



**Working Together for  
a Sustainable Business**



# 2021

**Sustainability Report**

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### About the Report

This report summarizes the progress of Macay Holdings Inc. The report aims to describe Macay's economic, environmental and social impacts from January 1, 2021 to December 31, 2021. The first sustainability report of Macay Holdings Inc. was published in 2019. This year marks the third (3rd) Sustainability Report that was prepared in accordance with core criteria from Global Reporting Initiative (GRI).

The information and data provided in this report are based on the activities of Macay's subsidiaries namely ARC Refreshments Corp. and Artemisplus Express Inc. There are no significant changes to the organization and its supply chain. There's no restatement of information or changes to the material topics and topic boundaries from the previous year.

For inquiries, please contact our head office:

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137 Yakal St. San Antonio Village, Makati City  
Telephone no.: +632-8893-0733



# JOINT MESSAGE FROM THE CHAIRMAN & THE PRESIDENT



The year 2021 remained to be a challenging year due to the Covid-19 pandemic which affected every one of us. It once again disrupted some businesses not just in the country but also across the globe in unforeseeable ways. These challenges have inspired Macay and its subsidiaries to come up with new business strategies. This hurdle also gave us an opportunity to ponder how we can share value and help build a better future.

Learning from the experiences we had since we first encounter the pandemic in 2020, Macay and its subsidiaries faced 2021 with resilience and emerged stronger than ever. By assessing and improving our Environmental, Social, and Governance (ESG) aspects, our companies were able to rise from the challenges. It not only made our companies more efficient but also gave us an opportunity to expand and accelerate growth.

In 2021, we have opened new business lines such as Kitchen City Retail Stores. Currently, we have ten (10) stores that also serve as our take-out nooks for our ready-to-eat frozen and hot meals.

To bring Kitchen City products closer to our customers, the products are made available online and can be delivered to customers' doorsteps within Metro Manila, Laguna, Cavite, and Rizal. As for ARC, new SKU for Extra Joss has been launched and our Basta RC campaign continues to dominate.

Through the years, we have set goals and targets and we were able to achieve them through different measures and actions in a sustainable manner. Sustainability has been long applied throughout our value chain and in every point of our operations. From our sourcing policy to the responsible consumption of energy and water in our operations, to use of the renewable form of energy through solar, creating shared value with our community through different CSR projects, and to different initiatives to support the health and safety of our employees.

This year's report shows an overview of Macay's sustainability journey. Also, this report presents how the programs and initiatives of Macay Group support the

United Nations Sustainable Development Goals (UNSDGs). The Board supports the company's accountability and transparency to the stakeholders in disclosing the non-financial information with a highlight on the Environmental, Social, and Governance (ESG) issues which supports our sustainability efforts.

As we progress to the new normal, we will remain agile and resilient to the changing conditions. Though in the past two years we have witnessed the fragility of our ecosystem, we are still hopeful and optimistic that the future will be brighter and better. We want to thank everyone for their effort and dedication to their work and we trust that the same effort will be given to the years to come. Let us grow together, go green together, work together and give back together, together for a sustainable business.



**Alfredo M. Yao**  
Chairman

**Antonio I. Panajon**  
President

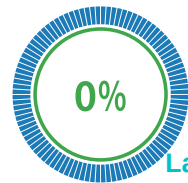
# OUR SUSTAINABILITY HIGHLIGHTS

## SOCIAL



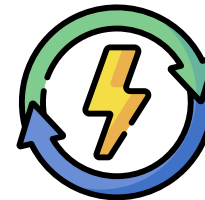
6,835

**Employee Headcount**



Layoff

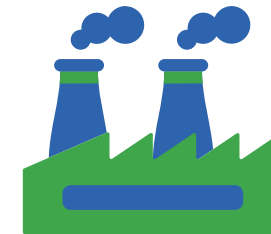
ARC continued to operate without laying-off people despite of the effect of the pandemic



1,603 MWh

**Renewable Energy**

Generated from production facility

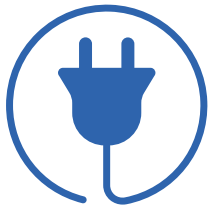


37,133.66 MT CO<sub>2</sub>e

**Total GHG Emission**

9% decrease from 2021

## ENVIRONMENTAL



24,155.12 MWh

**Electricity Consumption**

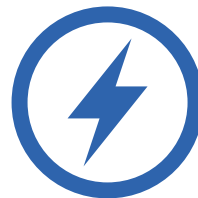
17% lower from previous year



308,747.88 GJ

**Fuel Consumption**

12% decrease on energy used from fuel consumption



395,706.32 GJ

**Total Energy**

13% lower from 2021



367,751 cu. m  
**Water Consumption**

15% lower from 2020



5%

**Water Use Ratio decrease**



99.8%

**Reusable & Recyclable Packaging used**



## ABOUT OUR COMPANY

Macay Holdings, Inc is an investment holding company duly registered with the Securities and Exchange Commission and listed on the Philippine Stock Exchange. Macay, through its subsidiaries, is engaged in the manufacturing, processing, trading, and marketing of food and beverages in the Philippines. Primarily involved in bottling and distribution of carbonated beverages through ARC Refreshments Corp. – which holds exclusive license to manufacture and distribute RC Cola in the country. Macay has then diversified into the food-service business through its acquisition of Artemisplus Express Inc., which operates under the trade name Kitchen City.



**MACAY Holdings Inc.**

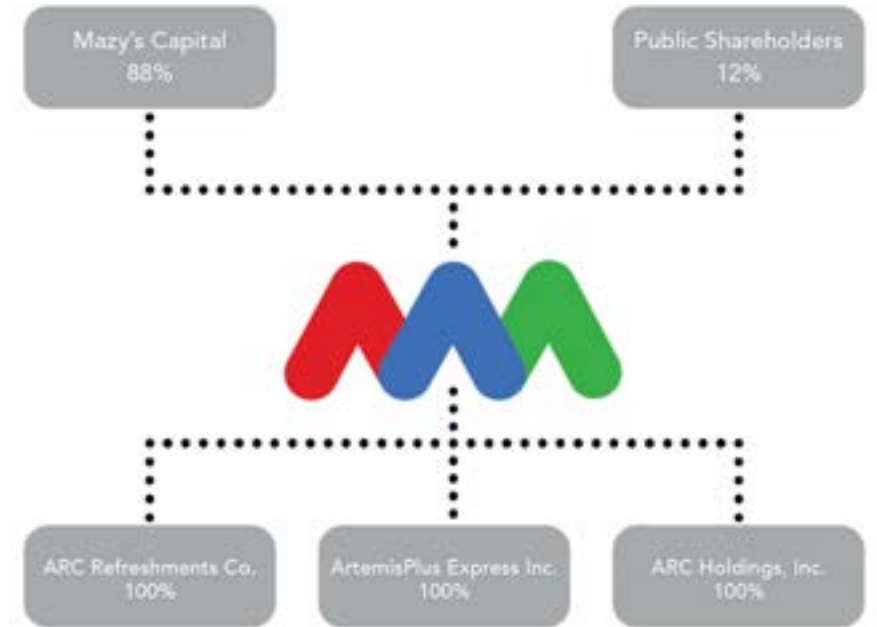
## ▶ OUR CONCEPTION

Macay Holdings Inc is one of the leading food and beverage producer and distributor in the Philippines. Formerly known as Maybank ATR King Eng Financial Corporation (MAKEFC), Macay formally incorporated and capitalized ARC Refreshments Corp. (ARC) as a wholly-owned subsidiary in 2013. ARC holds the exclusive license from RC Cola USA to manufacture and distribute RC Cola in the Philippines. In 2014 the company's name was changed to Macay Holdings, Inc. and was listed on the Securities and Exchange Commission.

In 2015, Macay further strengthened its regional presence by acquiring 100% ownership of ARC Holdings, Inc. (ARCHI), which holds the Concentrate Supply Agreement and Trademark Licensing Agreement with Royal Crown Cola International (RCCI).

ARCHI also has an existing joint venture with Kalbe International Pte. Ltd of Indonesia to market the latter's "Extra Joss" products.

The Company has then expanded to the foodservice business through the acquisition of Artemisplus Express Inc. in 2020. Operating under the tradename Kitchen City, it is one of the largest canteen concessionaires in the country. Kitchen City also provides catering services and has then diversified into offering packed and frozen meals. With the latest acquisition, Macay's priority is to accelerate the expansion of the food business and to capitalize on synergies of ARC Refreshments Corp. and Kitchen City.





## ▶ BOARD AND MANAGEMENT



**Alfredo M. Yao**  
Chairman



**Armando M. Yao**  
Director



**Antonio I. Panajon**  
Director



**Jeffrey S. Yao**  
Director



**Carolyn S. Yao**  
Director



**Mary Grace S. Yao**  
Director



**Roberto S. Atendido**  
Director



**Albert S. Toribio**  
Director



**Jesus G. Gallegos, Jr.**  
Independent Director



**Gerardo T. Garcia**  
Director



**Rinaldi C. Aves**  
Director



**Roberto F. Anonas, Jr.**  
Independent Director



**Valentin T. Chua**  
Independent Director

## MANAGEMENT TEAM

**Antonio I. Panajon**

President

**Jeffrey S. Yao**

Treasurer

**Gabriel A. Dee**

Corporate Secretary

**Gerardo T. Garcia**

Assistant Corporate Secretary

**Renato J. Jamlang**

Controller

**Nicole R. Jayme**

Business Development Officer

## OPERATING SUBSIDIARY HEADS



**Manuel Martin M. Perez**  
Executive Vice-President & COO  
ARC Refreshments Corp.



**Ricardo S. Abelardo, Jr.**  
President & COO  
Artemisplus Express

# ▶ OUR VALUE MODEL

## VISION

To be a dominant company in consumer products and services in the Philippines and in other Asian countries.

## MISSION

To build a portfolio of consumer focused products and services with superior value; provide opportunities for employees' growth and enrichment, contribute to the success of partners in communities within the bounds of ARC's business sites, and financial gain for shareholders; and to strive for integrity in all dealings under the high standards of corporate governance.





## ▶ OUR OPERATIONS

ARC Started in 2002 when a group of businessmen, Mr. Tony Panajon, Mr. Gerry Garcia, and Mr. Butch Aves, together with Ricky Sandoval and Alfredo Yao of Zest-O came up with the daring idea to set up an independent soft drink company at a time when cola giants ruled the country. The entrepreneurs recognized that there was an underserved market thirsting for good quality refreshments at an affordable price point. They assembled their competencies and resources to partner with Royal Crown Cola International, the owner of the RC Cola brand outside North America and Mexico.

The first ARC plant located in Antipolo was constructed way back in 2002. The plant yielded the first RC bottle from its production line on May 9, 2003, thereby giving birth to the sales and marketing arm of the company.

