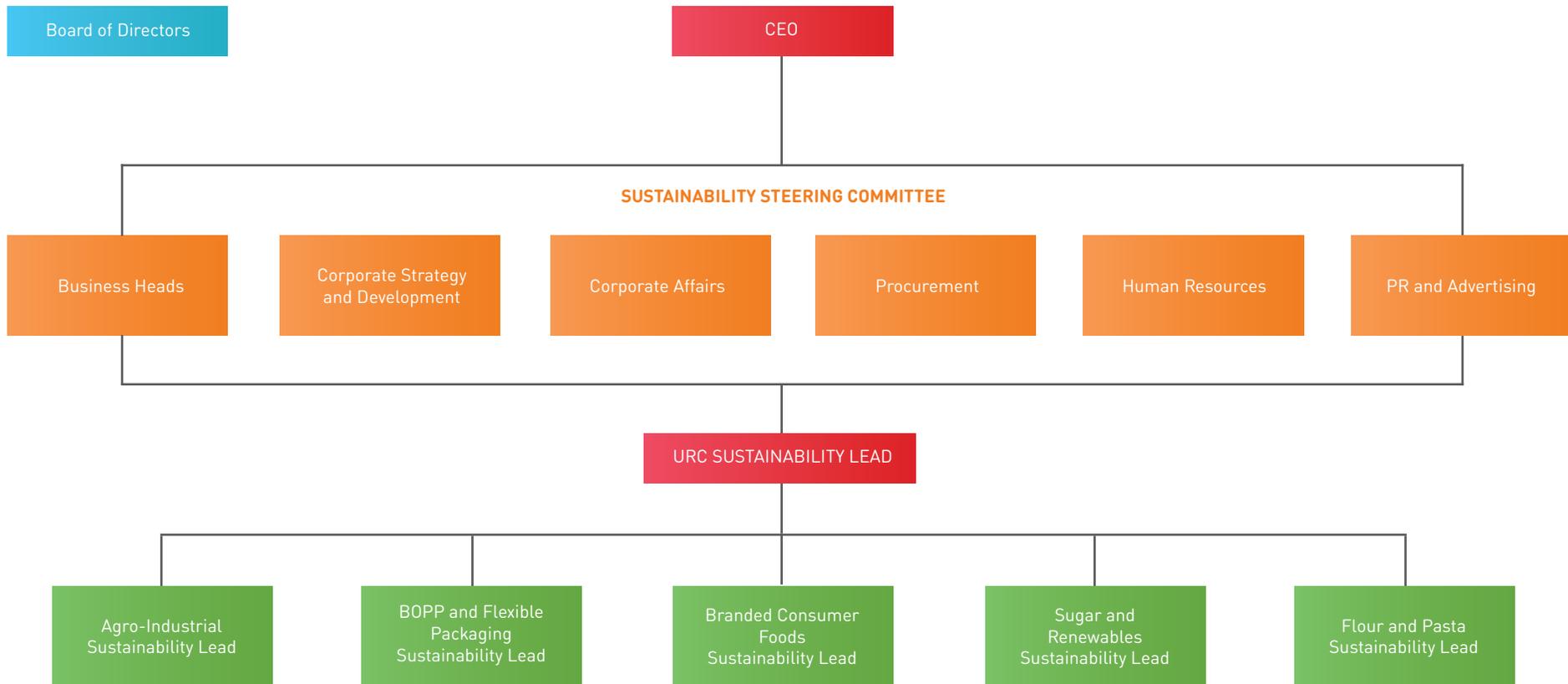
CORPORATE GOVERNANCE ON SUSTAINABILITY

102-18

102-32

As we embark on our purposeful transformation, URC has also introduced a governance structure to ensure that we deliver on our sustainability promise. This dedicated structure enables us to address material issues and actively manage our economic, environmental, and social risks while championed at the top.

