



2022 SUSTAINABILITY REPORT

2022 SUSTAINABILITY REPORT OUTLINE

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ABOUT THE REPORT

This is the third Sustainability Report of Macay Holdings, Inc. following the Global Reporting Initiative (GRI) Standards: Core Option. This report covers the 2022 performance of Macay's food service subsidiary, ArtemisPlus Express (Kitchen City) on economic, environmental and social aspects that were deemed material by stake holders.

The sustainability information contained herein from ARTEMISPLUS EXPRESS INC (Kitchen City) covered reporting period from January 1 to December 31, 2022.

ABOUT THE COMPANY

Macay Holdings, Inc. (Macay) is an investment holding company with headquarters in Makati, Philippines and publicly listed with the Philippine Stock Exchange under stock symbol MACAY since 2014.

Macay was formerly known as Maybank ATR Kim Eng Financial Corporation (MAKE) which underwent corporate re-organization and divested its former businesses. In 2013, the investor group led by Mr. Alfredo Yao acquired controlling interest in MAKE and renamed the company to Macay Holdings Inc. consolidating the softdrinks

manufacturing operations and substantially all of the operating resources previously under Asiawide Refreshments Corporation (Asiawide) and Mega Asia Bottling Corporation (Mega Asia) under newly incorporated company ARC Refreshments Corporation. In 2015, Macay acquired ARC Holdings Inc. which holds the trademark licenses of RC Cola in the Philippines. Since then, Macay has been involved in the business of producing, bottling, marketing and distributing carbonated beverages in the Philippines.

To bolster the company towards its vision, in 2020 Macay acquired Artemisplus Express Inc. which operates under the trade name Kitchen City. It is one of the biggest food concessionaires in the country and will compliment and add value as a subsidiary.

Through this new acquisition, Macay's vision and mission are coming into fruition which is aimed at expanding its business portfolio not only to other consumer products and services in the Philippines but also in other Asian countries as well.

KITCHEN CITY VISION AND MISSION

Vision

To raise the food service standards in the Philippines as we continue to lead the industrial catering market in the Philippines.

Dependability. Products and Customer Service Excellence.

Mission

To provide the best customer experience by consistently serving food of superior quality, excellent service at the best value.





New Kitchen City Logo launched in August 2022

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. Kitchen City have an active workforce of more than 2,200 people and serving over 100,000 meals per day.

On March 2020, during the onset of lockdowns, ArtemisPlus Express launched "Kitchen City Frozen Meals" a new business unit and a delivery service of wide variety of frozen ready to eat (RTE) dishes all over Metro Manila which helped the company to thrive during the COVID19 pandemic restrictions. As of December 2022, Kitchen City Frozen Meals already have 15 outlets and selected menu already available at major supermarkets and via online ordering apps such as GrabFood.

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 2022

1. CORPORATE AND INDUSTRIAL CONCESSIONAIRES

- National Capital Region (NCR)
- Cavite
- Laguna
- Baguio
- Batangas
- Bulacan
- Pampanga
- Tarlac
- Pangasinan
- Iloilo
- Bacolod
- Cebu
- Quezon Province

2. HOSPITAL DIETARY OPERATIONS

- NCR
- Batangas
- Pangasinan

3. COMMISSARY AND HUBS

- NCR
- Laguna
- Batangas
- Pampanga
- Bulacan
- Cavite

4. FROZEN MEALS RETAILS STORES

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

5. CAFÉ AND CLUBHOUSE FOOD SERVICE OPERATIONS

- Metro Manila

In March 2022, Kitchen City launched its official company website, www.kitchencity.com.ph that featured the commissary, office and warehouse facilities and also showcased existing accounts and catering package.



Board of Directors



Alfredo M. Yao
Chairman of the Board



Jeffrey S. Yao
Director



Antonio I. Panajon
Director



Gerardo T. Garcia
Director



Ricardo S. Abelardo Jr.
Director



Jose Dino H. Datu
Director

Management of ArtemisPlus Express

Ricardo S. Abelardo Jr.

President

Renato J. Jamlang

Treasurer

Esperanza D. Francisco

Vice President-Audit and Safety

Catherine C. Redelosa

Vice President-Sales and Operations

Analor J. dela Pena

Vice President-Accounting and Finance

Noel Joey S. Dulay

Vice President- Human Resources

Jojit M. Pajarillaga

Vice President- Operations Support

Luis Zapata Jr.

Vice President-Marketing

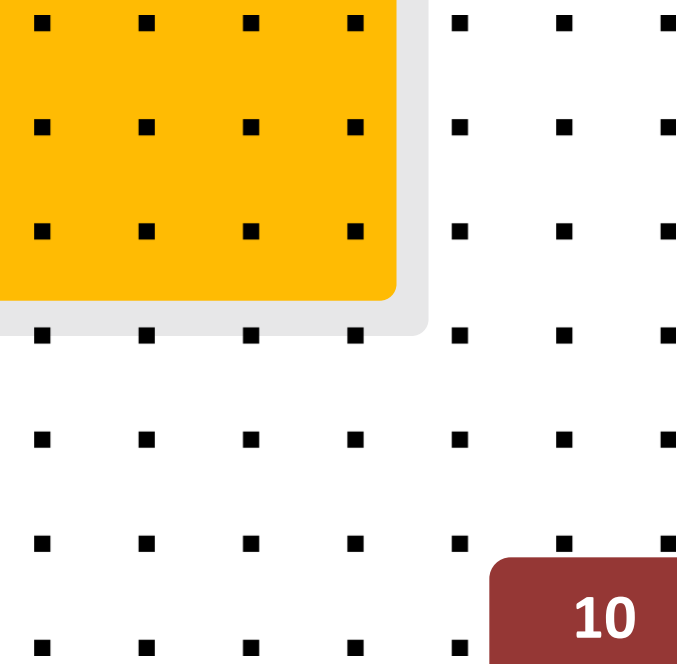
Materiality Assessment Reporting Process

Macay's sustainability reporting follows Global Reporting Initiative's guidelines. In 2021, we conducted the first materiality assessment to determine our sustainability focus areas and topics.

Different topics were identified and ranked

with regards to its impact on Macay's value chain, business implications and stakeholders' interest. Twelve (12) material topics were deemed of high importance to the company. The result of the materiality analysis and prioritization are presented in the chart below.

We are currently in the process of conducting a new materiality assessment among our key stake holder groups internally and externally. The results of the analysis will be reflected in our sustainability work and reporting in the following years.



ARTEMISPLUS EXPRESS SUSTAINABILITY HIGHLIGHTS

Contribution to UN SDGs (ArtemisPlus Express)



Goal 1: No Poverty

A total of 2,243 employees of Kitchen City were able to maintain a regular work schedule including newly hired staff for new accounts and to accommodate the “return to office” (RTO) setup of existing clients at the 2nd quarter of 2022.



Goal 3: Good Health and Well-being

100 % of Kitchen City employees already received complete COVID19 vaccine and booster shots by the end of 2022. All employees including management team are required to undergo Annual Medical Exams and secure health clearance from the local government unit. An accredited physician from HMO provider conducts weekly clinic consultation at the corporate office.



Goal 5: Gender Equality

Ten (10) out of twenty (21) ManCom members are female. On August 2022, ArtemisPlus Express restructured the ManCom and promoted several senior managers into new executive positions (VPs, Directors and Unit Heads) where majority are female employees.

Designation	Male	Female
Vice President, Sales and Operations		1
Vice President, Operations Support	1	
Vice President, Audit and Safety		1
Vice President, HRD	1	
Vice President, Finance		1
Café Business Head		1
Catering Business Head	1	
Modern Trade Business Head	1	
Fixed Asset Manager	1	
Food Safety Manager		1
Commissary Section Head	1	2
Marketing Manager		1
Maintenance Manager		1
Purchasing Manager		1
TOTAL	6	10

Women make up at least 57 % of the total workforce holding managerial positions at corporate and operations unit.

8 DECENT WORK AND ECONOMIC GROWTH



Goal 8: Decent Work and Economic Growth

On 2022, Kitchen City was awarded with new concessionaire and dietary kitchen service contracts and was able to put up new KC Frozen Meals Retail stores including one at Nuvali, Laguna which contributed majorly in the large scaling hiring of new employees.



New Accounts 2022

Accounts	Quantity
Kitchen City	3
Cafeteria	12
Hospital Dietary	1

Hubs (satellite kitchens) were also placed near BPO Accounts in selected locations in NCR, Central Luzon and CALABARZON to support major BPO accounts without kitchen facilities onsite.

Kitchen City Frozen Meals also launched new products—Halo Halo and Turon which are prepared onsite upon order and the authentic Filipino longganisa line.



New concessionaire accounts and additional frozen meals retail stores also provided livelihood to more than 1000 employees as well as with the existing sub concessionaires and accredited vendors of Kitchen City including local farmers from different parts of Luzon.

All Kitchen City employees underwent food safety and OSH related trainings conducted by corporate safety officers. EHS toolbox talk materials are also regularly cascaded to all department heads and outlet managers for briefings of new safety policies and protocols.

3rd Party Training Attended 2022

External Training	No. of Participants
40 Hour Basic Occupational Safety and Health training (BOSH)	2
Safety Officer 1 Training (SO1)	3
FOOD SAFETY COMPLIANCE OFFICER (FSCO Course)	1
Red Cross First Aid Training	18
Fire Watcher and Confined Spaces Training	2



Goal 10: Reduced Inequalities

1958 rank and file employees received minimum wage based on their signed employment contract. This is verified by DOLE and clients during regular labor compliance audits.

47 % of total work force is female.

LGBT community is respected and fully recognized through inclusion programs in all company events as well as with cafeteria operations and marketing promos celebrating gender diversity.

Kitchen City also currently employs five (5) staff with hearing and speaking disability.