In 2005, Asiawide Refreshments Corporation was formally granted an exclusive license to manufacture,

distribute, and sell the RC Cola brand in the Philippines. The century-old American brand was first introduced in the Philippines in the late 1960s up to the '90s. Through Asiawide Refreshments Corporation, RC Cola was reintroduced in the country.

The soft drink company was reorganized in 2014 and has changed its name to ARC Refreshments Corporation which is composed of all-Filipino senior professionals that are seasoned experts in the beverage industry.

When ARC jumpstarted its operations back in 2003, it markets only one SKU (stock keeping unit) – the 8 oz RC, with only fourteen (14) route trucks plying in the streets of Manila. Today, ARC currently has more than 500 trucks supporting its dealers and retail outlets with an extensive brand portfolio. The company grew steadily, and even up to now it has become the beverage of choice among neighborhood stores throughout the country.



*ARC Refreshments Corporation*



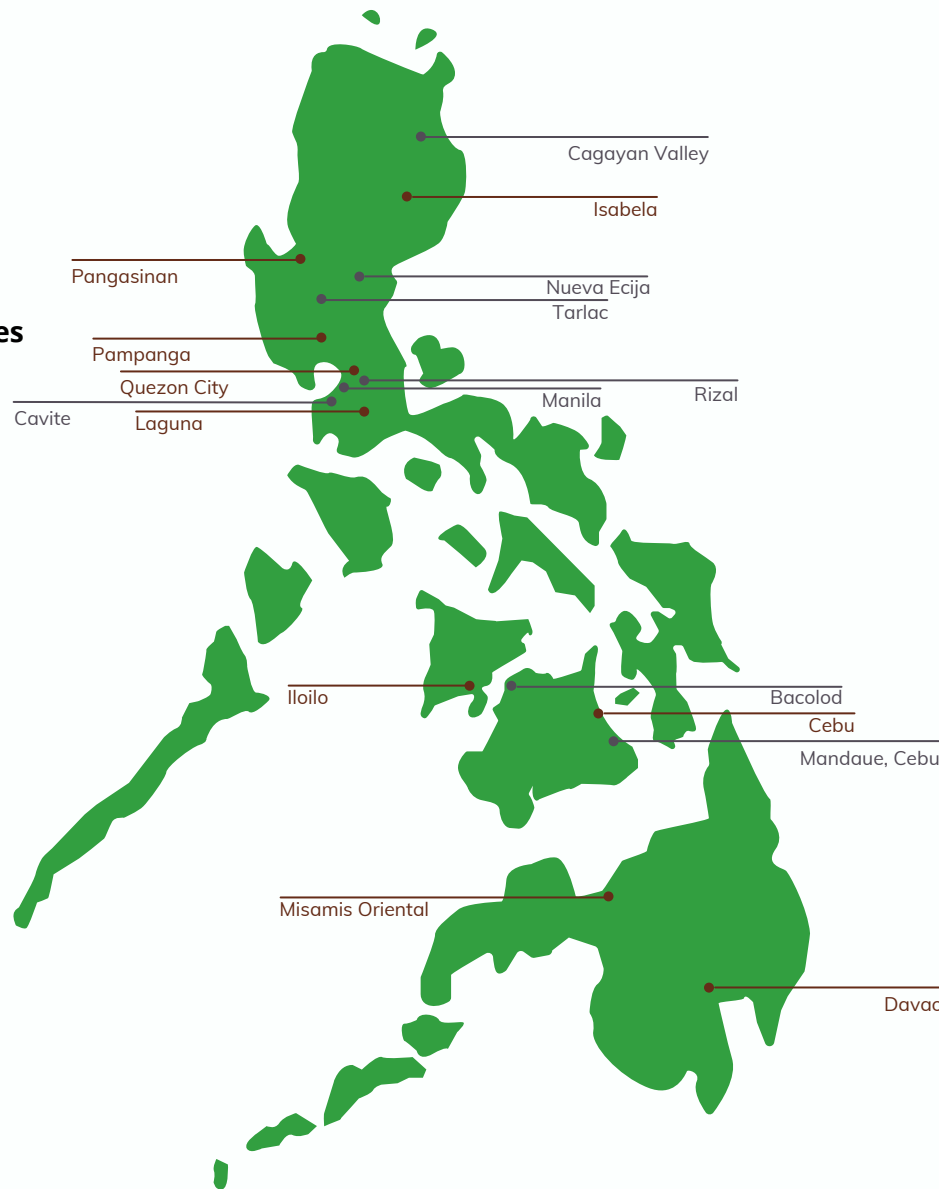
ARC Operates **nine (9) bottling plants** and **eight (8) warehouses** across the archipelago

**ARC Bottling Plants**

1. Isabela
2. Pangasinan
3. Pampanga
4. Quezon City
5. Laguna
6. Iloilo
7. Cebu
8. Misamis Oriental
9. Davao

**ARC Warehouses**

1. Cagayan
2. Nueva Ecija
3. Tarlac
4. Rizal
5. Manila
6. Cavite
7. Bacolod
8. Cebu



**1,478**

vibrant, enthusiastic and motivated full-time employees are supporting ARC's operations.



Male

1,243



Female

235

**ARC VALUES**



**Good Governance**

Performance are recognized, high moral standard, cost effectiveness are adhered, similar mistakes are avoided, reputation is vital.



**Respect**

Professionalism is practiced, transparency, and respect to authority and employees regardless of ranks, business partners and customers.



**Excellence**

Aim to be the best all the time, performance consistency, The work environment is developed too.



**Accountability**

Act as if we owned the company, consciousness in targets, standards, cost, time and decision, proactiveness.



**Teamwork**

Teamwork is essential in achieving the results, ARC is big family where harmony, cooperation, and oneness exist.

## ▶ OUR OPERATIONS

ArtemisPlus Express Inc., with the brand name Kitchen City, is the leading food solutions provider in the Philippines. The business started in 1999 as an operator of smaller canteens of electronics and manufacturing companies in South Luzon. It then expanded its operations by servicing hospitals, hotels, schools, offices, and Business Process Outsource Offices (BPOs), and has eventually ventured to institutional catering services. As of December 31, 2021, Kitchen City had an active workforce of 1,303 people serving over 100,000 meals per day.

Kitchen City operates a modern commissary & warehouse facility located at FTI Complex in Taguig City. The said structure was designed and built according to the principles of Good Manufacturing Practices (GMP) to ensure that the food production line and process are designed to minimize risks of contamination and to remain committed to the hygienic quality standards of manufacturing large-scale-ready to eat cooked food.



Kitchen City Locations as of December 2021:

### Corporate & Industrial Concessionaires

- NCR
- Cavite
- Laguna
- Batangas
- Bulacan
- Pampanga
- Tarlac
- Iloilo
- Bacolod
- Cebu

### Frozen Meal & Retail Stores

- Metro Manila (with online selling and delivery service extended to Laguna, Cavite and Rizal)

### Cafe and Clubhouse Food Service

- Metro Manila

### Hospital Dietary Operations

- NCR
- Batangas
- Pangasinan

### Commissary & Hubs

- NCR
- Laguna
- Bulacan
- Cavite
- Cebu





# OUR PRODUCTS

## Softdrinks & non-alcoholic beverages

ARC Refreshments Corporation (ARC), is engaged in the business of trading beverage products on a wholesale basis. It also operates and maintains the business of manufacturing, bottling, and distributing beverage products. ARC Refreshments Corporation's products include RC Cola, RC Cola Free, Fruit Soda Orange, Juicy Lemon, Arcy's Rootbeer, Seetrus, and Rite n' Lite. ARC distributes its products either directly or indirectly to various retail points nationwide.

ARC is also engaged in toll manufacturing activities. Currently, it does toll processing for Extra Joss and also markets and sells Glazier-purified water.





# OUR PRODUCTS

In 2021, Kitchen City continued to bag new concessionaires, restaurant and dietary accounts in different parts of Luzon. Kitchen City Frozen Meals also added six (6) new retail stores all over Metro Manila.

Kitchen City launched new product lines in 2021:

- Krispy Chix (Freshly Cooked Flavored Fried Chicken)
- KC Baker (Premium Bakeshop for Concessionaires)
- KC Frozen Pies (Frozen Meat Pies)
- KC Frozen Meat Station (Available at Concessionaires)



**Kitchen City**

## MEAT STATION

QUALITY AND FOOD SAFETY IS OUR TOP PRIORITY

**BLAST FROZEN TO PRESERVE FRESHNESS.**



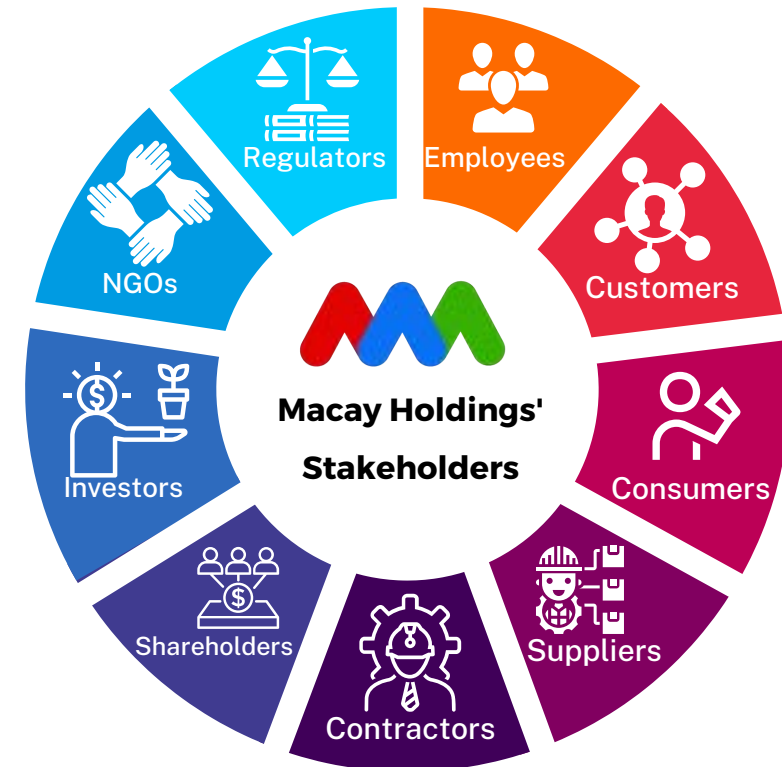
## ▶ OUR APPROACH TO SUSTAINABILITY

### Stakeholder Engagement

Materiality assessment is a comprehensive review that helps the company identify priority issues and needed actions that will aid the company evolve and enhance its sustainability plans and strategies.

A study back in 2020 explored the perceptions of Macay's stakeholders on sustainability strategy and its three pillars, economic, environmental and social.

The initial portion of the study was a survey taken by customers, suppliers, contractors, NGOs, employees and shareholders of Macay. Topics identified in the materiality survey were further explored through in-depth interviews with a diverse group of stakeholders in order to add context and insights to the initial findings of the study.