Guided by our Board of Directors (BOD), our President and CEO acts as the overall sustainability champion. Functional heads and the heads of URC's different business units comprise our Sustainability Steering Committee, which collectively define our sustainability strategy and oversee our monitoring and reporting requirements. The Investor Relations team, on the other hand, serves as the overall URC Sustainability Lead that will oversee a team of sustainability leads from each business unit to ensure that sustainability programs are cascaded, measured, and reported.



The Sustainability Report you are reading now marks our first step toward the fulfillment of Our Purposeful Transformation. More information about our good governance practices is available in our Annual Report and company website, <http://www2.urc.com.ph>.



Board of Directors

102-22

102-23

John L. Gokongwei, Jr. **Director, Chairman Emeritus**

Mr. Gokongwei founded URC in 1954 and has been the Chairman Emeritus of URC since January 1, 2002. He continues to be a member of URC's Board and is the Chairman Emeritus of JG Summit Holdings, Inc. and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation Limited and a director of Cebu Air, Inc., Robinsons Retail Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received his Masters degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go **Director, Chairman**

Mr. Go is the Chairman of the Board of Directors of URC. He is the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He is also the Chairman of Robinsons Land Corporation, JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a director of Cebu Air, Inc., Marina Center Holdings Private Limited, United Industrial Corporation Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA. Mr. James L. Go is a brother of Mr. John L. Gokongwei, Jr. and joined URC in 1964.

Lance Y. Gokongwei **Director, President, and Chief Executive Officer**

Mr. Gokongwei is the President and Chief Executive Officer of URC. He is the President and Chief Operating Officer of JG Summit Holdings, Inc., and the Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc. He is also the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is the President and Chief Executive Officer of Cebu Air, Inc. He is the Chief Executive Officer of JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Chairman of Robinsons Bank Corporation, and a director of Oriental Petroleum and Minerals Corporation and United Industrial Corporation Limited. He is a director and Vice Chairman of Manila Electric Company. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania. Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr. and joined URC in 1988.

Patrick Henry C. Go

Director, Vice President

Mr. Go has been a director of URC since 2000. He is also a Vice President of URC and is the Senior Managing Director of the URC BOPP Packaging and URC Flexible Packaging Divisions. He is also the President and Chief Operating Officer of JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Robinsons Bank Corporation. He is a trustee and treasurer of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Management from the Ateneo de Manila University and attended the General Manager Program at Harvard Business School. Mr. Patrick Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr.

Wilfrido E. Sanchez

Director

Mr. Sanchez has been an independent director of URC since 1995. He is a Tax Counsel in Quiason Makalintal Barot Torres & Ibarra Law Offices. He is also a director of Adventure International Tours, Inc., Amon Trading Corporation, Center for Leadership & Change, Inc., EEI Corporation, Eton Properties Philippines, Inc., House of Investments, EMCOR, Inc., J-DEL Investment and Management Corporation, JVR Foundation, Inc., Kawasaki Motor Corp., K Servico, Inc., Magellan Capital Holdings Corporation, LT Group, Inc., Transnational Diversified Corporation, and Transnational Financial Services, Inc. (formerly Transnational Securities, Inc.). He was also appointed as a member of the Board of Trustees of the Asian Institute of Management on September 8, 2016. He received his Bachelor of Arts degree and Bachelor of Laws degree from the Ateneo de Manila University and a Masters of Law degree from the Yale Law School.

Frederick D. Go

Director

Mr. Go has been a director of URC since June 2001. He is the President and Chief Operating Officer of Robinsons Land Corporation and Robinsons Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, and Taicang Ding Feng Real Estate Development Company Limited. He also serves as a director of Cebu Air, Inc., Robinsons Bank Corporation, JG Summit Petrochemical Corporation, and Cebu Light Industrial Park. He is also a Vice Chairman of the Philippine Retailers Association. He received his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Frederick D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Robert G. Coyiuto, Jr.