KITCHEN CITY SG Scorecard

Comparison is September - December 2020 vs. January - December 2021

	2021	2022	% Difference
Value Generated	Php 1,153,826,464	Php 1,892,231,034.39	+ 64
Value Distributed	Php 642,684,149	Php 1,081,276,973.9	+ 68.24
Economic Value Retained	Php 99,904,157	Php 175,985,091	+ 76.15

	2021	2022	% Difference
Employee HC	1,303	2243	+42
Ratio of male to female	53 % male, 47 % female	53 % male, 47 % female	0
Training Hours	8	10	+20

	2021	2022	% Difference
Energy Consumption			
Electricity Consumption	683,120 kwh	969,959 kwh	+29.6
Renewable Energy Generated and Used	NA	NA	NA
CO2 Emission	NA	NA	NA
Water Consumption	9,712 m ³	20,402 m ³	+52.3
Water Withdrawal	NA	NA	NA
Water Use Ratio	NA	NA	NA

OUR MATERIALITY PROCESS

1 Identification of Material Issues

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 relevance to business operations. In 2019, a discussion on Corporate Sustainability was conducted ARC-wide to enlighten and engage the employees on what sustainability is and how it matters.

2 Stakeholder Engagement

Macay Group maintains a list of key stakeholders. 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 engagement program through different activities and communication channels. We value and seriously consider opinions, concerns and suggestions which are conveyed.

Different key sustainability issues were assessed by considering the data on global trend and changes, sustainability issues of other companies in the industry and issues in accordance with international sustainability standards. The evaluation of material topics was done using the following process:



For the purpose of identifying the material topics for the sustainability report, a survey was given to the identified stakeholders where they evaluate the significance, importance and relevance of identified material issues to Macay Group.

3

Topic Prioritization

The topics were assessed based on the administered survey results with the stakeholders wherein the identified topics were ranked based on its strategic significance to the business to the stakeholders. This also includes social, environmental and economic impacts in the value chain. The gathered survey results allowed the group to identify priority topics.

4

Data Gathering

The information and data relevant to the identified priority topics by the stakeholders were collected and disclosed in this report. Macay determines the scope in reporting the identified material issues based on the information collected from its stakeholders, for the information to be comprehensive and accurate and in order to address the issues of high interest to its stakeholders.

5

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.

SUSTAINABILITY FRAMEWORK

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

Macay Group aims to expand the presence and market share of its subsidiaries. In addition, it envisions entering into the manufacture, distribution and sale of other consumer-focused products not only in the Philippines but also pan-Asia wide.

During the 2nd half of 2022, several outlets of Kitchen City returned to office due to relaxation of pandemic restrictions and were also able to get new accounts which contributed to the remarkable increase of sales and opex.

Kitchen City Economic Performance FY 2021 vs 2022

	2021	2022	Difference
DIRECT ECONOMIC VALUE GENERATED	1,153,826,464	1,892,231,034	+64
DIRECT ECONOMIC VALUE DISTRIBUTED	642,684,149	1,081,276,973	+68
EMPLOYEE WAGES AND BENEFITS	280,738,769	449,632,026	+ 60
TAXES GIVEN TO GOVERNMENT	16,086,233	23,202,380	+44
INVESTMENTS TO COMMUNITY (CSR)	NA	NA	NA
PAYMENT TO CAPITAL PROVIDERS	20,000,000	42,000,000	+110
OPERATING COST	130,499,389	185,336,942	+ 42
ECONOMIC VALUE RETAINED	99,904,157	175,985,091	+ 76

Environment

We are aware that our company impacts the environment, especially during preparation of our products. As a company that is moving towards more sustainable practices, we continue to work towards minimizing any negative impact to the environment by implementing policies and measures that highlight water and energy conservation, renewable energy source, waste and emission reduction and sustainable packaging.

People

We give importance to our people by making sure that their health and safety are prioritized. As a most valued resource of the company our people are provided with government-mandated and company-initiated benefits, and mechanisms that ensure their welfare in the workplace. In addition, we foster employees' personal and professional development through our training and coaching program.

Community

On 2022, Kitchen City supported the charity projects of former Frozen Meals celebrity endorser by providing free meals to the latter's chosen orphanage and dishwashing liquid making workshop.



SUSTAINABLE SOURCING

Our supply chain starts with the procurement of raw materials. Macay places high importance on sustainable sourcing while maintaining both social and environmental responsibility.

As for Kitchen City, the company 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 require the suppliers to submit Certificate of Analysis (COA) and Approval Certificate from NMIS to ensure that all materials comply with the safety standards. Kitchen City also continued accrediting suppliers nearby

outlets in the province to minimize cost and carbon footprint due to multiple handling and transport.

The company also uses washable plastic egg trays to reduce use of residual carton paper as storage.

On 2022, Kitchen City started collaborating with KADIWA and Department of Agriculture for direct access to local community of rice and fresh produce farmers for the steady supply of eggs, fruits, rice and vegetables.

On August 2022, Kitchen City formally accredited Nagkakaisang Magsasaka APMC, a CDA accredited agricultural multi-purpose cooperative with 1476 farmer members all over Nueva Ecija to provide rice supply for operations.



OUR OPERATIONS

Kitchen City operates four (4) types of business units;

- Commissary (manufacturing) and warehouse facilities at FTI Taguig
- Catering & large scale packed meals delivery
- Café and Hospital Dietary Operations
- Kitchen City Frozen Meals (Modern Trade)

In 2011, Kitchen City built a central commissary and warehouse at FTI Complex 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 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 3rd party cold storage for Business Contingency measure and auxiliary storage site of raw meat.

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.



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

Finished goods are subjected to multiple quality inspection delivery to sites including sensory evaluation, sample retention, and periodic 3rd 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.



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 its shelf life.

Kitchen City cafeteria and dietary outlets also observe strict monitoring protocols on 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 SOPs.



On 2022, to accommodate the Return to Office (RTO) setups of various BPO clients of Kitchen City, additional hubs were installed nearby sites to ensure the freshness of hot food delivered to the pantry (without kitchen facility).



Environment

Macay Group is committed to implement measures to minimize our environmental impact throughout our value chain. Inspired by Circular Economy and other sustainability best practices, the company has been developing ways to effectively manage its water and energy resources, including its waste and emissions, to limit potential impact from its operation and achieve sustainable growth of all our stakeholders.

Awareness is also being raised among employees to make them understand the importance of environment to the society and to inspire them to better support the company's green projects.

On 2022, one of Kitchen City's biggest partner venue, SMX invited the company's Safety Manager/PCO to be one the resource speaker in their annual Green Procurement to discuss the existing sustainable business and catering practices to the SM Hotels and Convention suppliers and stakeholders .

Environmental Policy and Mission Statement

At ArtemisPlus Express, we are committed to the implementation of proactive measures to help protect and sustain the environment for the future generations. We recognize the impact of our operations on the environment and aim to be an increasingly efficient and environment friendly food service company. We strive to minimize any detrimental effects as a result of our business.

By working together, we can contribute to making a cleaner and safer environment and ensure environmental issues remain a focal point;

a) Comply with relevant environmental legislation and take a proactive approach to future requirements and obligations.

b) Reduction of use of paper in our administrative operations by continuously upgrading our business process system (such as application and installation of SAP)

c) To constantly source for environment friendly raw materials and equipment.

d) Seek to conserve natural resources through the responsible use of energy, water and materials but also maintaining the quality of service expected by our customers.

e) Monitor performance and aim for continued improvement by reducing re-using and recycling areas such as energy consumption.

Energy

The Macay group had implemented several initiatives to focus on reducing energy intensity and sustainably use of resources. The goal is to increase the use of renewable energy,

The actual electricity consumption of the central commissary of Kitchen City is 29.5 % higher compared with 2021 report due to increase in production volume.

Kitchen City Electricity Consumption

683,120 kwh	969,959 kwh

Kitchen City LPG Consumption

259,850 kgs	305,250 kgs

Kitchen City's Gasoline and Diesel Consumption

By liters

142,853.10	169,703.77

Gas- 23,945.95 liters
Diesel- 145,757.82

Kitchen City's Fleet of Vehicles by Engine Type

Gasoline	25
Diesel	37

Water Management

Kitchen City's water supply is managed by FTI Administration and as a vital part of company's good manufacturing practices, monthly water potability and annual physico chemical analysis of water supply in the kitchen is performed by an accredited laboratory.

Kitchen City Water Consumption

9,712 m³	20,402 m ³

Water consumption also increased due to higher volume in food production for outlets, catering and modern trade.