### What we learned from stakeholders?

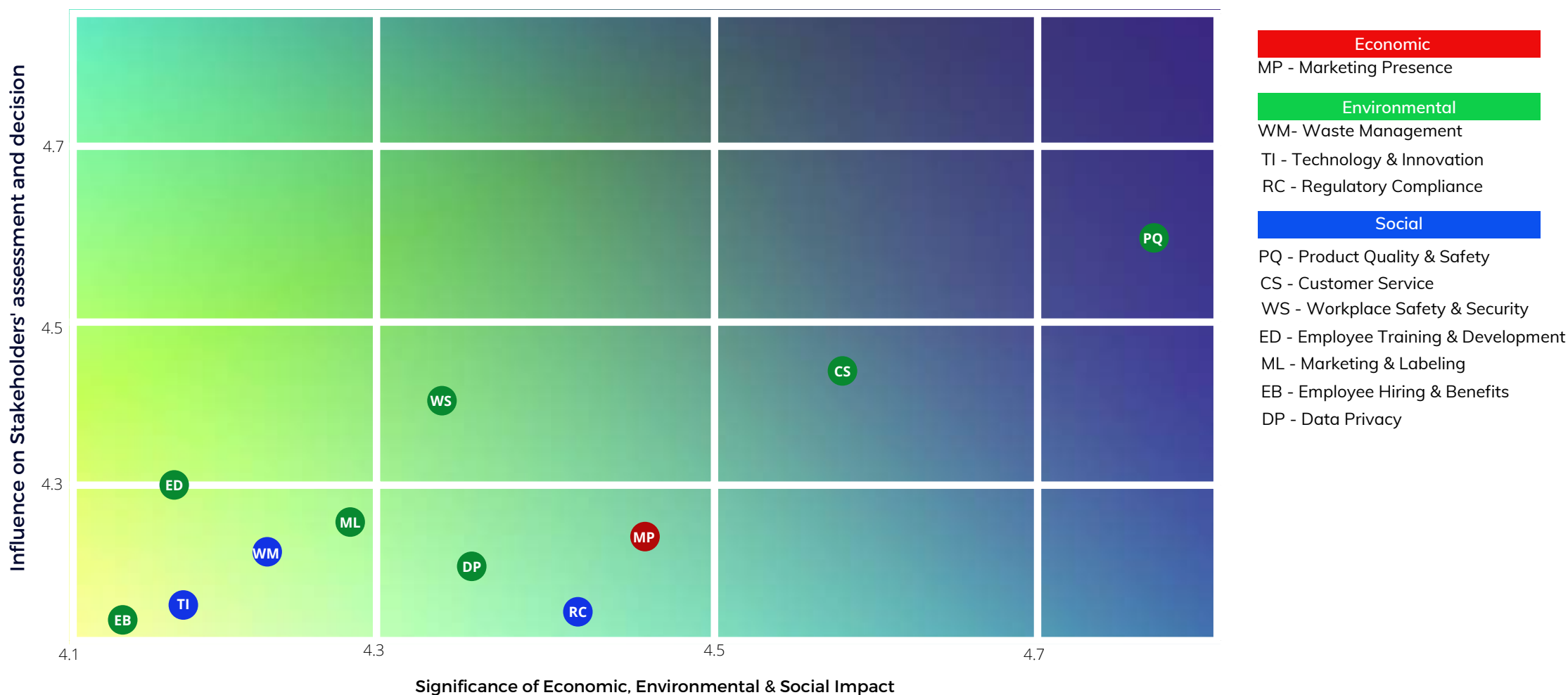
**What we learned from the employees?**  
 Macay employee rated customer satisfaction, diversity and equal opportunity, market presence, workplace safety & security and water & wastewater as top issue that Macay can impact.

**What we learned from the external stakeholders?**  
 Product quality & safety, diversity & equal opportunity, regulatory compliance, employee hiring & benefits, and workplace safety & security are the most important issues that the external stakeholders deemed the Macay Group should address and are also seen to pose significant risk.



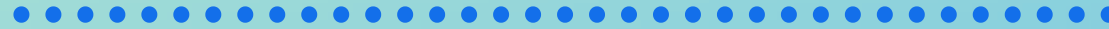
## Key Priorities & Topic Boundaries

The content of the report is based on the material aspects for both our company and stakeholders. A materiality survey was carried out for internal and external stakeholders in 2020 to identify our material topics which later become the boundary topics for the Sustainability Report.



# OUR REPORTING PROCESS

Macay review the key sustainability issues by considering global trends, sustainability areas in food and beverage industry and challenges resulting from Covid-19 pandemic. Our sustainability assessments are being done thru the following process:



## STAKEHOLDER ENGAGEMENT

The Group's main stakeholders are its customers, employees, business executives, suppliers, contractors, non-government organizations and shareholders. Macay Group work closely with its stakeholders and maintain an open and active communication channels. Survey was given to the identified stakeholders where they evaluate the significance, importance and relevance of identified material issues to Macay Group. We value and seriously consider opinions, concerns and suggestions which are conveyed for the purpose of identifying the material topics for the sustainability report.



## DATA GATHERING

The information and data relevant to the identified priority topics by the stakeholders were collected and disclosed in this report. Macay Group determines the scope of the report by identifying material issues based on the information collected from its stakeholders. This was done to ensure that the information to be provided in the report will be comprehensive and accurate and in order to address the issues of high interest to its stakeholders.

1

## IDENTIFICATION OF MATERIAL ISSUES

Material issues to Macay and its stakeholders were identified through a survey that was conducted in 2020 wherein a list of economic, social and environmental topics was identified through company priorities, industry benchmarking, global trends and reporting standards. The topics identified were assessed based on its significance to business operations and importance to Macay's stakeholders. Prior to the survey, a sustainability forum was conducted in 2020 company-wide to enlighten and engage the employees on what sustainability is and how it matters.



2

## TOP PRIORITIZATION

The Identified material topics from the survey conducted with the stakeholders were ranked based on its significance to the business and to the stakeholders. The results from the survey allowed the group to identify key priorities and topic boundaries for the sustainability report.



3

4

## MANAGEMENT REVIEW AND APPROVAL

The result of the assessment became the basis for setting topic boundaries to be covered in the sustainability report. The result of the materiality assessment and collected data was presented to the management for review and approval.



5

## ▶ SUSTAINABILITY FRAMEWORK

Our strategic framework is anchored on the following pillars of sustainability:



The identified material topics were grouped into four focus areas: Growth, Environment, People and Community. This report is structured to correspond to the focus areas thereby reflecting Macay Group's efforts to achieve its goal of pursuing positive outcomes in the workplace and at the community level.

Growth	Product Quality & Safety Marketing & Labelling Market Presence Technology Innovation
Environment	Waste Management Material Used Regulatory Compliance
People	Workplace Safety & Security Employee Training & Development Employee Hiring & Benefits
Community	Customer Satisfaction



## GROWTH

Macay considers the development of value chain as an important strategy to attain business success. Macay Group pays attention to the steps along its value chain to ensure they produce products of highest quality and achieve sustainable growth.

The Group adopt a comprehensive approach by incorporating all aspect of their production into a holistic life cycle perspective, utilizing resource efficiency, minimizing the amount of waste sent to landfill and supporting circular economy.



## ▶ MACAY'S VALUE CHAIN

- 01 Sourcing - Sustainable Supply Chain
- 02 Production/Manufacturing
- 03 Warehouse, Distribution & Sales
- 04 Marketing
- 05 Customers and End-consumers
- 06 Waste Utilization

## ► SOURCING A SUSTAINABLE SUPPLY CHAIN

Macay and its subsidiaries are strict in selecting their raw materials. All of ARC's suppliers are subjected to and in compliance with a Supplier Code. Upholding sourcing and procurement standards, some of the criteria that need to be met by accrediting suppliers are quality management, environmental and social considerations such as the health and safety policy of the suppliers.

This is to ensure that the suppliers that ARC accredit have environmental and sustainable procurement policies that will meet appropriate standards and management processes thereby guaranteeing that consumers will receive high quality and safe products and services.

### *Online approval of Purchase Requisition (PRs) and Purchase Orders (POs)*

In 2021, ARC implemented online approval of PRs and POs through a platform that digitalized the approval process. Digitalization has been beneficial in many aspects. It eliminated the paper usage and reduced time consumption for routing and approval of PRs. It also prevented direct contact and maintained physical distancing during the time of the pandemic.



Kitchen City established a supplier quality management system by ensuring that all critical suppliers of meat, packaging, chemicals, and other major raw materials are purchased from suppliers that passed the food safety and regulatory audits. This includes actual inspection of processing plants, farms, and warehouses. Upon delivery of goods, warehouse personnel requires the suppliers to submit a Certificate of Analysis (COA) and Approval Certificate from NMIS to ensure that all materials comply with the safety standards.

Kitchen City's fresh eggs, fruits, and vegetables requirements are 100 % locally sourced in the country. In 2021, 7 % of raw meat and seafood stocks came from local producers.

Kitchen City purchases raw materials from the accredited vendors and all orders are processed by the corporate office for proper documentation. Fresh produce, raw meat, and dry goods are already checked and initially sorted before endorsement to the commissary.



## PRODUCTION/MANUFACTURING



Production safety is vital to Macay Group’s business. Each subsidiary ensures strict implementation of proper hygiene management, good manufacturing practices, and the use of high-quality and safe raw materials.

ARC closely monitors every stage of its production. Thereby ensuring that every product produced in its manufacturing plants and facilities are compliant with internal standards, government standards, and other management standards covering environment, safety, and consumer health.

The company recognizes that its manufacturing plants significantly contribute to environmental impact within the areas of operations. For this reason, energy, water, and materials are being used efficiently during the manufacturing process to avoid generating pollution to the environment and society. Renewable energy is also utilized in some of the plants of ARC as well as water recycling while continuing to develop innovations and technology that will help improve the company’s environmental footprint.

The central commissary and warehouse of Kitchen City is located at FTI Complex. It was built following the principles of Good Manufacturing Practices (GMP) for food production. The commissary utilizes modern type of institutional cooking and blast freezing equipment for efficient large-scale food production while complying with the food safety guidelines. It also houses six (6) refrigerated container vans where each van can hold at least seven (7) tons of raw and cooked food. Kitchen City also partnered with third-party cold storage for

Business Contingency measures and auxiliary storage site of raw meat.

For the big cafeteria outlets located at CALABARZON and hospital dietary kitchens, fresh meat and seafood and specific grocery items are directly delivered to them to minimize carbon footprint from multiple handling and to also reduce the cost of transport. Cooked food for institutional use and retail store are blast frozen to quickly preserve the quality of the dishes and extend their shelf life.



Cold Packaging facilities of Kitchen City including blast freezers, walk-in cold storage and metal detector.