Director

Mr. Coyiuto has been a director of URC since 2002. He is the Chairman of the Board and Chief Executive Officer of Prudential Guarantee & Assurance, Inc. and of PGA Sampo Japan Insurance, Inc. He is also Chairman of PGA Cars, Inc., Pioneer Tours Corporation and Coyiuto Foundation. He is the Chairman and President of Calaca High Power Corporation and Pacifica 21 Holdings, Inc. He is Vice Chairman and Director of National Grid Corporation of the Philippines and First Life Financial Co., Inc. He is also the President, Chief Operating Officer and Director of Oriental Petroleum and Minerals Corporation. He is a director of Petrogen Insurance Corporation, and Canon (Philippines) Inc. He is a member of the Philippine Stock Exchange and a Member of the Board of Trustees of San Beda College.

Johnson Robert G. Go, Jr.

Director

Mr. Go has been a director of URC since May 5, 2005. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Robinsons Bank Corporation. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John L. Gokongwei, Jr.

Pascual S. Guerzon

Director

Mr. Guerzon has been an independent director of URC since September 2007. He is currently the Principal of Dean Guerzon & Associates (Business Development). He is the Founding Dean of De La Salle Graduate School of Business. He was also the former President of the Management Association of the Philippines Agribusiness and Countryside Development Foundation and the Management Association of the Philippines Foundation, MBA Director of the Ateneo de Manila Graduate School of Business, Director of Leverage International Consultants, Deputy Director of Asean Chambers of Commerce and Industry, and Section Chief of the Board of Investments. He is a holder of an MBA in Finance from the University of the Philippines and a Ph.D. (N.D) in Management from the University of Santo Tomas.

Key Executives

URC Branded Consumer Foods Group (BCFG)

Cornelio S. Mapa, Jr.

Executive Vice President and Managing Director,
URC Branded Consumer Foods Group

Edwin R. Canta

Senior Vice President and Business Unit
General Manager, URC BCFG Philippines

David J. Lim

Senior Vice President, Technology, Projects
and Engineering

Albert Francis S. Fernandez

Vice President, Corporate Sales, BCFG Philippines

Arnold C. Alvarez

Vice President, Manufacturing,
URC BCFG Philippines and International

Marcia Y. Gokongwei

Vice President, Snackfoods, URC BCFG Philippines

Francis Emmanuel Puno

Senior Vice President and Regional Director,
BCFG Southeast Asia

Alvin Geronimo

Business Unit General Manager,
URC Indonesia

Jean Pierre S. Gamboa

Business Unit General Manager,
URC China & Hong Kong

Brian M. Go

Business Unit General Manager,
URC Malaysia & Singapore

Premchai Navarasuchitr

Business Unit General Manager,
URC Thailand

Laurent Levan

Business Unit General Manager,
URC Vietnam

Paul Musgrave

Chief Executive Officer, URC Oceania
(Snack Brands Australia & Griffin's Foods New Zealand)

Joint Ventures

Teofilo B. Eugenio Jr.

Vice President and Business Unit General Manager,
Nissin Universal Robina Corporation, CBURC,
Griffin's, and Exports

Jennifer M. Chang

Deputy General Manager, Calbee-URC, Inc.

Tetsuya Takiguchi

President and Chief Operating Officer,
Calbee-URC, Inc.

Hisham Ezz Al Arab

General Manager, Danone Universal Robina
Beverages, Inc.

Maria Sarah P. Albert

General Manager, Vitasoy-URC, Inc.

Commodity Foods Group

Ellison Dean C. Lee

Vice President and Business Unit General Manager,
Flour and Pasta Division

Renato P. Cabati

Vice President and Business Unit General Manager,
Sugar and Renewables Group

URC BOPP Packaging and URC Flexible Packaging Divisions

Patrick Henry C. Go

Senior Managing Director, URC BOPP Packaging and URC Flexible Packaging Divisions

Ramon C. Agustines

Business Unit General Manager, URC BOPP Packaging and URC Flexible Packaging Divisions

Agro-Industrial Group

Vincent Henry C. Go

Vice President and Group General Manager, Agro-Industrial Group

Executive Officers

James L. Go

Chairman

Lance Y. Gokongwei

President and Chief Executive Officer

Patrick Henry C. Go

Director, Vice President

Cornelio S. Mapa, Jr.