Kitchen City Waste Water Generation

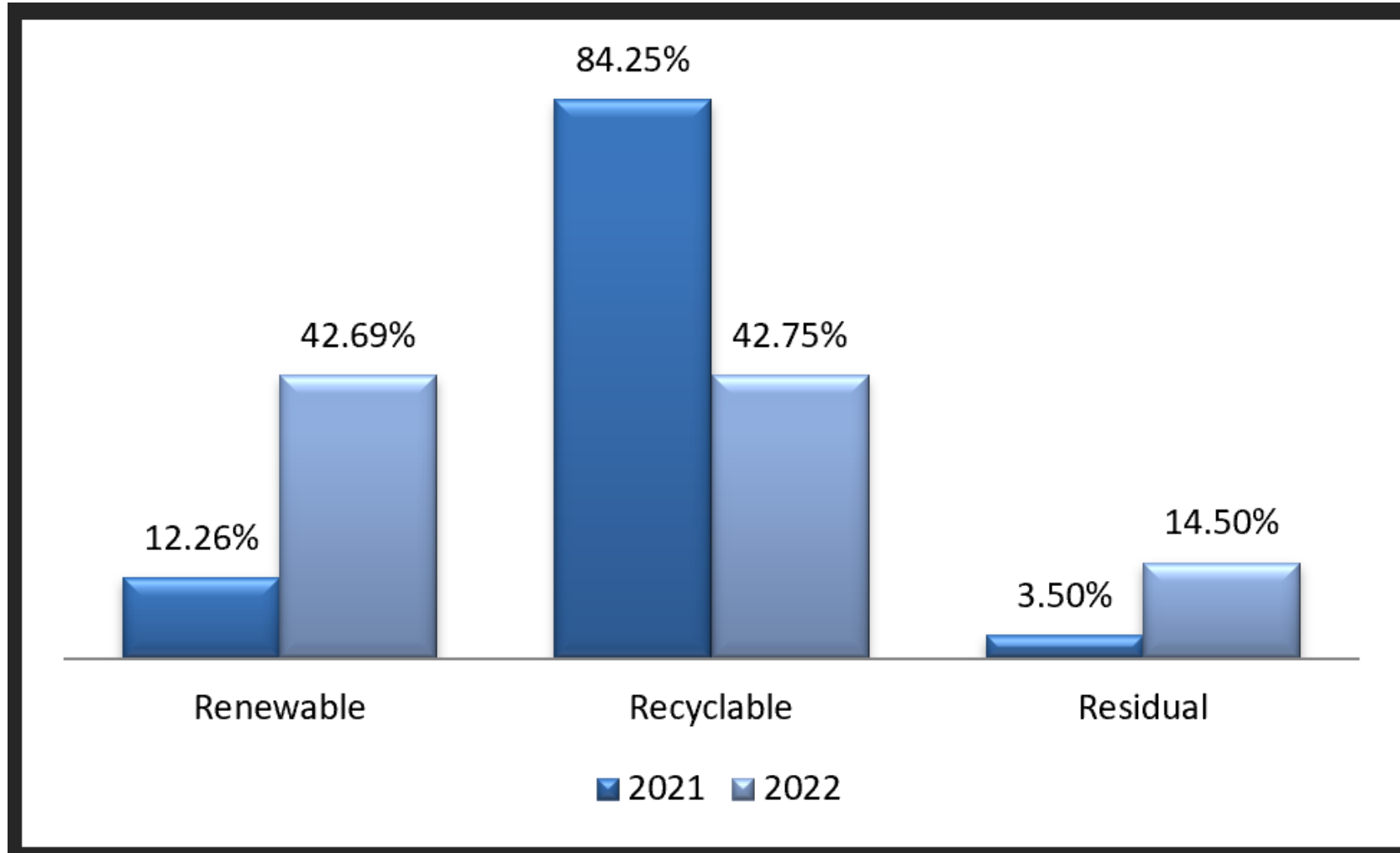
7769.6 m³	16,321.6 m ³

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.



Materials – Optimizing materials used and minimizing wastes

Kitchen City Disposable Packaging Consumption



Type of Packaging	2021	2022
Renewable	12.26 %	42.69%
Recyclable	84.25 %	42.75
Residual/Non Biodegradable	3.50 %	14.5

The notable change in the proportion of packaging by type was due to the increased requirement for renewable packaging materials used in the bakery production, buffet type catering events and outlet operations with specific environmental concerns on use of disposable wares.

WASTE MANAGEMENT

Macay encourages all of its stakeholders to recycle waste, reduce the amount of waste that must be disposed of and use resources efficiently. The group acknowledges that the utilization of resources can be maximized throughout its value chain by using the principle of 3Rs. To reduce the amount of waste sent to landfills and promote efficient use of resources through 3Rs, Macay Group had implemented proper waste segregation in all of its facilities. This initiative creates awareness and helped the employee to understand the benefits of waste separation process and show how value can be created from collected recyclables and compostable wastes.

Kitchen City Waste Generation

Reusable/Renewable Materials	51	65
Recyclables	105.72	176
Residuals	70.56	100
Compostable	108	155
TOTAL	335.28	496

Increase in the generated waste for 2022 was large due to installation of hubs and remarkable adjustment of production of volume because of new accounts and return to office setup of outlets.

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.



Hazardous Waste

The hazardous wastes generated are mostly used oil and grease trap waste from kitchen operations. Hazardous wastes are collected by DENR accredited transporter for proper treatment. All facilities of Macay Group have trained personnel on the proper handling and storage of hazardous wastes.

Kitchen City's hazardous wastes are used cooking oil and grease trap which are both collected by DENR accredited transporter for proper treatment.

Central grease trap is also regularly declogged by the 3rd party haulers to maintain efficient and sanitary operations.

Accumulated hazardous waste is declared at DENR online hazardous waste manifest system on quarterly basis. All commissary and outlet employees are trained on the proper handling and storage of hazardous waste.

Type of Hazardous Waste	2021 (by MT)	2022 by MT
Used Cooking Oil	18	30 MT
Grease Trap Waste	18.6	13 MT

OUR PEOPLE

The Macay Group is committed to the well-being of its employees, customers, consumers and other stakeholders. Recognizing that the employees are its most important resource, Macay Group strive to maintain a safe and healthy working environment and foster a collaborative and inclusive culture where people are motivated to develop their competencies and deliver the best results.

Attracting Talents

Macay Group recognizes that people are fundamental to its success. To attract the best talents, we continued to promote our Group as a great place to work and for this one of our subsidiary, Group-wide, Macay offers benefit package as well as compensation package that is above minimum wage. In addition, Macay Group is committed to career development programs to improve employee retention.

Fair employment practices

Macay Group is committed to create a great place to work by providing a safe working environment and by treating all its employees in accordance to government regulations. There is a local HR Team in every Plant and commissary across the regions responsible for ensuring that the Macay Group complies with local legislations where the business operates.



Macay is committed to fulfilling an equal opportunity in the workplace. The company ensures that our people are placed in the positions that best suit their abilities. Macay respects and values differences and diversity in all forms and believes in an inclusive workplace that empowers individuals.

At Kitchen City LGBT community is respected and fully recognized through inclusion programs in all company events as well as with cafeteria operations and marketing promos celebrating gender diversity. These initiatives are also acknowledged by major clients with strong gender equality and anti-discrimination policies.



On March 2022, Kitchen City Corporate Office celebrated National Womens' Month

In Kitchen City, women make up at least 57 % of the total workforce holding managerial positions at corporate and operations unit. 10 out of 21 ManCom members of Kitchen City are female. Kitchen City also currently employs five (5) staff with hearing and speaking disability (PWD). The company observes and implements non-discrimination policies and provides employment opportunities regardless of gender, ethnicity and cultural background.



Photo: KC Café Business Unit Group with Mancom

EMPLOYEE BENEFITS

Macay Group is committed to take care of its workforce. Recognizing that competitive compensation and benefits are also essential factors to maintain its talented pool of employees, the Macay Group rewards its employees with benefits that go beyond the mandatory requirement set by the government.

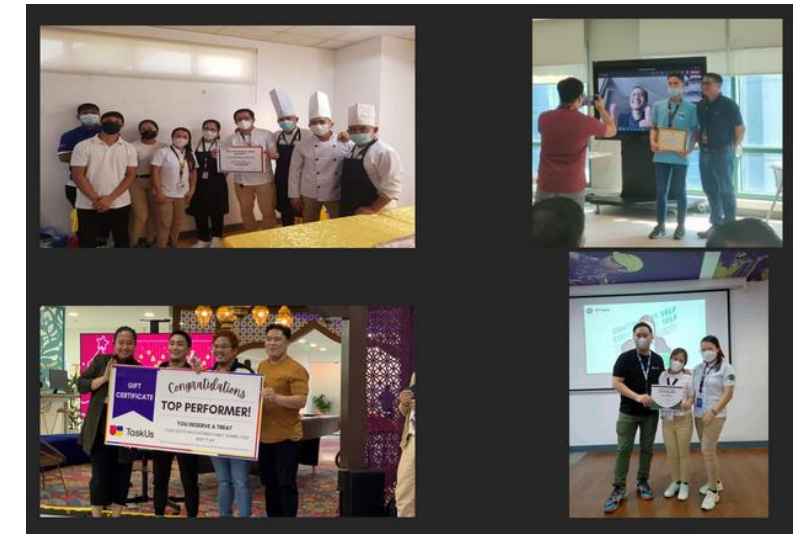
Kitchen City is fully compliant in fulfilling the mandatory government benefits and also provides paid leave benefits, multi-purpose salary loan to employees and productivity incentives.



Awarding of performance recognition certificates and incentives for KC Café Business Unit on October 2022 at The Village Sports Club

PROFESSIONAL GROWTH

We strive to maintain a pool of highly competent professionals equipped with the set of competencies to effectively carry out the latest job requirements. Macay Group supports its employees in developing their knowledge and skills through trainings and development programs. Some of the technical trainings participated by employees in 2022 are in the field of Occupational Health and Safety, Food Safety, Customer Service, First Aid and Basic Life Saving. Aside from these technical trainings, several workshops and seminars were also conducted during the lockdown to effectively manage the stress and psychological strains brought by the pandemic.



The company strive to continuously increase the motivation, engagement, and further development of its employees through performance discussion which takes place twice a year.

Various major clients lauded selected Kitchen City employees for exemplary culinary abilities, honesty and customer service skills during their town hall meetings and yearend celebrations.

On 2022, Kitchen City's President, Mr. Ricardo "Jun" Abelardo, has been nominated as a finalist of the globally recognized Ernst and Young (EY) Entrepreneur of the Year , an annual awards program that honors Philippines' top entrepreneurs for their contributions to the economy and society.



EMPLOYEE SAFETY and WELL BEING

Safety is an integral part of Macay Group's culture and on top of the company's priority. The company makes sure that each employee, subcontractors and business partners have the competence and tools to perform their work professionally and safely.