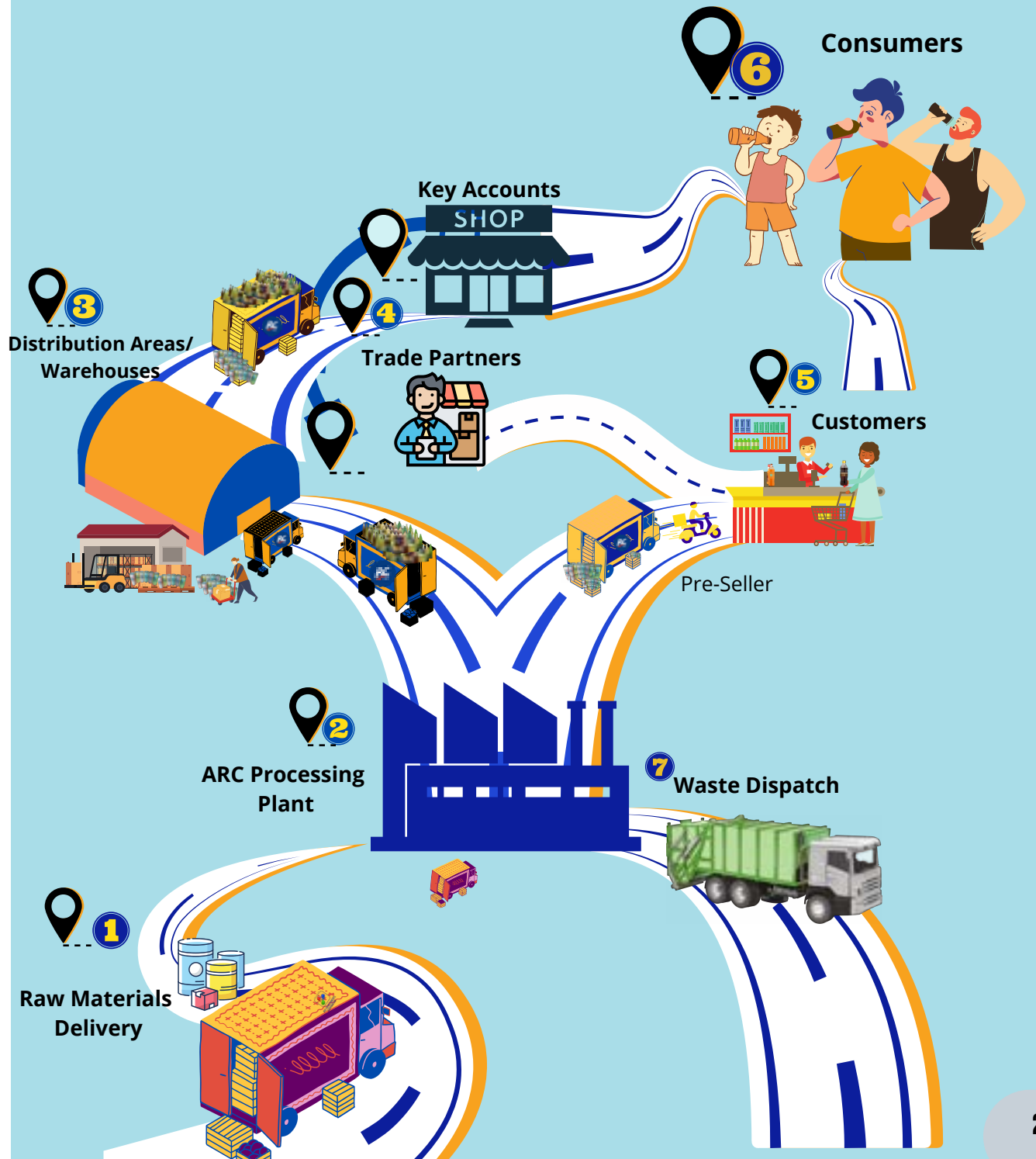
## WAREHOUSE, DISTRIBUTION AND SALES



Macay Group continues to build efficient distribution networks that span nationwide across the Philippines. In 2021, ARC opened a warehouse in Bacolod City to bring product closer to customers in the western part of Visayas.

Our established distribution network and strong relationship with our trade partners and customers ensure that our products reach their destination in a timely manner. Through our different channels of engagement, we are able to

optimize our presence within our areas of operation. ARC's presence in modern and traditional trade channels, such as sari-sari stores, convenience stores, supermarkets, grocery stores, restaurants and carinderias, ensure that our beverage products remain readily available and accessible to our consumers.



For Kitchen City, finished goods are subjected to multiple quality inspection delivery to sites including sensory evaluation, sample retention, and periodic third-party analysis. All cooked food packs and frozen meals pass through the metal detector before final dispatch to the walk-in freezers or container vans. Refrigerated trucks with GPS devices are used to deliver goods to the outlets.

Kitchen City cafeteria and dietary outlets also observe strict monitoring protocols from handling incoming raw materials to serving of cooked food to customers. Corporate auditors conduct unannounced operations audits at least twice a month to verify consistency in compliance with established standard operating procedures (SOPs).



In March 2020, ArtemisPlus Express launched “Kitchen City Frozen Meals” as an alternative meal option during the community quarantine. This new business model utilized cashless payment options including partnerships with GCash and Grab. Kitchen City Frozen Meals already have ten (10) physical stores as of December 2021. This is currently the biggest frozen ready-to-eat meal business on a digital selling platform.

In 2021, Kitchen City continued to bag new concessionaires, restaurant, and dietary accounts in different parts of Luzon. A total of twenty (20) new accounts was acquired in 2021. Kitchen City Frozen Meals also added six (6) new retail stores all over Metro Manila.



## MARKETING

Macay Group delivers products to consumers through effective distribution channels. Strong customer relationships are cultivated through a variety of promotion, merchandising, and marketing activities.

ARC brands are actively promoted through integrated marketing communication campaigns that encompass the various communication disciplines: Advertising, Promotions, Consumer Marketing, and Digital Communications. We reach out to various target markets using several platforms to deliver our message in a creative and engaging manner.

Though communication campaign strategies vary depending on the type of

products (whether food or beverage), brands, and markets, Macay Group remain consistent in its effort to make use of all possible avenues of communications to effectively and efficiently reach different audiences.

We recognize the importance of cohesive communication campaigns to not only build brand affinity but to also engage consumers on different fronts such as advertising for maximum visibility in mass media; consumer marketing and promotions for the actual tasting and experience of our products and services; and digital as well as Social Media presence to capture the new



RC Cola ads made a lot of noise in the past year, bagging numerous recognition and awards not only in the Philippines but in international scene. The RC Cola ad had garnered millions of views and hundred thousand of shares. Through the ads, RC cola once again became the most talked about soft drinks brand nationwide.

Its ad entitled "Family" was dubbed as "the best Philippine commercial of 2020" by Adobo Magazine. On June 25, 2021, the same ad was awarded a bronze recognition at the 2020/2021 Cannes Lions Festival of Creativity, dubbed as the Oscars of Advertising. The commercial ad did not only brought pride for the brand but also for the country being the lone winner from the Philippines.

The same RC Cola ad "Family" which was made in partnership with Gigil - a local based creative agency, won silver award in advertising at the 42nd Australasian Writers and Art Directors (AWARD) Awards. Likewise, another RC Cola ad made with Gigil entitled "Band" won gold in the Film & entertainment category of the same prestigious awarding body.



### Band

Film Advertising / TV Commercials Over 30 Seconds Gold 🏆

Entrant	GIGIL
Client	RC Cola
Production	Arcade

### Family

Social Media / Social Videos, Individual Silver 🏆



## CUSTOMERS & END-CONSUMERS



The customers of ARC products are categorized into two groups: modern and traditional trade. Our modern trade customers are primarily composed of key accounts such as large supermarkets, and convenience stores, whereas our traditional trade customers are primarily composed of our trade partners and customers such as sari-sari stores, markets, carinderias and small grocery chains.

From there, our products reach our end consumers.

The consumer's welfare is protected and concerns are well-addressed by the dedicated team of ARC who handles customer care. They communicate directly to ARC's consumers and ensures that customer's inquiries and needs are responded well. Getting in touch with ARC has now made easier to customers through the corporate social media FB page and messenger.

Macay and its subsidiaries give high importance to consumer health and safety. This is vital to the group that is why all of the products under the Macay Group undergo stringent quality control and assurance ensuring the good quality of their products throughout its production cycle. All of the products from ARC and Kitchen City comply with the standards prescribed by the Department of Health (DOH) and the Food and Drug Administration (FDA).

Likewise, Macay Group also conforms to the standard labeling and product information. Thus, in 2021 both ARC and Kitchen City did not receive any violations on non-conformance with labeling regulations. We ensure that all our products comply with all laws regarding labeling, including health and nutritional information. To further provide consumer confidence in the safety of our products, all important information is disclosed on our food labels such as ingredients, allergens, shelf-life, nutritional value, and product handling.





## Kitchen City Frozen Meals Labelling Guide

based from Administrative Order No. 2014-0030 - FDA



For Kitchen City, the development of Menu Cycle for cafeteria and catering events is consulted with the corporate dietitians for the calculation of calories and macronutrients. The Allergen content of each menu is also carefully identified by the Food Safety Department of Kitchen City for proper labeling and product information.

Cafeteria sites also use dish tags with complete menu names, allergen declaration, calorie count, and holding time for food safety.

## WASTE UTILIZATION

Managing our effluents and waste is integral to the regulatory compliance and social responsibility of Macay Group. Our approach to proper waste management affects our operation. It is imperative to business as it promotes cost-efficiency, and ensures sanitary operations that would prevent complaints and environmental grievances from the communities where our business operates.

Recognizing that we are a business with value scrap that generates a considerable amount of packaging footprint, recycling is highly material to Macay Group. Also, our company has implemented other initiatives such as residual waste reduction through optimization of our operations, which led to reduction of manufacturing rejects and implementation of composting for biodegradable wastes in ARC plants.

At present, our subsidiaries such as ARC is practicing circular economy through the

re-use of its broken shell cases, by shredding it on-site and use mix it with virgin resin to make plastic pallets. Also, water recycling is being implemented in some of their plants.

We frequently evaluate our compliance with regulatory standards through analysis of our effluents by DENR-accredited testing centres. Results of laboratory analysis of effluent as well as other environmental reports are regularly submitted to DENR.

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

## ENVIRONMENT

The Macay Group strives to minimize their environmental impacts for the benefit of the current and future generations. Macay and its subsidiaries fully support the commitment of the government to the Paris Agreement of lowering the country's greenhouse gas emission by 75% from its 2015 level by 2030. With this, the Group does its utmost effort to reduce its GHG emission and do its part to combat global climate change.