Executive Vice President and Managing Director, URC Branded Consumer Foods Group

Bach Johann M. Sebastian

Senior Vice President

Francisco M. del Mundo

Chief Financial Officer

Chona R. Ferrer

First Vice President

Ester T. Ang

Vice President – Treasurer

Anne Patricia C. Go

Vice President

Alan D. Surposa

Vice President

Michael P. Liwanag

Vice President

Socorro ML. Banting

Assistant Vice President

Rosalinda F. Rivera

Corporate Secretary

Arlene S. Denzon

Compliance Officer

GRI CONTENT INDEX

This material references the GRI Standards 2016.

Please refer to the About the Report section on pages 20 to 23 for information on how we have prepared this Report and employed the GRI-Referenced service.

102-55

UNIVERSAL STANDARDS						
GRI 100 SERIES						
GRI Standard	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
GRI 102: General Disclosures (2016)	102-1	Name of the organization	2			
	102-2	Activities, brands, products, and services	2			
	102-3	Location of headquarters	10			
	102-4	Location of operations	2, 10, 15			
	102-5	Ownership and legal form	2, 13			
	102-6	Markets served	10, 15			
	102-7	Scale of the organization	2, 15 Other financial information is made available in our annual report, which may be found through this link: http://www2.urc.com.ph/urc_annual_reports			
	102-8	Information on employees and other workers	2, 58 As of December 2016, workers classified as either fixed-term, consultant, project-based and seasonal workers (including JVs, but excluding BCFG International) comprise 17.7% of female workers, and 82.3% of male workers at URC. They are distributed, thus: AIG, 1.32% (22.22% female, 77.78% male); BCFG PH, 3.51% (70.83% female, 29.17% male); Packaging-UFLEX, 3.07% (4.76% female, 95.24% male); Corporate, 6.58% (95.56% female, 4.44% male); Flour and Pasta, 0.29% (100% female); Packaging-BOPP, 0.29% (50% female, 50% male); SURE, 84.21% (8.68% female, 91.32% male), and JVs 0.73% (100% female).			
	102-9	Supply chain	7, 79, 81			
	102-10	Significant changes to the organization and its supply chain	2, 4, 15, 25, 90			
	102-11	Precautionary Principle or approach	87, 91			
	102-14	Statement from senior decision-maker	25, 30			
102-15	Key impacts, risks, and opportunities	25, 30, 48				

GRI 102: General Disclosures (2016)	102-16	Values, principles, standards, and norms of behavior	6			
	102-17	Mechanisms for advice and concerns about ethics	108			
	102-18	Governance structure	106, 108			
	102-22	Composition of the highest governance body and its committees	106, 110			
	102-23	Chair of the highest governance body	106, 110			
	102-30	Effectiveness of risk management processes	108			
	102-32	Highest governance body's role in sustainability reporting	108			
	102-40	List of stakeholder groups	20, 22			
	102-41	Collective bargaining agreements	60 38% of Full-Time Employees (FTEs) are union members as of December 2016			
	102-42	Identifying and selecting stakeholders	20, 21			
	102-43	Approach to stakeholder engagement	20, 21			
	102-44	Key topics and concerns raised	22			
	102-45	Entities included in the consolidated financial statements	All entities are included in the financial statements except URC-Vitasoy, which was formed in 2017.			
	102-46	Defining report content and topic Boundaries	21			
	102-47	List of material topics	22			
	102-48	Restatements of information	This disclosure should not be applicable. As this is URC's first SR, there are no previous reports for restatement of any information.			
	102-49	Changes in reporting	This disclosure should not be applicable. As this is URC's first SR, there are no previous reports for restatement of any information.			
	102-50	Reporting period	20			
	102-51	Date of most recent report	This disclosure should not be applicable. As this is URC's first SR, there is no report that precedes 2016 SR.			
	102-52	Reporting cycle	20			
102-53	Contact point for questions regarding the report	23				
102-54	Claims of reporting in accordance with the GRI Standards	20				
102-55	GRI content index	114				
102-56	External assurance	This report is not externally assured as this is the first Sustainability Report of URC.				