The Macay Group sets guidelines for safety, occupational-health, and work environment. To ensure safety in all plants and warehouses, on-site inspections are regularly conducted in the facilities by the corporate safety team. There is also a safety officer assigned in every plant and warehouse in compliance to the mandate of the law and to ensure that the safety policy of the company is in place and enforced.

Kitchen City has the fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. AEI shall comply with all applicable safety and health laws, standards and regulations and shall take every measure to prevent job related injuries and illnesses.

Specific Safety Policies

1. To provide and maintain a safe & healthy working environment for all its employees;
2. To develop and enforce the use of safe work practices and to provide the necessary training and awareness to all employees;
3. To hold each employee accountable for the achievement of these objectives.

Every employee is an important part of ArtemisPlus Express' Safety and Health Program and the company expects all employees to be committed to this policy. The implementation of a sound Safety and Health Program for the protection of all employees is an essential and important factor in the over-all success of ArtemisPlus Express business objectives.



Photo: Induction of Kitchen City Corporate Office Emergency Response Team (ERT)



Photo: First Aid demonstration during emergency drill

Different safety trainings such as Occupational Health and Safety training, fire safety training and basic life support are annually conducted to equip are safety personnel with the latest safety protocols.



Photo: Fire Emergency Response Training and Workshop for Outlet Staff



Photo: DOLE Mandatory 8 HOUR OSH Training of Cafeteria Staff



Photo : Driver's Training

Protective gear is also provided to the employees depending on the nature of their work and area of operations to promote employee safety and provide suitable working conditions.



KITCHEN CITY WORKFORCE

Kitchen City's Head Count

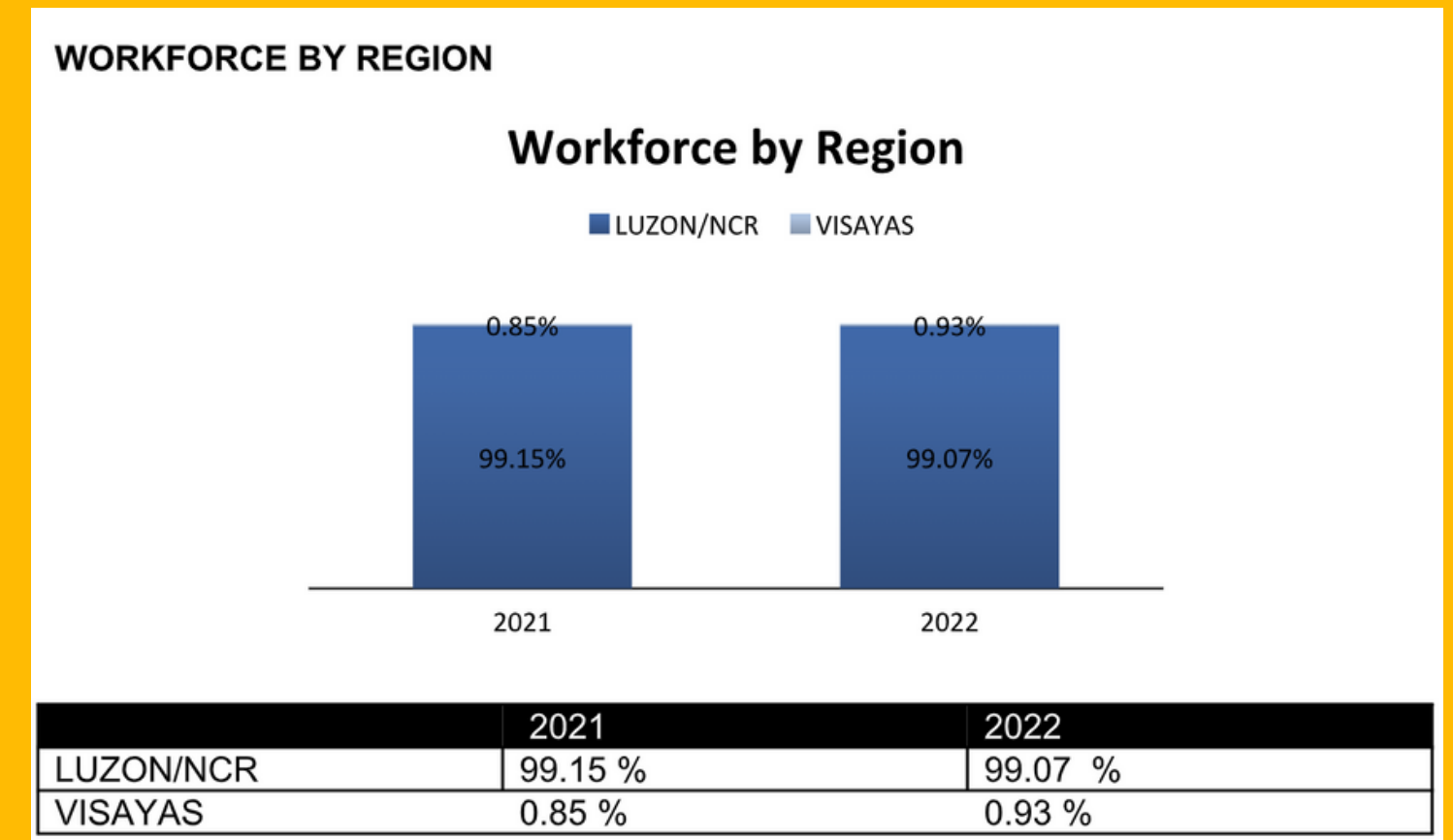
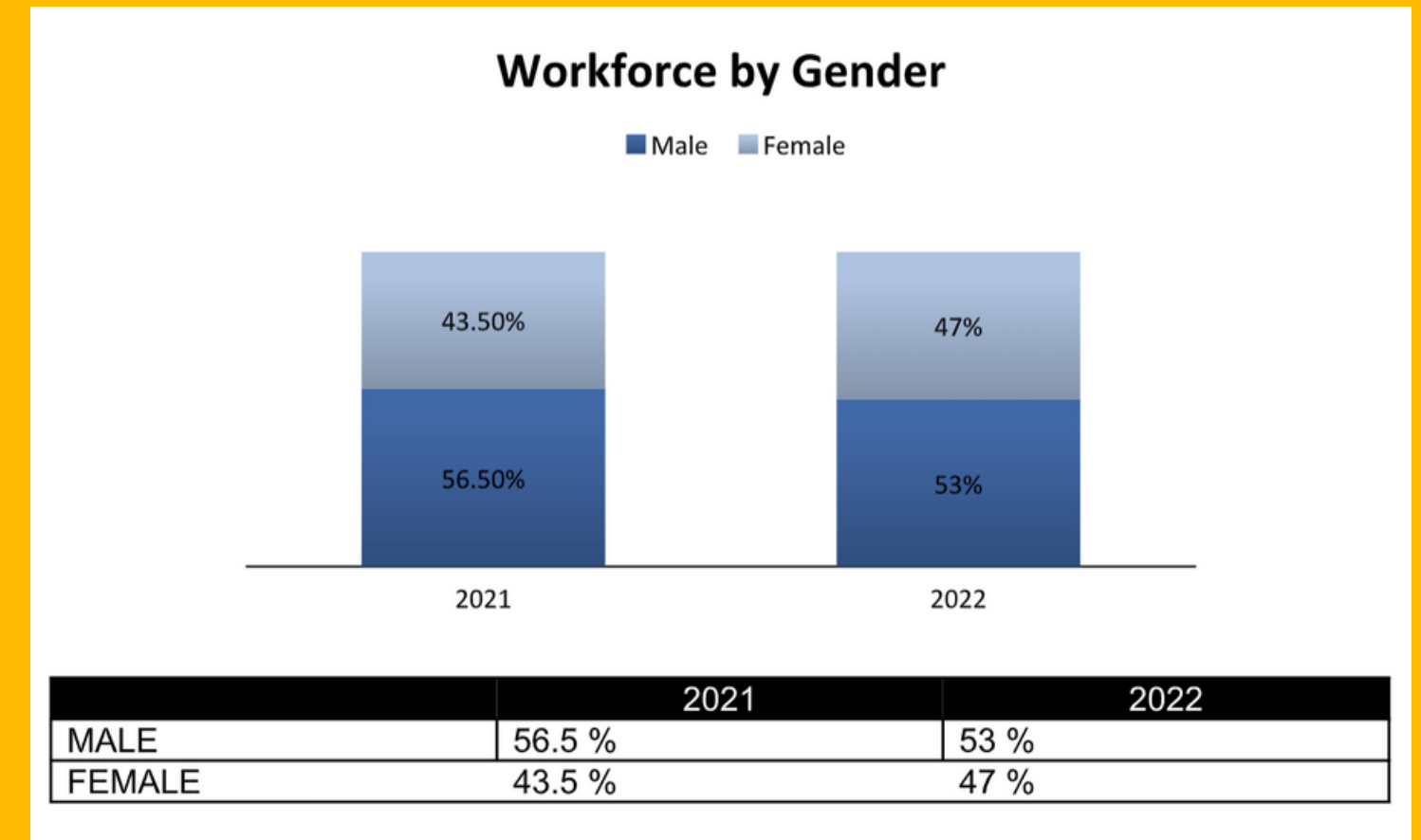
2021	1303
2022	2243

Kitchen City's 2022 Headcount increased by 42 % due to resume of operations of existing accounts as RTO setup was allowed at the 2nd quarter of the year.

Attrition rate is at 5.95 % which is 7 % higher than 2021.

49 % of newly hired employees on 2022 is female.