## ▶ WATER CIRCULARITY INSIDE THE ORGANIZATION

Water is an essential resource that must be managed efficiently and responsibly to augment the benefits not just to the company but also to the community. Macay Group has been carefully and regularly monitoring their water consumption. Likewise, the Group has been striving to re-use or recycle water whenever possible.

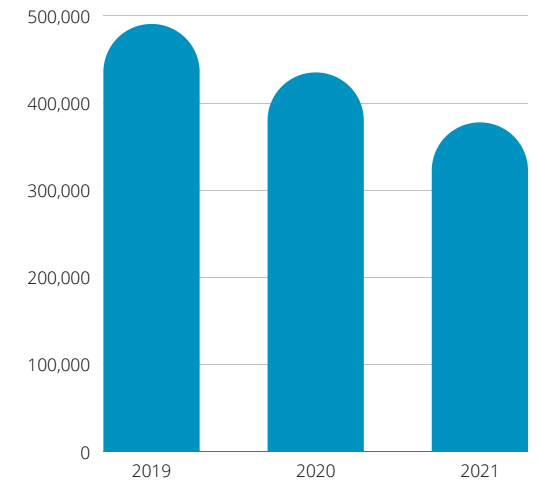


As a company's effort to re-use water, ARC has implemented hydroponics growing of vegetable crops in the garden of production plants using recycled water. In 2021, hydroponics has been incorporated into the My Gulay Garden Project of ARC which started in 2020. Harvests from the garden of the plants are given to the employees as the company also advocates food security and circular economy by growing vegetable crops using recycled and upcycled materials.



Water in ARC operations is sourced from the ground and thru service providers. Almost all of its water consumption is utilized in the production and manufacturing facilities while the rest is being used for utilities, laboratories, and domestic purposes.

Water is an essential natural resource for the production process. Across the globe, the water demand continues to increase but the availability of water is decreasing due to degradation of water resources, water pollution, and the effects of climate change. Macay Group recognizes the importance of water conservation to maintain high water quality and ensure sufficient quantity for production while minimizing the impact on the communities. Therefore, water management is identified as one of the key risks. A monitoring system is established to closely monitor the quantity and quality of water to mitigate any possible impacts



As proof that the Group has been using their water more efficiently, the water use ratio of ARC in 2021 had decreased by 5%. The water use ratio is the ratio of cubic meter consumption over cases of beverage produced. A decrease in the water use ratio means more products were produced for every volume of water withdrawn from the source.

In 2021, the total water consumption of Macay Group reduced by 13% compared to 2020 data with a total volume of 377,463 cu. m. The decrease is due to the more efficient use of water and decreased production volume.



## WASTEWATER MANAGEMENT



As part of our environmental compliance, Macay's subsidiaries - ARC and Kitchen City ensure that the wastewater from its production plant has undergone proper treatment through its treatment facilities and is compliant with internal and government standards before discharge. In ARC, all of their production plants are equipped with sewage treatment plants (STPs). The STPs are designed as sequential batch reactor (SBR) which consumes low energy in the

treatment of effluent from the production. On the other hands, Kitchen City's sewage facility is interconnected with FTI waste water treatment plant and the cost the treatment of the discharge is billed on monthly basis.

We recognize the importance of effective water management and make sure that the quality of the 495,515.6 cu. m. treated wastewater we discharge into the watercourse complies with the Implementing Rules and Regulation of Republic Act No. 9275 otherwise known as "The Philippine Clean Water Act." Further, our Group ensures that the water discharge is within the effluent quality parameters set by the Department of Environment and Natural Resources (DENR) or Laguna Lake Development Authority (LLDA).

## ENERGY MANAGEMENT

Macay and its subsidiaries recognize that proper management of energy is crucial and essential to its business. It brings a positive impact not just to the environment but to the organization, as it not only leads to a reduction in carbon footprint, but it also helps lower production cost which results in significant savings in operational expenditures.

Manufacturing is one of the substantial contributors to environmental impacts, whether in terms of particulate matters or carbon footprint. To reduce our GHG emissions, Macay's subsidiary - ARC, focuses on the efficient use of energy in manufacturing and the use of renewable energy.

The total electricity consumption of ARC was lowered by 19% in 2021 with a total of 23,472 MWh of electricity. Two ARC plants have solar panels, namely Cabuyao Plant and Iloilo Plant.

The total renewable energy generated in 2021 is 5% lower compared to the previous year which is equal to 1,603 MW. The decrease in energy consumption is due to the decrease in production volume in 2021.



We are committed to the overall reduction of our energy consumption through technical innovation, sustainable energy conservation programs, improving energy efficiency through elimination of waste, use of alternative and renewable sources of energy, and awareness on energy conservation of personnel at all levels of the organization.

In compliance with RA 11285 or Energy Efficiency and Conservation Act, ARC plants and its warehouses that are qualified as a designated establishment under the said law, regularly submits their annual report on energy consumption and conservation program to the Department of Energy.

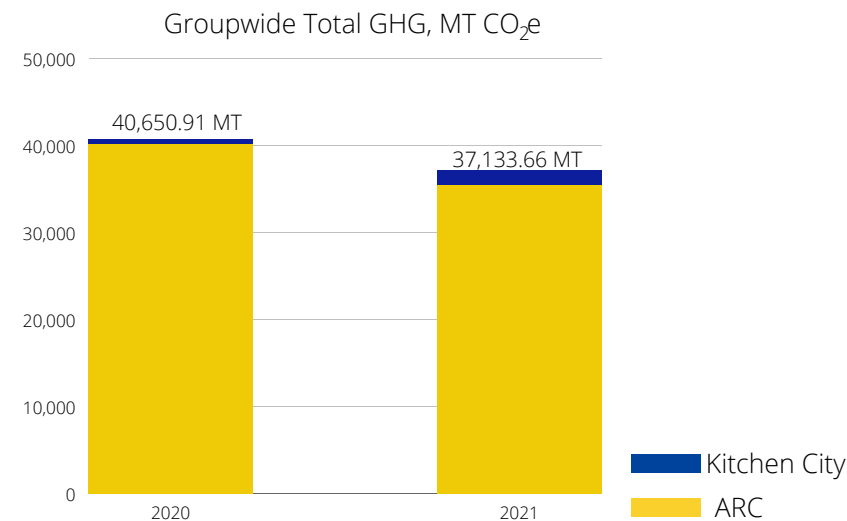
In 2021, the total energy consumption of Macay Group decreased by 13% compared to 2020 with a total of 395,706.32 GJ. The decrease in energy is due

to the reduction of energy consumption of ARC in terms of fuel and electricity. These reductions are due to the decrease in production volume in 2021 and more efficient use of resources.

In 2021, ARC also had partial re-fleeting of vehicles used by the Sales team to more efficient diesel vehicles. This improved fuel economy thereby reducing fuel expenses at more economic mileage.

However, the energy from LPG consumption increased because

Energy Consumption, GJ	2020	2021
Diesel/Gasoline	272,015.97	234,527.31
Bunker	76,048.17	61,246.26
LPG	3,380	12,974.31
Electricity	105,025.38	86,958.43
<b>Total Energy Consumption</b>	<b>456,469.79</b>	<b>395,706.32</b>



the data covered in this report is the twelve (12) months consumption of Kitchen City compared to last year which only included their four (4) months consumption or from its acquisition.

The reduction in energy consumption also led to the decline in the GHG emission of Macay Group. The Scope 1 emissions from sources that are controlled or owned by the company such as emissions from boilers, route trucks, forklifts, and other company-owned vehicles and equipment went down by 10% in 2021 amounting to 24,050 MT CO<sub>2</sub>e. The Scope 2 emission from electricity consumption also went down by 5% with a total amount of 13,084 MT CO<sub>2</sub>e due

to the decrease in total electricity consumption of ARC, thus, the total GHG emission of Macay Group declined by 9% in 2021 with a total amount of 37,133.66 MT CO<sub>2</sub>e.

Assessing its climate targets in alignment with the Paris Agreement commitment towards limiting global warming to 1.5 degrees Celsius, the Macay group used a science-based target tool to determine the year-on-year target reduction on CO<sub>2</sub> emission. In 2021, Macay achieved a 9% decrease in absolute scope 1 and scope 2 emissions from the previous year, exceeding the company's science-based target to reduce direct and indirect GHG emissions for 2021, reaching far beyond its 2023 target.

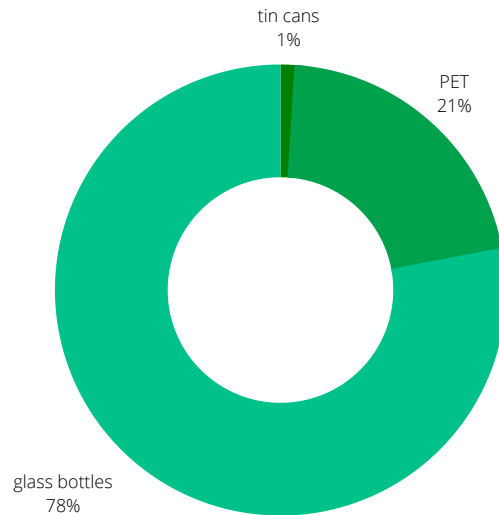
## CIRCULAR ECONOMY

Macay Group adopts a comprehensive approach to sustainability by including all aspects of its subsidiaries' production and manufacturing into a holistic life cycle perspective, utilizing resource efficiency supporting circular economy with ultimate goal of achieving zero waste to landfill.

Macay adheres to the principle of Circular Economy in its packaging management in order to reduce the impact of increasing amounts of waste on both land and ocean. This commitment will also help reduce emissions through packaging reduction, bottle reuse, and waste collection.

99.8% of packaging used by ARC in the production process are recyclable and reusable. In 2021, 78% of the products produced by ARC are in reusable glass while 21% are in

Packaging used by ARC in 2021



PET bottles and 1% is in aluminum tin cans. The majority of ARC products are still in reusable glass, however, the percentage of products in reusable glass slightly decreased due to the release of new product lines in PET bottles such as Mega Litro pack and Extra Joss in 237 ml. About 6,348.15 MT of PET bottles were generated in 2021.

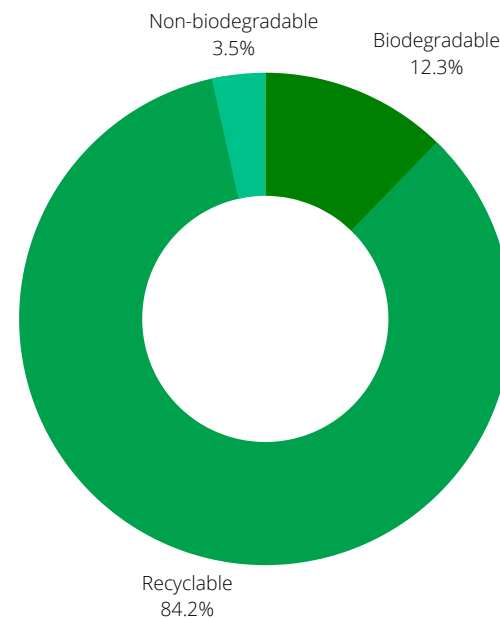
In 2021, 84.25 % of disposable food packaging used by Kitchen City is made from recyclable materials that are used for the

packaging of ready-to-eat packed meals delivered to hospitals, BPOs, and telecoms.