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	38, 39, 40, 42, 45, 54,58,60, 61, 64, 68, 78, 79, 84, 86, 102,			
	103-2	The management approach and its components	38, 39, 40, 41, 42, 45, 54, 58, 60, 61, 64, 68, 78, 79, 86, 93, 102			
	103-3	Evaluation of the management approach	38, 45, 58, 60, 61, 102			

TOPIC-SPECIFIC STANDARDS

KEY FOCUS AREA: NATURAL RESOURCES

Series Number	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
GRI 302: Energy (2016)	302-1	Energy consumption within the organization	42			
GRI 303: Water (2016)	303-2	Water sources significantly affected by withdrawal of water	40			
	303-3	Water recycled and reused	39, 40, 41			
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	42			
	305-2	Energy indirect (Scope 2) GHG emissions	42			
GRI 307: Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	25 The Company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings that could be expected to have a material adverse effect on the Company's financial position or results of operations.			

KEY FOCUS AREA: PEOPLE

Series Number	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
GRI 203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	64			
	203-2	Significant indirect economic impacts	69, 70, 72			
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	58			
GRI 401: Employment (2016)	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60			
GRI 402: Labor-Management Relations (2016)	402-1	Minimum notice periods regarding operational changes	60			

GRI 403: Occupational Health and Safety (2016)	403-1	Workers representation in formal joint management-worker health and safety committees	61			
	403-3	Workers with high incidence or high risk of diseases related to their occupation	61			
	403-4	Health and safety topics covered in formal agreements with trade unions	61 Health and safety are covered in the formal agreements of our BUs that enter into trade unions.			
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	54			
	404-2	Programs for upgrading employee skills and transition assistance programs	54, 55			
GRI 407: Freedom of Association and Collective Bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	60			
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	64, 65, 66, 68, 74			

KEY FOCUS AREA: PRODUCT

Series Number	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
GRI 416: Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	78, 79			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	25 URC paid a fine of around Php 12 million or USD 260,000 during the mentioned incident.			
GRI 417: Marketing and Labeling (2016)	417-1	Requirements for product and service information and labeling	93			
G4-FP5	G4-FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	94 Under BCFG PH, Cavite NUR Plant adheres to HACCP (100% of production volume), San Pablo plant adheres to HACCP (100% of production volume), Pampanga Plant adheres to FSSC, FSMS and HACCP (72% of production volume), Bagumbayan Plant adheres to HACCP (60% of production volume), Calamba Plant adheres to FSMS (60% of production volume), Biñan Plant adheres to FSMS (52% of production volume), Rosario Plant adheres to FSMS and HACCP (41% of production volume), Cavite Plant adheres to FSSC, FSMS and HACCP (41% of production volume), Bagong-Ilog Plant adheres to HACCP (24% of production volume) and Cantubang Plant adheres to HACCP (16% of production volume). Finally, the Pasig plant produces Halal-certified flour (100%) and pasta (41%). Likewise, the Davao plant also produces Halal-certified flour (99%).			

KEY FOCUS AREA: PRODUCT						
Series Number	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
G4-FP6	G4-FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fat, sodium and added sugars	92			
G4-FP7	G4-FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	89-90			

KEY FOCUS AREA: SUPPLY CHAIN						
Series Number	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
GRI 204: Procurement Practices (2016)	204-1	Proportion of spending on local suppliers	79			

KEY FOCUS AREA: ECONOMIC						
Series Number	Disclosure Number	Disclosure Title	Page Number or Direct Answer	Omissions		
				Part Omitted	Reason for Omission	Explanation
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	103, 104			
	201-2	Financial implications and other risks and opportunities due to climate change	103			
	201-3	Defined benefit plan obligations and other retirement plans	60			

GRI Disclosures, As Referenced



This material references Disclosures 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-14, 102-15, 102-16, 102-17, 102-18, 102-22, 102-23, 102-30, 102-32, 102-40, 102-41, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54 and 102-55 from GRI 102: General Disclosures 2016.