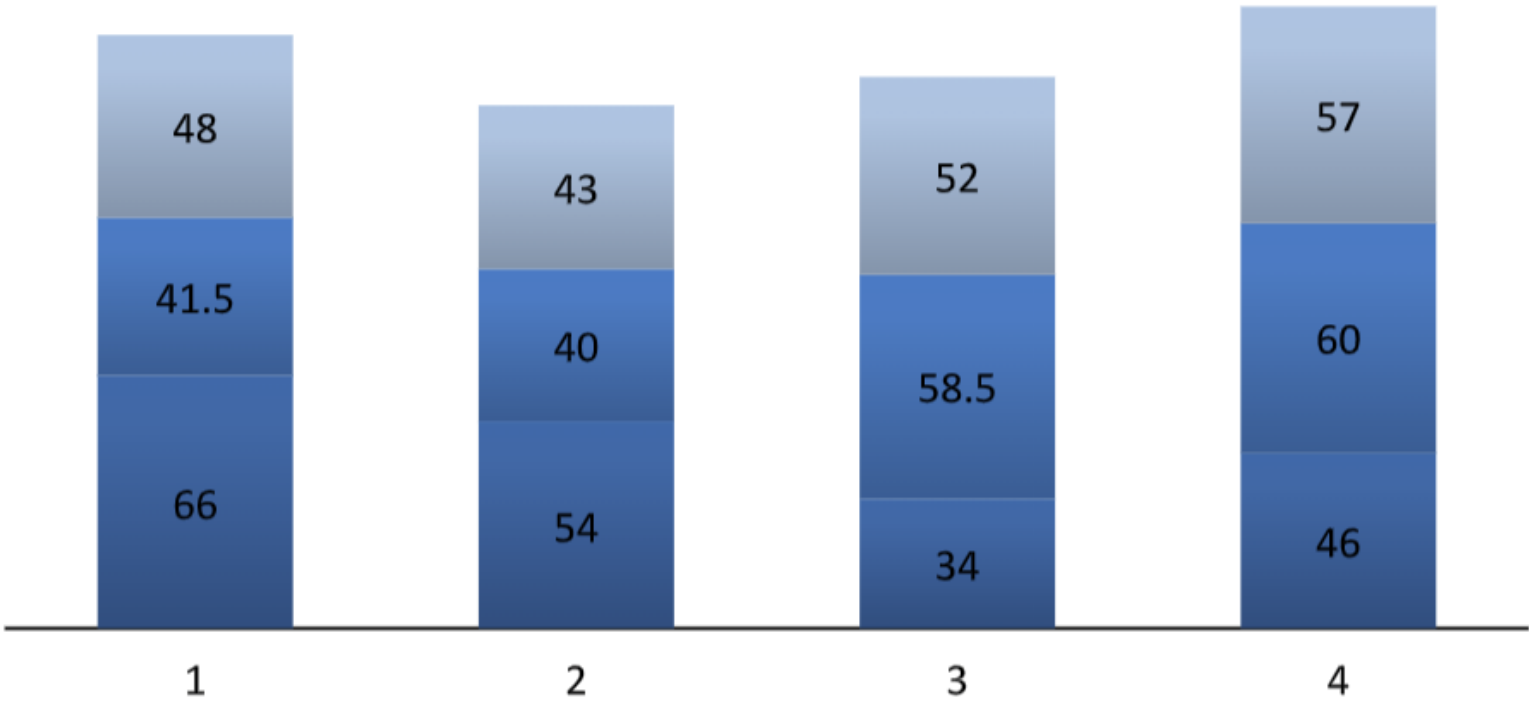
BREAKDOWN BY GENDER



WORKFORCE BY GENDER and RANK

Workforce by Gender and Rank

Rank and File Supervisory Managerial



	MALE %		FEMALE %	
	2021	2022	2021	2022
RANK AND FILE	66.6	54	33.4	46
SUPERVISORY	41.5	40	58.5	60
MANAGERIAL	48	43	52	57

COMMUNITY

CONSUMER HEALTH AND SAFETY

Macay places great importance on health and consumer safety starting from the procurement of high quality raw materials. Safety is our top priority given the millions of bottles we serve. We implement guidelines to ensure the highest quality and safety throughout our supply chain covering sourcing of raw material, production, transportation, and distribution. We guarantee that our products are safe for consumption.

All of Macay Group's products undergo stringent quality assurance processes requiring that internal quality assurance and quality control systems be placed in every plant.

Kitchen City considers food safety as its license to operate has a structured Audit and Safety department composed of licensed dietitians, food safety specialists and occupational safety officers who conducts regular trainings ,develops policies and procedures and performs routine audits to commissary and outlets to make sure that the entire operations are consistent with the established food safety and OSH guidelines based on global and national standards.

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 based on FNRI Pinggang Pinoy Program.

Allergen content of each menu is also carefully identified by Food Safety Department for proper labelling and product information

On November 2021, Makati Medical Center in collaboration with Kitchen City launched the therapeutic meal delivery program "Healthy Rexipes" where the hospital clients can avail prescription diet bundles according to their specific needs.



PRODUCT LABELING

Macay ensures that its Group fully comply with regulatory labelling and product information requirements and also implement the required analysis for nutritional facts and claims. In 2022, the company have not received or identified any non-compliance with regulations concerning product information and labeling.

Our commitment to quality and safety remains consistent throughout the supply chain. To further provide consumer confidence in the safety of our products,

we disclose our products raw materials and nutritional value in our food labels.

Kitchen City Frozen Meals follows the product labelling requirement of Philippine FDA entailing all important information such as ingredients, allergens, shelf life and product handling.

Cafeteria sites also use dishtags with complete menu name, allergen declaration, calorie count and holding time for food safety.



Our Response to Covid-19

On 2022, Kitchen City continued to develop and improve all health and safety protocols against COVID-19 infection by following guidelines issued by DOH, IATF and LGUs.

Infection control guidelines were translated into Toolbox talk materials; signage and compliance of employees were checked by internal food safety auditors.

Kitchen City also encouraged all employees to avail the COVID19 vaccine and booster shots whether through the client's vaccination program or through LGUs.

To sustain client engagement. Kitchen City also continued doing online webinars about nutrition and food safety for clients and customers.

Response to Calamity

Through the years, Kitchen City has been recognized by existing clients particularly manufacturing companies, hospitals and BPOs as a reliable business partner during emergency situations and natural calamities such as typhoons and threats of volcanic eruptions as well as lockdowns due to COVID 19 restrictions. Kitchen City was able to keep up with the commitment to provide continuous supply of food as part of business contingency measure.

Information Technology and Data Security

Macay Group values information security for all of its employees, customers, consumer, supplier and other stakeholders.

The company strives to comply with the legislations requirements for cybersecurity and data protection as prescribed in Data Privacy Act of 2012. Information Technology awareness campaigns which started in 2020 was continued in 2022. Seminars and orientation were conducted to share practices to protect data privacy and measures to comply with Data Privacy Act.

GOVERNANCE

Kitchen City's corporate governance principles ensure that the company has the appropriate people, processes and structures to direct and manage the business and affairs of the company to enhance long-term shareholder value, while taking into account the interests of other stakeholders.

Kitchen City already established and defined the principles and procedures of business behavior to be followed and complied with by employees involved in or assigned to perform company-related business transactions with customers, suppliers, contractors and vendors as embodied in the Company's Code of Ethics.

The understanding and cognizance by all employees of the Company's code of Ethics dictates and reinforces the effective and desirable behavior of all the company's employees.

CODE OF ETHICS

Compliance to the Company's Code of Ethics applies to ALL employees of the Kitchen City, more particularly but not limited to employees having regular involvement with the purchase of goods or services, payment of accounts, or those in a position to influence customer, vendor and supplier's relations.

Unethical or immoral acts or omissions affecting the interest of the Company, its employees, customers, suppliers, vendors and contractors are considered in violation of the Company's Code of Ethics including;

- Forging, falsifying or altering official company documents and records ;
- Unauthorized use of the company name or position to obtain personal benefits, gains, profit .or favors;
- Unauthorized acceptance, directly or indirectly, of money, goods, services or anything of value as consideration for an act, decision or a service which the employee is duty-bound to perform
- Extortion or any form of oppressive exaction of money, services or anything of value from co-employees or from company suppliers, customers, contractors, clients, or guests.
- Engaging in immoral or unethical acts or practices or offering immoral or unethical goods or services to co-employee/s, or company client/s, customer/s, supplier/s or guest/s.

GOVERNANCE

EMPLOYEE HEALTH, SAFETY, WELFARE AND DEVELOPMENT

Kitchen City aims to support employees and create a healthy and happy workplace by promoting culture of health, wellness and safety improving quality of life and reducing health care expenses.

All employees are required to undergo annual medical and physical examinations to monitor health status.

Kitchen City advocates the disease awareness campaign of the Department of Health (DOH) and World Health Organization (WHO) in combating preventable diseases like flu, pneumonia, Hepatitis B and COVID19 infection.

As a food manufacturer and large scale food service provider, food safety is the top priority of the company in the business operations. All policies, process and procedures are based on the international standards including GMP and HACCP. Vital process controls are also documented in monitoring forms and reports.

All employees undergo mandatory orientation on Food Safety, Occupational Health and Infection Control through pre-deployment, new outlet training and ToolBox talks. All mandatory trainings and relevant certifications needed to comply with DOLE, DOH and FDA requirements are also included in the program.

Consistency in compliance is also validated by corporate food safety auditor by regular surprise audits and through external laboratory analysis (food, water and surface swab tests).

SAFETY

Safety and Sanitation Inspection

The commissary, warehouse and office is being inspected by the duty Food Safety Auditor and Sanitation Officer covering maintenance, cleanliness, sanitary condition and overall safety of the facilities. The cafeteria, dietary and retail outlets are also checked by the Corporate Audit at least twice a month. Results of the audit are communicated to the management team as part of the KPI of Operations Department. Corresponding Corrective-Preventive Action Plans and Reports are also prepared for the proper management of the findings and deviations.