The launch of Kitchen City's Frozen Meals also contributed to the volume as it utilizes propylene packaging which is a thermoplastic type of container that can be reheated through the microwave.

The use of renewable and biodegradable types of packaging materials such as wood increased by 4 %.

Packaging used by Kitchen City in 2021



ARC currently regrinds its broken shell cases and use it to mix with virgin resin to form plastic pallets. By converting the regrinds into plastic pallets, the scrap shell cases are 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. Likewise, through the use of plastic pallets, fewer trees are cut down to create new wooden pallets this also leads to fewer wooden pallets that end up in the landfill.

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



## MANAGING WASTES

Since 2020, ARC has been implementing composting within the production plant as part of the My Gulay Garden or Urban Gardening Project of the company. Produced composts were used as fertilizer in the urban garden grown inside the ARC plants nationwide. Through composting, the amount of residual waste that was sent to landfill was reduced. Moreover, this was done in alignment with our goal of zero waste to landfills. In 2021, the ARC plants were able to produce 1.8 tons of compost.

In Kitchen City, generated non-hazardous wastes of the

central commissary are collected daily by the accredited hauler of FTI Complex.

Proper waste segregation is strictly implemented by providing durable type of trash bin with lids, segregation labels and holding area away from food preparation.

The solid wastes are also physically separated from the food production area to prevent cross contamination and infestation. It is also being inspected regularly by the Food Safety Auditors for the maintenance of cleanliness and orderliness.

Waste Generated	2020 (MT)	2021 (MT)
Reusable	479,694	403,981
Recyclable	11,889	7,248
Residuals	2,028	1,769
Compost	9	110



## HAZARDOUS WASTES

We methodically collect our waste on-site and separate it based on whether these are hazardous or non-hazardous. Hazardous wastes are properly handled in accordance with RA 6969 also known as Toxic Substances and Hazardous and

Nuclear Wastes Control Act, as well as other governing rules and regulations mandated by DENR. Collected hazardous wastes are transported and treated by an accredited DENR transporter and treatment facility.

Hazardous Wastes	2020 (kg)	2021 (kg)
Used Oil	47,314	5,330
Batteries	13,230	20,565
Greasetrap Wastes	700	
Oil contaminated materials		40
<b>Total</b>	<b>61,244</b>	<b>25,935</b>



## OUR PEOPLE

Macay is committed to the welfare of its employees, customers, partners, and stakeholders. Macay Group creates a culture of professionalism and excellence by providing limitless opportunities and development to its employees, advocating a diverse and inclusive workplace.





As we continued to face an unprecedented worldwide pandemic in 2021, it compelled us to innovate in ways to operate and communicate without compromising the health of our employees.

Recognizing that employees are our most valuable asset, we put our people first by ensuring that they remain healthy, physically and mentally, and can stay productive despite the challenges.

## ▶ COVID-19 PROTECTION – EMPLOYEES' WELLBEING DURING PANDEMIC

Facing the pandemic for the second year urged us to respond quickly and act proactively. ARC cares for the health, safety and wellbeing of its employees, especially during the time of the Covid -19 pandemic, which affected the whole business. Several initiatives were implemented by ARC to protect the employees and assist them during this challenging time.



### **Formation of Covid Response Team**

We implemented strategic and tactical measures in accordance with the health protocols from IATF, DOH and LGUs where our facilities are located. As the nationwide and regional regulatory policies frequently change due to the impact brought by the evolving pandemic outbreak, a Covid

Response Team was formed in ARC to provide guidelines, information and advice on how to handle the situation and assist employees who are affected by Covid-19. A Covid Response Team per local area was also formed and this enabled the company to track clusters of Covid-19 risk within its area and facilitated faster and more effective contingency planning and response.



### **Remote Working**

To prioritize the health and safety of our people during pandemic, flexible-working arrangement was implemented. Work from home (WFH) policy was implemented and availed by the employees who can complete their work remotely. This was done to reduce infection risk for employees and their families. The WHF arrangement likewise assisted employees who were affected by contact tracing in order for them to remain productive while completing the prescribed quarantine days.



### **Personal Protective Equipment**

Following government-mandated safety protocols, personal protective equipment such as face masks and face shields were given to every employee and support personnel. Access to alcohol and hand washing facility with soap and water were provided in all location to prevent the spread of virus.



### **Safety Measures and Protocols**

Safety measures upon entering ARC and Kitchen City's facilities were implemented such as temperature check, filling up of contact tracing form and disinfection by providing alcohol and foot bath.

We required all employees and their families to conduct Covid-19 self-assessment, declare if symptoms are experienced and coordinate with the Covid Response team for contact tracing.

Workspaces were managed appropriately to support physical distancing in the workplace. Engineering intervention such as office ventilation was also improved in ARC offices through installation of exhaust fan which promotes good air circulation. This is in alignment with Department of Labor and Employment (DOLE) Department Order No. 224-21 Guidelines on Ventilation for Workplaces and Public Transport to Prevent and Control the Spread of COVID-19.





**Covid Vaccination and Boosters**

The safety of our workforce is our top priority. To protect our employees and help the nation combat Covid-19, Macay Group has partnered with ICTSI Foundation Inc. for the procurement of Moderna vaccine and coordinated with Zuellig Pharma for inoculation of vaccine to employees. Vaccinations were done at Solaire Resort & Casino and UDMC Hospital along with other employees from the private sector.

For employees who were not able to come to the vaccination site because their residence area is far, our plant HR personnel have assisted them to coordinate with their respective LGUs to get vaccinated. As of writing, 99.36% of our employees have already been vaccinated and we already reached herd immunity in all of our locations.

As for Kitchen City, majority of Kitchen City employees assigned in hospital dietary operations received their two doses of COVID19 vaccines and then got booster shots before the end of the year.



Kitchen City also encouraged all employees to avail the COVID19 vaccine whether through the client’s vaccination program or through LGUs. Department Heads also closely coordinated with LGUs for the vaccination registration of their respective staff.



**Support to affected employees**

With strict implementation

of safety protocols in all of our facilities, only 5.5% of our 1,478 employees contracted Covid-19. All of which was able to recover successfully. More than 1 million pesos worth of assistance were provided to our employees to assist them deal with the impact of the pandemic. This includes the Covid test for affected employees, likewise, rice, grocery items, and vitamins were provided to employees who underwent isolation to assist them and their families while recovering from Covid-19.



**Telemedicine**

ARC launched its telemedicine hotline to connect its employees to the company physician for virtual medical consultation. Telemedicine was launched to assist employees who experienced symptoms and those who were tested positive to be provided with medical care while undergoing isolation or quarantine.

Despite the immense effect of the pandemic in the past two years, ARC refrain from layoffs and ensured the job security of everyone.



Safety Seals were awarded to ARC plants by DOLE



IN FIRST QUARTER OF 2021, ARC KAYBIGA PLANT WAS AWARDED AS ONE OF TOP JOB PROVIDER OF 2020 BY PUBLIC EMPLOYMENT SERVICE OFFICE (PESO) OF VALENZUELA CITY

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ARC REFRESHMENTS  
CORPORATION

Our approach to returning to business and field operations will be cautious and flexible as we adapt our framework to local conditions. We will maintain focus on health and safety of our employees to ensure business continuity and to provide unceasing support and service to our customers.

The pandemic has raised concerns and uncertainties resulting in fear and anxiety among people all over the world. As we strive to discover ways to adapt to the new norm, others face difficulties in adjusting to change. Putting our people first and on top of our priority, we give importance to their well-being which is why in 2021 we launched several initiatives to support their physical and mental health.

ARC introduced Mental Health to its employees through a virtual town hall held last October in view of World Mental Health Day and as required by Republic Act No. 11036 and DOLE Department Order 208.

The activity raised awareness of mental health issues and programs that promote healthy and productive life.

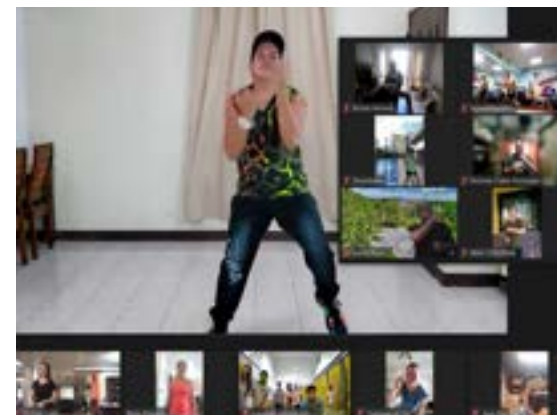


To ensure that our employee's mental health is given the same attention as their physical health, webinars were conducted where tips on how to cope with the stress brought by the pandemic and managing mental health in the workplace were provided.

We deemed it is necessary to address mental health issues in the workplace to build resilience among the employees and to help increase their productivity during challenging times such as the pandemic.

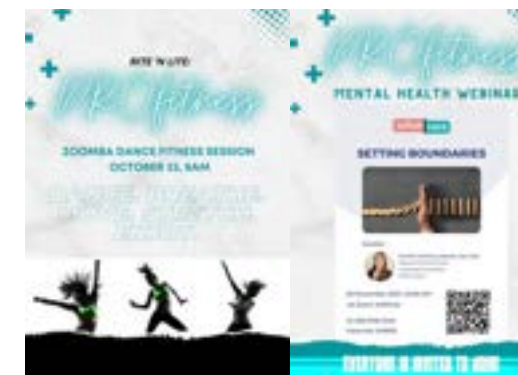
Subsequently, ARC launched an engagement program entitled ProFITNESS. The objective of the program was to develop and enhance the employees' health by addressing three elements namely Mental Health, Physical Health, and Financial Health.

The program aimed to help the employees nurture their physical and mental well-being by establishing fitness habits and lifestyles. The program included various activities on physical exercise, proper nutrition literacy, and mental health cultivation. The employees were recognized for achieving fitness goals within a 45-day fitness challenge.



On the other hand, the Financial Health element under the ProFITNESS program was promoted through an innovative program called Community Resellers. All ARC

employees were enjoined to augment their income by becoming Community Resellers of Rite 'n Lite. At a time of the pandemic and quarantine, when people needed some form of indulgence at home, Rite 'n Lite has become a perfect drink to offer, because it's a healthier choice for customers - it has no sugar, no calories, and no carbohydrates. Through the community resellers program, the Rite 'n Lite products were made available through different online and messaging platforms and were able to be delivered right on the customers' doorsteps through delivery App services. Payment schemes were also made available online through internet banking and digital payment methods (GCash, PayMaya). Through this program, ARC employees were not only developed to become local entrepreneurs but employees were also made advocates and our brand ambassadors.