This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016.

This material references Disclosure 303-1a from GRI 303: Water 2016, in part, by listing the Company's water sources, including surface water, ground water, municipal water suppliers, and private water utilities; however, it falls short of discussing the total volume of water withdrawn.

This material references Disclosures 303-3a from GRI 303: Water 2016, by disclosing the total volume of water recycled and reused by the organization.

This material references Disclosures 302-1e, 302-1f and 302-1g, from GRI 302: Energy 2016, by disclosing the total energy consumption within the organization, in joules or multiples; Standards, methodologies, assumptions, and/or calculation tools used; and source of the conversion factors used. This report also notes the cost per unit of production for the Company's largest plant.

This material references Disclosures 305-1a, 305-1g, 305-2a and 305-2g, from GRI 305: Emissions 2016, by disclosing the gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent; Standards, methodologies, assumptions, and/or calculation tools used; gross location-based Energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent; and Standards, methodologies, assumptions, and/or calculation tools used.

This material references Disclosures 307-1a from GRI 307: Environmental Compliance 2016, by disclosing the significant fines and non-monetary sanctions for non-compliance with environmental and/or regulations.

This material references Disclosures 203-1a and 203-2a from GRI 203: Indirect Economic Impacts 2016, by disclosing the extent of development of significant infrastructure investments and services supported and examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.

This material references Disclosures 401-1b, 401-2a and 402-1 from GRI 402: Labor Management Relations 2016, by disclosing new employee hires and turnover; benefits for full-time employees of the organization, but are not provided to temporary or part-time employees, by significant locations of operation and minimal notice periods regarding operational changes.

This material references Disclosures 403-1, 403-3 and 403-4a from GRI 403: Occupational Health and Safety 2016, by disclosing worker's representation in formal joint management-worker health and safety committees; workers with high incidence or high risk of diseases related to their occupation (acknowledged but without going into detail); and health and safety topics covered in formal agreements with trade unions.

This material references Disclosures 416-1 and 416-2 from GRI 416: Customer Health and Safety 2016, by disclosing the assessment of health and safety impacts of product and services categories and incidents of non-compliance concerning the health and safety impacts of products and services.

This material references Disclosures 417-1a from GRI 417: Marketing and Labeling 2016, by disclosing requirements for product and service information and labelling.

This material references Disclosures 204-1 from GRI 204: Procurement Practices 2016, by disclosing the proportion of spending on local suppliers.

This material references Disclosures 201-1, 201-2, 201-3e from GRI 201: Economic Performance 2016, by disclosing direct economic value generated and distributed; financial implications and other risks and opportunities due to climate change; and defined benefit plan obligations and other retirement plans, as far as level of participation is concerned.

This material references Disclosure FP5: Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards; from the G4 Food Processing Sector Disclosures 2014.

This material also references Disclosure FP6: Percentage of total sales volume of consumer products by product category that are lowered in saturated fat, trans fat, sodium, and added sugar, from the GRI G4 Food Processing Sector Disclosures 2014, in part, by listing the categories and products; however, it falls short of providing the actual sales volumes.

This material references Disclosures FP6: Percentage of total sales volume of consumer products by product category that are lowered in saturated fat, trans fat, sodium, and added sugar; and FP7: Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, phytochemicals, or functional food additives; from the GRI G4 Food Processing Sector Disclosures 2014, in part, by listing the categories and products. However, it falls short of providing the actual sales volumes.

Additional details on these disclosures may be found in the GRI Content Index on pages 114-118.