Electrical and Fire safety

As part of the routine safety, the Company developed safety

measures to prevent electrical and fire hazards including monitoring of faulty wirings, fire detection devices, gas leaks, fire extinguishers and maintenance of equipment.

Disaster Response and Preparedness

Kitchen City have existing business contingency plans and emergency response measures customized per site to effectively deliver services even during natural/manmade disasters.

PPE

Personal Protective Equipment is to be used as a backup system to control that limit of exposure at the source, rather than at the worker. Kitchen City ensures that consideration is given to engineering and administrative controls, as well as the use of proper PPE on each task.



GOVERNANCE

EMPLOYEE HEALTH, SAFETY, WELFARE AND DEVELOPMENT

Breastfeeding Policy- ArtemisPlus Express recognizes the importance of breastfeeding for both mother and baby and hereby supports and promotes breastfeeding. There is an allotted private and safe lactation/milk expression facilities at the corporate office clinic.

Policy on Sexual Harassment – ArtemisPlus Express shall not tolerate the commission in the workplace of any act constituting sexual intimidation and declares all forms of sexual harassment as unlawful. The company shall impose the corresponding administrative sanction to employees found guilty of violation of the policy based on RA 7877 S.1995.

Fairness and Equality - the company seeks to support the enabling environment promoting non-discrimination on the base of age, sex, gender identity, sexual orientation, civil status, disabilities ,religion, ethnicity ,political affiliation or membership in indigenous cultural community.

Inclusivity and Diversity - ArtemisPlus Express aims to promote the rights and empowerment of women, lesbian, gay, bisexual, transgender, and queer (LGBTQ) the respect and tolerance of all faiths, the respect of one's cultural traditions and customs.

Gender Sensitivity and Responsiveness - the Company provides non-discriminatory and pro gender equality measures to enable all female employees' participation in the formulation, implementation and evaluation of programs and services.

Ethical Conduct - Professional and ethical behaviour will be maintained at all times, likewise handling sensitive information and cases of personnel will be dealt with utmost confidentiality.

Smoke Free Policy and Program - ArtemisPlus Express' Smoke Free Policy – the Company prohibits indoor smoking and protects people from second hand smoke.

Policy on Drug Free Workplace - The Company's Policy on Drug Free Workplace is in compliance with RA 9165 otherwise known as the Comprehensive Dangerous Drugs Act of 2002 which mandates to formulate and implement drug abuse prevention and control programs in the workplace including the formulation and adoption of company policies against drug use.

WELLNESS PROGRAMS

- Clinic - the company clinic (head office) shall be open to all employee 24/7 to deliver services like monitoring and first aid treatment to all staff requiring immediate medical attention.
- Weekly Physician Visit /Onsite consultation - a doctor from the accredited HMO visits the corporate office every Friday for weekly consultation services .
- Physical Fitness and Wellness Program - conduct of in house fitness activities like Zumba class or basketball tournament shall be facilitated by HRD provided that such activities would not hamper the service delivery of the company.
- Nutrition Program - ArtemisPlus Express with the primary business of food service operations adopts and promotes a Healthy Food and Lifestyle Program for all employees by development of well-balanced meal set and menu cycles accessible in the cafeteria and commissary. Menu Cycles were also reviewed by the corporate dietitians.

HR POLICIES

Equal Employment Opportunity

It is the Policy of Kitchen City to address its manpower needs through systematic recruitment and selection process that shall identify, attract, hire and retain the most qualified applicants for employment. Kitchen City also ensures that equal employment opportunity has been, and will continue to be, a fundamental policy of the company, where employment is based upon personal capabilities and qualifications without discrimination because of race, color, religion, sex, age, national origin, disability, or any other protected characteristic as established by law.

This policy of Equal Employment Opportunity applies to all policies and procedures relating to recruitment and hiring, compensation, benefits, termination and all other terms and conditions of employment.

However, no person who is related to any incumbent employee up to 3rd civil degree of consanguinity or affinity shall be eligible for hiring with the Company.

Anti-Child Labor

Kitchen City strongly adheres to the prohibition against child labor. It shall ensure that all employees engaged are legally capacitated to perform the jobs in the Company. The Company shall also support on-the-job training programs as may be allowed under existing labor laws.

Persons with Disabilities

Kitchen City is committed in ensuring a work environment enabling people with disability to fully participate in all aspects of employment. The Company shall develop a framework for increasing the recruitment and retention of people with disability within the mandate of the Magna Carta for Disabled Persons (RA 7277).

Rehire Eligibility

The Company, at its sole discretion, may re-employ employees who have voluntarily resigned provided said employees complied with the resignation procedures and met performance expectations during their employment with the Company.

While rehire is based on the availability of openings for which the employee is qualified, other applicants will also be considered and the most eligible and qualified will be selected. This policy on rehire shall not create an advantage or preference to former employees considering that selection and engagement is based on qualification and fitness. The previous length of service of the re-hired employee shall not be cumulated with the employees new length of service.

GOVERNANCE

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.

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 nonpublic information will be allowed through nondisclosure agreements between parties involved.

RELATED PARTY TRANSACTIONS (RPT)

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.

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.

Kitchen City provided posters of hotlines and email addresses to all outlets and departments where all employees can send reports on possible violations of company policies.

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.

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.



GRI INDEX

Statement of Use	ArtemisPlus Express Inc. (Kitchen City) has reported in accordance with the GRI Standards for the period January 2022 to December 2022					
GRI 1 used	GRI 1: Foundation 2021					
Applicable GRI Sector Standard(s)	NA					
GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1 Organizational details	4,9,11				
	2-2 Entities included in the organization's sustainability reporting	3				
	2-3 Reporting period, frequency and contact point	3				
	2-4 Restatements of information	There is no restatement of information				
	2-5 External assurance	This report is externally assured				
	2-6 Activities, value chain and other business relationships	4				
	2-7 Employees	11,33				
	2-9 Governance structure and composition	9				
	2-11 Chair of the highest governance body	9				
	2-12 Role of the highest governance body in overseeing the management of impacts	9				
	2-15 Conflicts of interest	37				
	2-16 Communication of critical concerns	39,40				
	2-17 Collective knowledge of the highest governance body	15				
	2-18 Evaluation of the performance of the highest governance body	15				
	2-22 Statement on sustainable development strategy	18,19				
	2-23 Policy commitments	22,31				
	2-24 Embedding policy commitments	19,22,31				
	2-25 Processes to remediate negative impacts	22,26				

GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
	2-26 Mechanisms for seeking advice and raising concerns	14				
	2-27 Compliance with laws and regulations	27,28,29,32				
	2-29 Approach to stakeholder engagement	14				
	2-30 Collective bargaining agreements	ArtemisPlus Express have no existing labor unions				
	2-30 Collective bargaining agreements	ArtemisPlus Express have no existing labor unions				
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-2 List of material topics	7,8,14				
MARKET PRESENCE	3-3 Management of material topic	7,8,14				
GRI 3: Material Topics 2021	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	10				
	202-2 Proportion of senior management hired from the local community	34,35				
	202-2 Proportion of senior management hired from the local community	13,19				
PROCUREMENT PRACTICES						
GRI 3: Material Topics 2021	204-1 Proportion of spending on local suppliers	13,19				
GRI 204: Procurement Practices 2016						
ANTI CORRUPTION	3-3 Management of material topics					
GRI 3: Material Topics 2021	205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption on 2022				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption on 2022				

GRI INDEX

GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
ANTI COMPETITIVE BEHAVIOR						
GRI 3: Material Topics 2021	206-1 Legal actions for anticompetitive behavior, antitrust, and monopoly practices	39,43				
GRI 206: Anti-competitive Behavior 2016		39,43				
MATERIALS	3-3 Management of material topics	19,24				
GRI 3: Material Topics 2021	301-1 Materials used by weight or volume	24				
GRI 301: Materials 2016	301-2 Recycled input materials used	24				
	301-3 Reclaimed products and their packaging materials	24				
ENERGY	3-3 Management of material topics	18,23				
GRI 3: Material Topics 2021	3-3 Management of material topics	12,31,32,36				
	302-1 Energy consumption within the organization					
	302-3 Energy intensity					
	302-4 Reduction of energy consumption					
	302-5 Reductions in energy requirements of products and services					
WATER AND EFFLUENTS						
GRI 3: Material Topics 2021	3-3 Management of material topics					
	303-1 Interactions with water as a shared resource					
	303-2 Management of water discharge-related impacts					
	303-3 Water withdrawal					
	303-4 Water discharge					
	303-5 Water consumption					

GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
EMISSIONS						
GRI 3: Material Topics 2021	3-3 Management of material topics	23				
GRI 305: Emissions 2016						
	305-1 Direct (Scope 1) GHG emissions	23				
	305-2 Energy indirect (Scope 2) GHG emissions	23				
	305-4 GHG emissions intensity	23				
	305-5 Reduction of GHG emissions	23				
WASTE						
GRI 3: Material Topics 2021	3-3 Management of material topics	25,26				
GRI 306: Waste 2020	306-1 Waste generation and significant waste related impacts	25,26				
	306-2 Management of significant waste-related impacts	25,26				
	306-3 Waste generated	25,26				
	306-4 Waste diverted from disposal	25,26				
	306-5 Waste directed to disposal	25,26				
EMPLOYMENT						
GRI 3: Material Topics 2021	3-3 Management of material topics	13				
	401-1 New employee hires and employee turnover	13,18,27,33				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	13,18,27,29,32				
	401-3 Parental leave	32				
LABOR MANAGEMENT RELATIONS						
GRI 3: Material Topics 2021	3-3 Management of material topics	27				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	27				
OCCUPATIONAL HEALTH AND SAFETY						
GRI 3: Material Topics 2021	3-3 Management of material topics	36				
	403-1 Occupational health and safety management system	31,32,40				
	403-2 Hazard identification, risk assessment, and incident investigation	12,31,32,36				
	403-3 Occupational health services	36				