## EMPLOYEE DIVERSITY, EQUITY & INCLUSION

ARC believes that companies shall work together with their employees to create experiences and opportunities that will strengthen both the individual and company performance. To foster organizational strength from within, the company promotes inclusivity that offers opportunities for employees to develop their skills and grow together with the company. To become the most inclusive workplace we can be, our group focuses on engaging every employee and attracting top talents nationwide. The company welcomes applications from people of all backgrounds and opposes discrimination in all forms.

In ARC, generally, there are more men than women due to the nature of the job within the company which is labour-intensive. Although ARC is open to all genders, majority of the applicants in sales and production are male. This resulted in higher male employees than females.

In Kitchen City, women make up at least 53 % of the total workforce holding managerial positions at corporate and operations units. Twelve (12) out of twenty-seven (27) ManCom members of Kitchen City are female. Kitchen City also currently employs four (4) staff with hearing and speaking disabilities (PWD). The company observes and implements non-discrimination policies and provides employment opportunities regardless of gender, ethnicity, and cultural background.

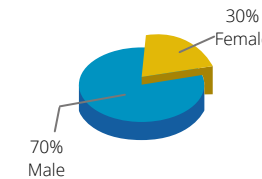
Our companies foster a diverse workforce. This is because we understand that people with different experiences, abilities, ethnic backgrounds, ages, gender identities or sexual orientation, personalities, and ways of thinking can help us relate more closely to the needs and desires of our customers and partners nationwide. Our recruitment team ensures that our manpower requirements are filled by the most qualified people regardless of age, gender and religion.

### COMPANY EMPLOYEE COUNT

For the year 2021

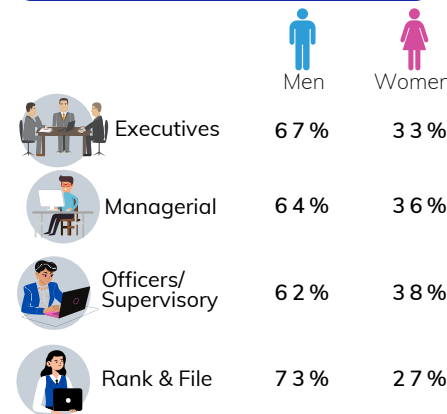


**3,717**  
Total No. of Employees

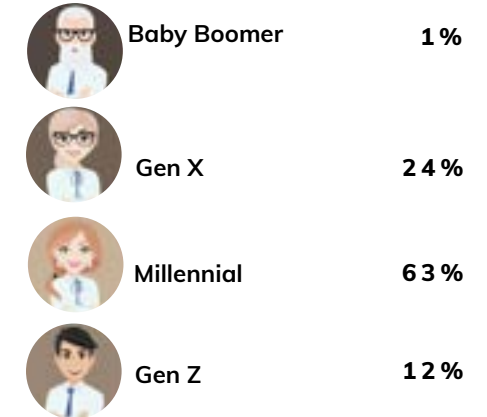


**489**  
Newly Hired Employees

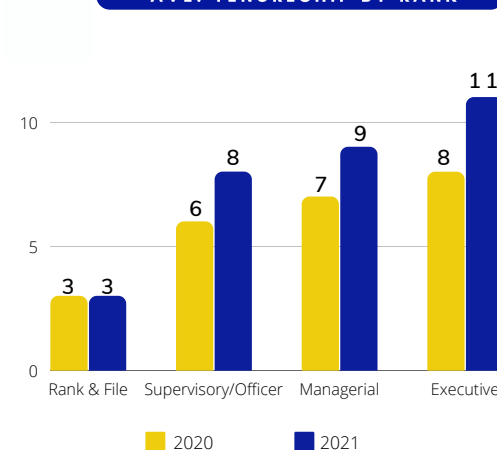
#### WORKFORCE GENDER BY RANK



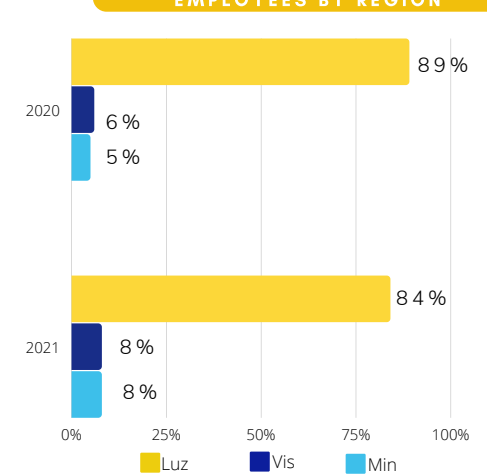
#### EMPLOYEES BY AGE GROUP



#### AVE. TENURESHIP BY RANK



#### EMPLOYEES BY REGION



## ▶ OCCUPATIONAL HEALTH AND SAFETY

Workplace health and safety is crucial to prevent work-related accidents, promote employee wellness and maintain full compliance with regulatory requirements and industry standards. ARC remains steadfast in providing its employees with a safe and healthy working environment. Identifying the potential risk to the health and safety of our employees is vital to our business. We take steps to modify processes and standards to address these risks. Risks and hazards in our workplaces shall be identified and effectively managed to protect not only our employees but also our visitors, facilities, and surrounding communities.

A healthy and safe working environment increases workplace satisfaction and productivity among employees. Accordingly, health and safety measures are in place in all our plants and offices. These

help us guarantee that our employees remain safe, healthy, and will be able to continuously perform their jobs. Our overarching goal across all our business is to reduce the number of work-related accidents and, ultimately, to attain zero accidents.

Our facilities have designated health and safety personnel, first-aiders, nurses, and security officers, all trained for emergency preparedness and response. Several programs promoting the health and wellness of our employees were formed such as health bulletins, trainings, seminars, and physical exercise. Company-wide, there is an annual physical examination on all employees, as well as drug testing. The company has a zero-tolerance policy regarding the use of drugs and alcohol in the workplace.

Across our business, in all our facilities, we implement ARC's Safety Policy. This policy reinforces a culture of health and safety within the company

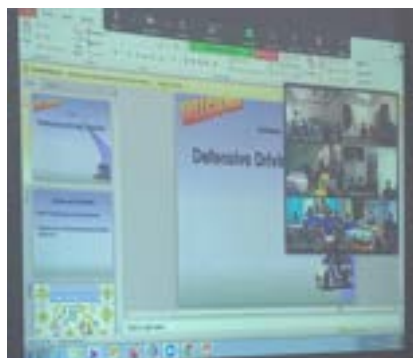
through full regulatory compliance, provision of appropriate tools, and providing health and safety training to empower our employees.



## ▶ PREVENTING RISKS WHILE BUILDING SKILLS AND KNOWLEDGE IN SAFETY

Our distribution network is composed of trucks, cars, and motorcycles. The movement of our products and people from production plants, warehouses to our customers is a crucial element of our safety program.

In 2021, across all plants and warehouses, we focused our efforts on safety improvements by conducting trainings with an emphasis on road safety. Through this effort, vehicular accidents in 2021 decreased by 40%.



Despite our multiple locations nationwide, the company's plants, warehouses, and offices adopt the same level of security. This is achieved through regular training of security and maintenance personnel where they are instructed to respond to safety and security incidents, as well as to emergency situations. Ensuring security and proper maintenance of our facilities are essential to avoid the possible impact of any physical security risks which may affect our operations.

## ▶ FAIR REMUNERATION AND BENEFIT

All of ARC's employees receive the legally required compensation and benefits. Our company offers a competitive employment and retirement benefits. Employees' compensation is above the minimum wage. On top of the government-mandated benefits, we also provide the following benefits to our full-time employees:

- Life insurance and personal accident insurance
- Medical benefits such as HMO, hospitalization reimbursement, and APE
- Birthday Leave
- Company loan for emergency situations (Calamity Loan)
- Educational Assistance loan
- Christmas package

The vacation and sick leaves that our company provide are 5 days more than the mandate by DOLE.

In addition, ARC also provides retirement benefits 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 50 years old. Resignation benefits are also provided to regular employees whose ages are below 50 years old and with at least 10 years of service to the company.

Kitchen City, on the other hand, is also fully compliant in fulfilling the mandatory government benefits and also provides paid leave benefits, multi-purpose salary loan to employees and productivity incentives.



## ▶ ACCELERATION OF CAPACITY DEVELOPMENT

All of our employees are treated fairly and equally at all levels. We provide our employees with equal opportunities and transparent performance appraisal. The development program of our employees is based on needed skills that will help them advance on their respective functions.

We offer a variety of training and career development programs to our employees. Providing employees with training and advancement opportunities and helping them address various skill gaps are other important aspects that can strengthen ARC as a company.



No. of training hours: 399 hours  
No. of participants: 1,339





## COMMUNITY

Macay Group proactively engages to the community through various programs focusing on **education, environment, community & social development**. Macay and its subsidiaries created a collaborative platform, projects and activities that have substantial impact to the society. The Group's objective is to contribute in the creation of a sustainable community and to establish partnership networks that will enable a collaborative development effort between the government, private sector, academic sector, civil society, and the public.



## ▶ SUPPORT TO SCHOOLS & LEARNER'S PROGRAM

Considering that education is the key to unlimited opportunities, Macay Group continued to implement different educational development projects.



Buildings and classrooms are crucial elements of learning environment in school. Macay Group recognizes that it is important for the students to have a safe, inclusive and equitable learning environment. For this reason, in support to the infrastructure program of Mohon Elementary School in Tagoloan, ARC plant in Tagoloan donated 30 sacks of cement which was used to build additional classrooms.

In 2021, we initiated a program to raise awareness on environmental issues among future generations. This is in alignment with the objective of My Gulay Garden Project which started in 2020 and aims to promote food security, recycling of plastics and proper waste segregation

The project started within ARC plants wherein urban garden set-ups were installed. Different vegetable crops were grown in the plants using recyclable materials such as PET bottles, used containers, pallets, sacks and tires. In 2021, we aim to inspire young people to become the next generation of food producers. Through participation of young people in food and agriculture, the future of food security will not be a challenge for the next generation. ARC partnered with Kids Who Farm, a Zamboanga City-based non-profit start-up whose advocacy initiative is to inspire future farmers by educating the youth on the importance and value of food and farming.

Learning sessions on urban gardening and food farming were conducted in two schools namely Looc Integrated School and Kapayapaan Integrated School in Laguna. ARC also supported the said schools' Gulayan sa Paaralan project by providing them with seeds and plastic bottles that they can use as pots for planting.



In support for the pilot face-to-face classes during pandemic, ARC donated hand sanitizers and 100 pieces of face mask to Calulut Integrated School in San Fernando Pampanga.