GRI INDEX

GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
	403-4 Worker participation, consultation, and communication on occupational health and safety	37,38				
	403-5 Worker training on occupational health and safety	38				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	38				
	403-8 Workers covered by an occupational health and safety management system	38				
	403-8 Workers covered by an occupational health and safety management system	38				
TRAINING AND EDUCATION						
GRI 3: Material Topics 2021	404-1 Average hours of training per year per employee	13,18				
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	12,32				
	404-3 Percentage of employees receiving regular performance and career development reviews	12,29,30				
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 3: Material Topics 2021	405-1 Diversity of governance bodies and employees	11,28,33,41,42				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	11,28,33,41,42				
NON DISCRIMINATION						
GRI 3: Material Topics 2021	406-1 Incidents of discrimination and corrective actions taken	No confirmed incidents of discrimination in 2022				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No confirmed incidents of discrimination in 2022				

GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING						
GRI 3: Material Topics 2021	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	NA				
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	NA				
CHILD LABOR						
GRI 3: Material Topics 2021	408-1 Operations and suppliers at significant risk for incidents of child labor	42				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	42				
FORCED OR COMPULSORY LABOR						
GRI 3: Material Topics 2021	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	39,41				
SECURITY PRACTICES	3-3 Management of material topics	32				
GRI 410: Security Practices 2016		32				
LOCAL COMMUNITIES	3-3 Management of material topics	18,38				
GRI 3: Material Topics 2021	413-1 Operations with local community engagement, impact assessments, and development programs	18,38				
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	22				
CUSTOMER HEALTH AND SAFETY	3-3 Management of material topics	36				
GRI 3: Material Topics 2021	416-1 Assessment of the health and safety impacts of product and service categories	36				
GRI 416: Customer Health and Safety 2016	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	No incidents of non compliance				
	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	No incidents of non compliance				

GRI INDEX

GRI Standards/Other Source	Disclosure	Location (page no)	Requirements Omitted	Reason	Explanation	GRI Sector standard reference
MARKETING AND LABELLING						
GRI 3: Material Topics 2021	417-1 Requirements for product and service information and labeling	37				
GRI 417: Marketing and Labeling 2016	417-2 Incidents of noncompliance concerning product and service information and labeling			No incidents of non compliance		
	417-3 Incidents of noncompliance concerning marketing communications			No incidents of non compliance		



Kitchen City
Annual Sustainability Report 2022

Sustainability Report 2022



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ABOUT THE REPORT

This report is intended to convey the material business issues and current sustainability practices of ARC Refreshments Corp. ("ARC"), along with our forward-looking sustainability strategy and collaborative management approach, to all our stakeholders.

The report aims to describe ARC's environmental, social and governance (ESG) related impacts from January 1, 2022 to December 31, 2022.

The first sustainability report of ARC was published on 2019, as included on the sustainability report of the parent company, Macay Holdings Inc. This year marks the fourth (4th) Sustainability Report that was prepared in accordance with core criteria from Global Reporting Initiative (GRI).

Overall, this report demonstrates the many ways in which ARC's business operations adhere to best

practices in sustainable development and achieve these through strong collaboration and partnerships.

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:
ARC Refreshments Corp.
84 Solmac Bldg., Banaue cor Dapitan St., Q.C.
Telephone no.: 732-4185 / 741-3307*



OVERVIEW OF OUR BUSINESS



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.

In 2005, Asiawide Refreshments Corporation was formally

granted 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. With all-Filipino Senior professionals that are seasoned experts in the beverage industry, the company grew steadily, and even up to now it has become the beverage of choice among neighborhood stores throughout the country.

OVERVIEW OF OUR BUSINESS

OUR BOARD OF DIRECTORS



ALFREDO M. YAO, Chairman



JEFFREY S. YAO, Director



ANTONIO I. PANAJON,
Director



GERARDO T. GARCIA,
Director



RINALDI C. AVES, Director



ARMANDO M. YAO, Director



ALBERT S. TORIBIO, Director



OVERVIEW OF OUR BUSINESS

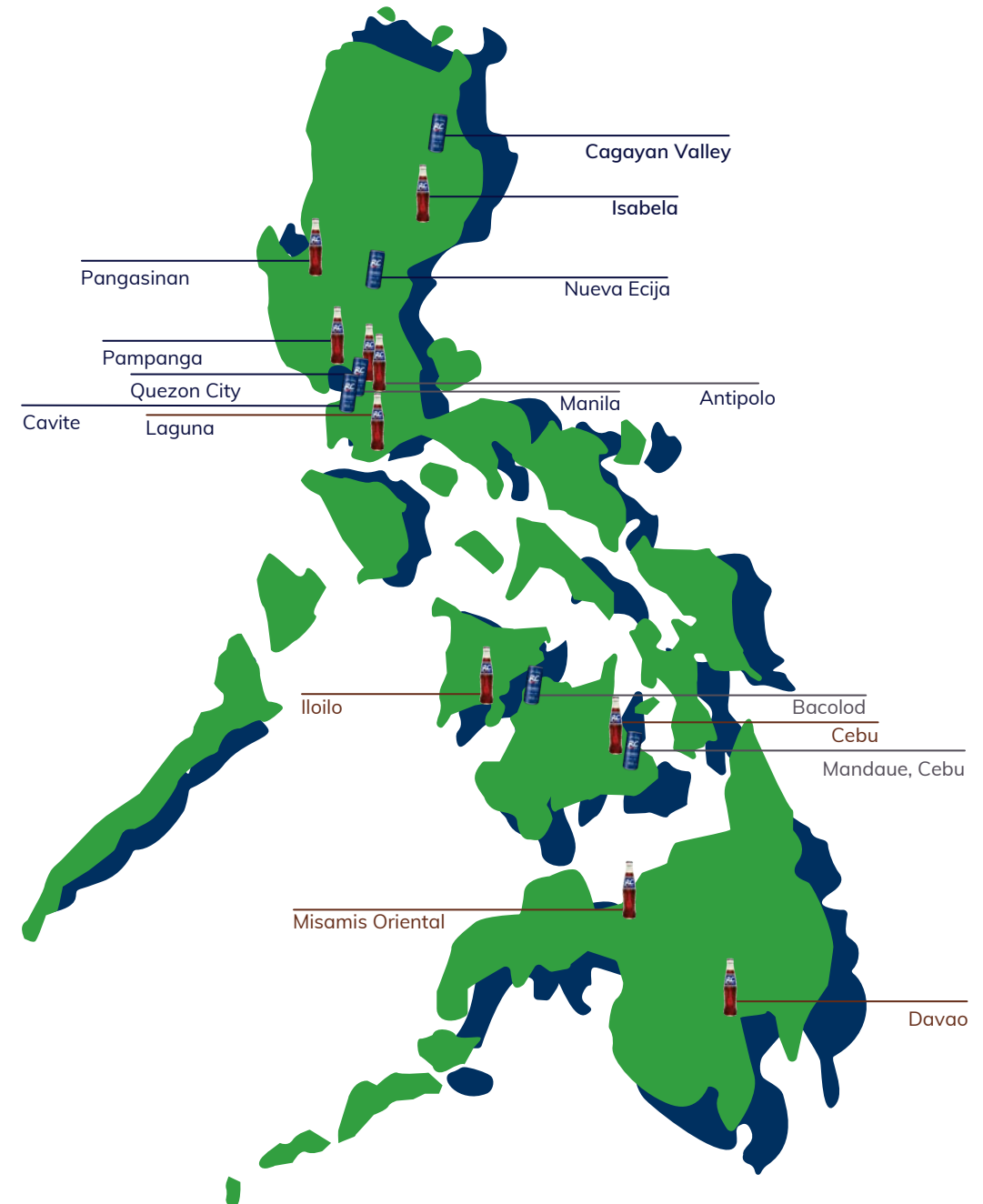
ARC operates nationwide across the country with eight (6) warehouses and nine (10) bottling plants, strategically located to deliver the products to our customers.

ARC Warehouses

1. Cagayan
2. Nueva Ecija
3. Manila
4. Cavite
5. Bacolod
6. Cebu

ARC Bottling Plants

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



OVERVIEW OF OUR BUSINESS

Our Products

ARC Refreshments Corporation (ARC), is engaged in the business of trading goods, such as beverages on a wholesale basis. It also operates and maintains the business of manufacturing, bottling, and distribution of 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 Glazier – purified water and Extra Joss.



WHAT WE STAND FOR



Our Vision, Mission

The spirit of value first

The vision of ARC Refreshments Corporation is to be the lowest cost producer of ready-to-drink, non-alcoholic beverages and to be able to market products with the best quality and value.

"We put value first in everything we do. Proudly a Filipino company, this is the spirit that drives the way we do business. This is the personality and trademark we uphold. We value relationships with our colleagues and business partners, we turn out products of superior value, and we believe in advocating good values."