In partnership with Perlas ng Silangan Eagles Club, ARC co-sponsored the Brigada Eskwela at Eusebio Santos Elementary School in Taguig wherein school re-painting was done by the members of the Eagles Club last September 25, October 2 and October 9, 2021. Cases of drinks from ARC were provided to the participants of the Brigada Eskwela.



## ▶ ENVIRONMENTAL

Macay Group is further committed to addressing issues related to environmental conservation by supporting activities that promote and protect our natural resources.



ARC supported the coastal clean-up and tree planting at Calamba Bay Walk area and ground, in partnership with Rotary Club of Calamba.

In the first quarter of 2021, the corporate office of ARC started eco-bricks making. Later around the third quarter of the year, eco-bricks making has been part of the My Gulay Garden - Urban Gardening project in ARC plants.

The objective of the program is to demonstrate responsible disposal of plastic wastes by re-purposing empty PET bottles for eco-bricks making; involve and encourage employees and respective households in the practice of reducing plastic wastes that are thrown away to the landfill causing environment damage such as floods and pollutions; and provide an opportunity to help a community by donating eco-bricks for producing home use furniture and other house fixtures.



A total of 1,235 ecobricks bottle have been created by employees in ARC corporate office. Through the project the company were able to eliminate 164kg of plastic wastes away from landfill or from polluting the environment. Ecobricks made by the employees of ARC corporate officer were donated to Missionary of Sacred Heart of Jesus, Kapayapaan Integrated School, Kaunti Farm and Communication Foundation for Asia wherein the ecobricks were used to make chairs, raised bed garden or walls for their microfarm project.



ARC partnered with Communication Foundation for Asia, a non-profit organization, in their environmental advocacy for promoting solid waste management by waste segregation and anaerobic composting through Bokashi Project.



ARC donated 60 pieces of pails which was used as container for their Project. The organization promotes environmental stewardship thru application of Bokashi Technology in households, communities, institutions and organizations and incorporating Bokashi in their Community Seminar-workshop.

## ► COMMUNITY AND SOCIAL DEVELOPMENT

As the whole country continue its battle against the pandemic for the second year in 2021, community pantry emerged nationwide in response to the lack of food during lockdowns as an aftermath of the pandemic. In the past year, food banks such as community pantries became the symbol of compassion for the poor and national solidarity in a country that has people struggling to survive in the pandemic. For this reason, some of the ARC plants, namely Laguna and Bulacan, participated and contributed in the local community pantries.



Our company have also joined and supported organization of same advocacy. In the last quarter of 2021, ARC supported the gift giving and feeding activity of Perlas ng Silangan Eagles Club. Beneficiaries of the said activity came from all ages including 50 street children and 215 senior citizens.



Furthermore, ARC supported the Sangguniang Kabataan and select out-of-school youths in Tagoloan in establishing a sustainable urban community microfarm at Brgy. Pagatpat and Brgy. Tablon. Used drums, containers and bottles were donated by ARC Tagoloan to the youth agriculture advocates who are trained to be the leaders in their respective community in pushing for hyperlocal food production system.

Also, as support to our frontliners, a total of 240 cases of softdrinks were also provided to the frontliners assigned at the checkpoints in Northern Mindanao area to help them ease their thirst while doing their duty during pandemic.

Additionally, in 2021, Kitchen City supported the charity projects of the Frozen Meals celebrity endorser by providing free meals to the latter's chosen orphanage. The Management Committee members of the company also sponsored and funded feeding programs.



In December 2021, super typhoon Odette caused great damage to some parts of Visayas and Mindanao. Thousands of people lost their houses and livelihoods, while some even lost their loved ones. To alleviate the suffering of our fellow Filipinos affected by the rampage of the typhoon, ARC plant in Cebu has administered a feeding program to the affected communities in Cebu. ARC drinks were also donated where over nine hundred (900) cases of ARC beverages were given to affected families and individuals.

Macay and its subsidiaries strive to ensure that we create a positive impact on our communities and in the areas where we operate. The Macay Group considers the community as valued stakeholders of the business and partners for nation-building.







## CORPORATE GOVERNANCE

Macay is committed to compliance while embracing the principles of good corporate governance in accordance with its Code of Conduct and Discipline. Macay believes that good corporate governance practices serve the long-term interest of shareholders, strengthen the Board and Management, and further enhance the public trust that Macay has earned over years of operating with uncompromising integrity and doing the business the right way. The corporate governance principles govern the day-to-day operations of the Macay Group enabling the group to lead the way towards sustainable growth. It provides framework that defines the roles and responsibilities of different group within the organization and the Board's role in risk oversight.

## LEADERSHIP

Macay Holdings' Board of Directors thrives on top-notch leadership and combined business and marketing expertise that proved a key driver in their brand's success.

Macay's Board of Director is responsible in providing salient policies and guidelines to the Group on major investments and capital expenditures as well as to establish programs that can sustain long-term viability and strength. Moreover, the Board evaluates and monitors the implementation of such policies and strategies, including the business plans, operational budgets and Management's overall performance.

The leadership team seeks to ensure that Macay operates in accordance with the company's business plan. The business plan ensures that the Group operates in good faith under the law and in line with the company's rules and regulations. Lastly, it assures that Macay and its subsidiaries comply with the regulations of Securities and Exchange Commission.



## BUSINESS BUILT ON DISCIPLINE AND INTEGRITY

The Code of Conduct and Discipline prescribes the Company's corporate principles and philosophy of good governance by defining the standards of proper conduct and behavior of its employees in order to sustain and promote the highest level of integrity and professionalism in its business dealings and relationships.

Discipline as an integral component of the code ensures that company rules and regulations are observed. A strong culture of discipline and responsibility towards one's actions drives the company into achieving its vision.



## POLICIES AND PROGRAMS FOR SUSTAINABLE GROWTH

Macay Holdings has outlined policies and programs to help its directors, employees and stakeholders perform their duties and responsibilities in a manner that is mutually beneficial.

### Insider Trading Policy

Fair market thrives when transparency and accountability are practiced. As such, trading behaviors that may result into information distortion and unfair market advantage are prohibited, an example would be insider trading.

### Related Party Transactions

Related Party Transactions (RPT) are indispensable especially on the day-to-day operations for some entities. To avoid any conflict of interest, all RPTs are regularly reviewed, approved and disclosed.

Insider trading is governed by best corporate governance practice. All officers, directors and employees of the Company are obliged to maintain confidentiality of material non-public information about Macay Holdings and its securities. For the purpose of legitimate business programs, sharing of material non-public information will be allowed through non-disclosure agreements between parties involved.

## EMPLOYEE HEALTH, SAFETY, WELFARE AND DEVELOPMENT

Macay Holdings believes that human resources is its best asset. Thus, the Company ensures the well-being of its employees by adopting programs and policies for their welfare and development.

## CONFLICT OF INTEREST

Conflict of interest stems from situations when an individual's objectivity is compromised or decisions are unduly influenced because of a desire to gain from a particular transaction or relationship. When a conflict of interest occurs, proper disclosure should be exercised.

## ENTERPRISE-WIDE RISK MANAGEMENT

Macay Holdings Inc. recognizes risks and uncertainties are part of doing business. To mitigate any adverse effects of such occurrence, the company adopts an effective Enterprise-wide Risk Management (ERM), which are based on risk management principles set forth in ISO 31000:2009.



## WHISTLE BLOWING POLICY

This Whistleblower Policy of the Company provides guidelines on how to report any possible violation of a law, rule, or regulation or unethical or fraudulent conduct and outlines process to protect Whistleblowers from retaliation and retribution.

## DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The Board of Macay Holdings ensures timely and accurate filing of full disclosures and material information dealings to all relevant regulatory bodies. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

**The Manual on Corporate Governance asserts the rights of stockholders and protection of minority interests.**

### ***Voting Rights***

Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

### ***Power of Inspection***

All shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

### ***Right to Information***

The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings with the Corporation's shares, dealings with the Corporation, relationship among directors and key officers, and the aggregate compensation of directors and officers.

### ***Right to Dividends***

Shareholders have the right to receive dividends subject to the discretion of the Board.

### ***Appraisal Right***

The shareholders have appraisal right or the right to dissent and demand payment of the fair value of their shares under the provisions outlined in the Corporation Code of the Philippines.

## CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDG)

1 NO POVERTY



### SDG No. 1 – No Poverty

Provided jobs to 6,835 Filipinos nationwide. 3,717 of which are direct employees and 3,118 are indirect employees through third-party service.

2 ZERO HUNGER



### SDG No. 2 – Zero Hunger:

- ARC products were donated to frontliners at the checkpoints in Northern Mindanao areas.
- Donated ARC products to the community pantry in Bulacan and Laguna
- Support provided to the gift-giving and feeding activity where beneficiaries are street children and senior citizens.
- Kitchen City supported feeding program activity in an orphanage

3 GOOD HEALTH AND WELL-BEING



### SDG 3: Good Health & Well-being:

- All employees of ARC are provided with health insurance benefits.
- All employees undergo annual physical examination and free drug screening for ARC employees
- Initiatives and measures to prevent transmission of Covid in the workplace were implemented nationwide

4 QUALITY EDUCATION



### SDG 4 Quality Education & SDG 13 Climate Action:

- ARC conducted learning sessions on waste management and urban gardening using recycled plastics and food farming in 2 schools in Laguna.
- Donation of materials for construction of classrooms in a school in Tagoloan
- Supported Brigada eskwela in public school in Taguig

13 CLIMATE ACTION



5 GENDER EQUALITY



### SDG 5 Gender Equality

In Kitchen City, twelve (12) out of (26) ManCom members are female. Women makeup a least 52% of the total workforce holding managerial positions at corporate and operations unit.

6 CLEAN WATER AND SANITATION



### SDG 6 Clean Water & Sanitation

The water use ratio decreased by 5% and a total of 495,515.6 cu. m. of wastewater was treated within DENR standards prior to discharge to water bodies.

7 AFFORDABLE AND CLEAN ENERGY



### SDG 7 Affordable & Clean Energy

1,603 MW of renewable energy was generated in 2 ARC



## ▶ CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS (SDG)



### **SDG 8: Decent Work & Economic Growth**

- Mandatory 8-hours OSH training for workers was conducted nationwide.
- Intensified Road safety programs thru trainings.
- Supported two micro-farms in Tagoloan for out-of-school Youth



### **SDG 10 Reduced Inequalities**

- 100% of employees received minimum or above the minimum wage
- Kitchen City also currently employs five (5) staff with visual, hearing and speaking disability.



### **SDG 12 Responsible Consumption & Production**

Employees were encouraged to adopt sustainable practice such as composting biodegradable and non-biodegradable in plants and used it as fertilizer for the urban garden set-up. Likewise, 164kg of plastic waste was prevented from sending to landfill and polluting the environment through the ecobrick project.



### **SDG 14 Life below water & SDG 15 Life on land**

Supported the coastal clean-up and tree planting activity in Laguna

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