Our Values

Good Governance

G

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

Respect

R

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

Excellence

E

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

Accountability

A

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

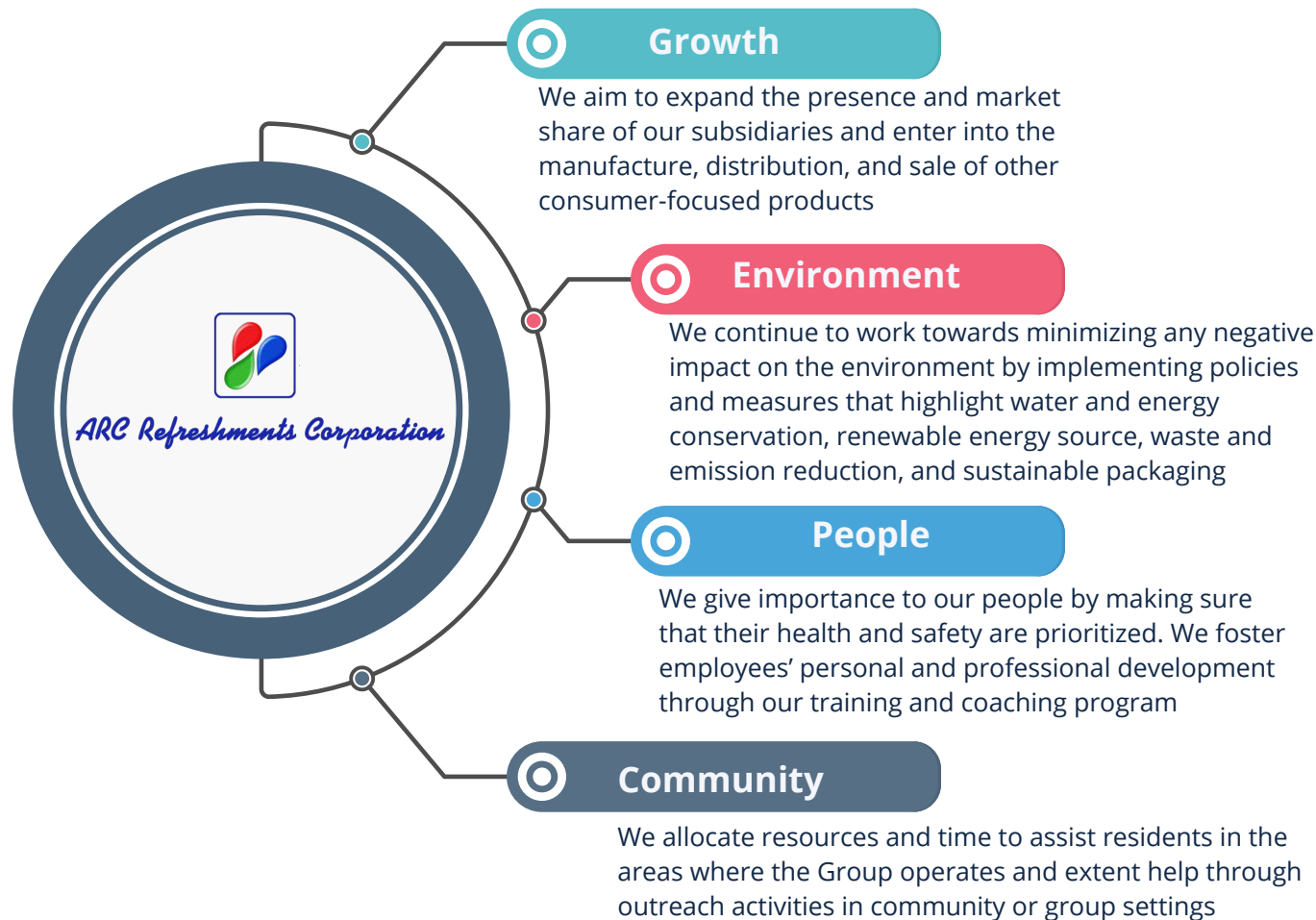
Teamwork

T

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

OUR SUSTAINABILITY APPROACH

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 ARC'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

STAKEHOLDER ENGAGEMENT

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

A study back in 2020 explored the perceptions of ARC'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 the parent company, Macay Holdings Inc. 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 the stakeholders

What we learned from the employees?

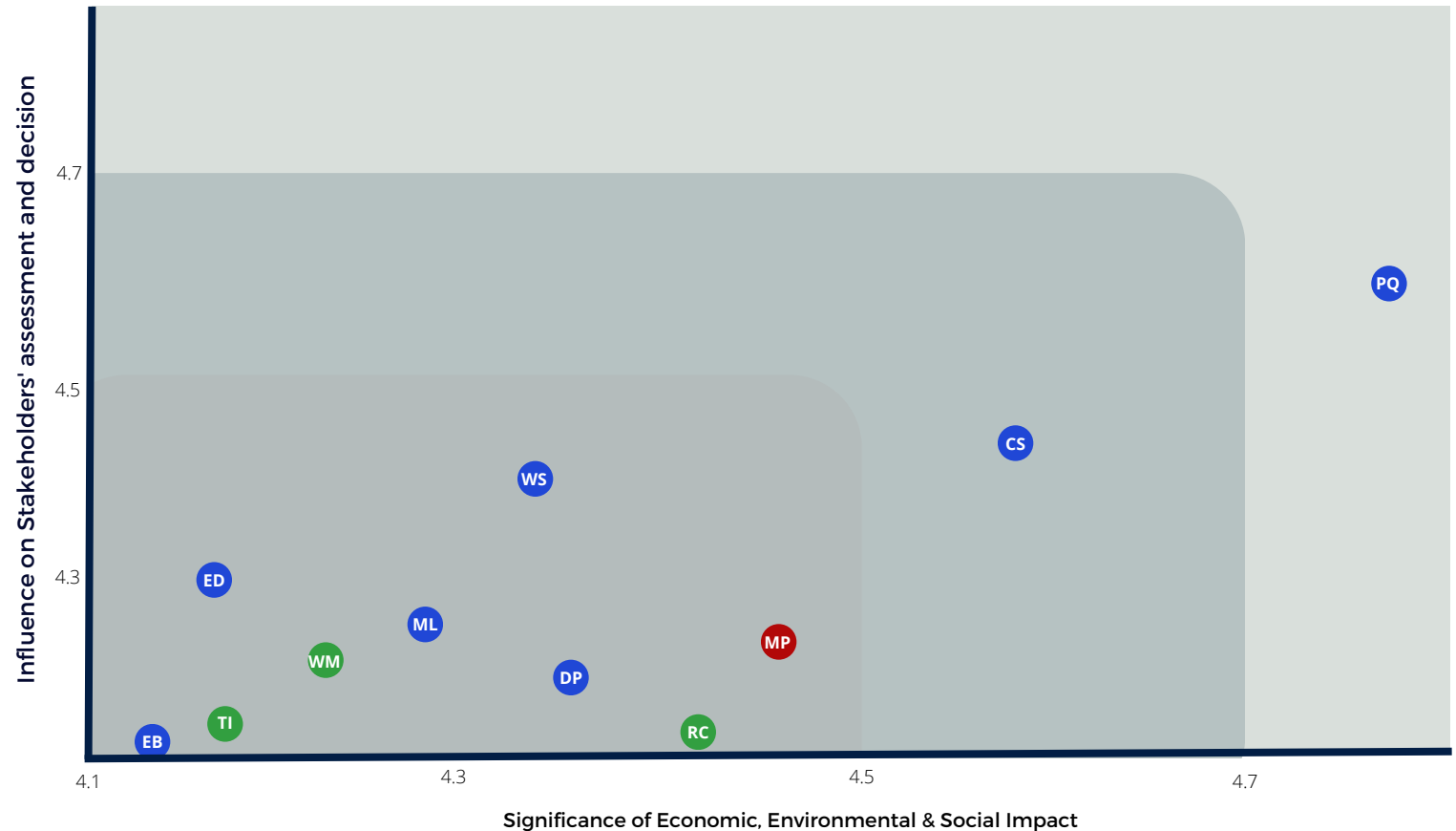
ARC employee rated customer satisfaction, diversity and equal opportunity, market presence, workplace safety & security and water & wastewater as top issue that Macay can impact.

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 ARC should address and are also seen to pose significant risk.

MATERIALITY

The content of the report is based on the material topics 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. It was deemed that the following topic disclosures are still material to the company up to this date.



Economic

MP - Marketing Presence

Environmental

WM- Waste Management

TI - Technology & Innovation

RC - Regulatory Compliance

Social

PQ - Product Quality & Safety

WS - Workplace Safety & Security

ED - Employee Training & Development

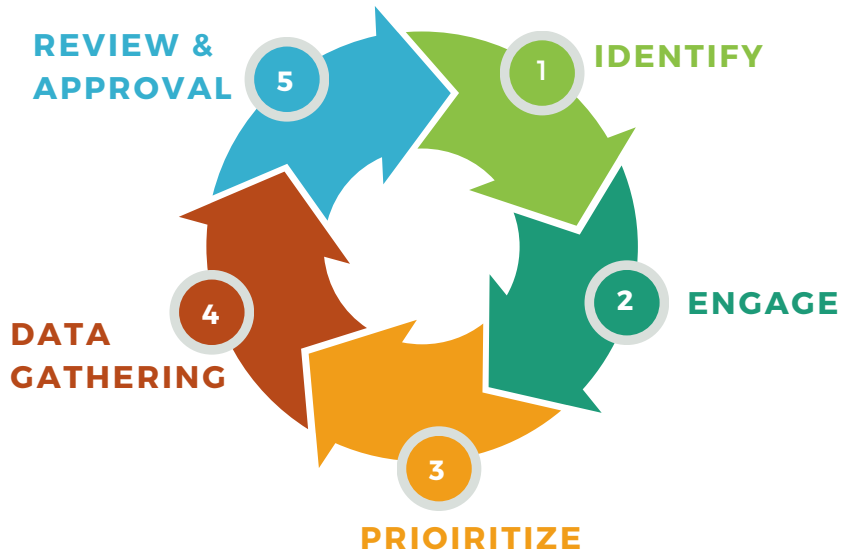
ML - Marketing & Labeling

EB - Employee Hiring & Benefits

DP - Data Privacy

CS - Customer Service

OUR REPORTING PROCESS



1 IDENTIFICATION OF MATERIAL ISSUES

Material issues to ARC 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 ARC's stakeholders. Prior to the survey, a sustainability forum was conducted in 2020 ARC-wide to enlighten and engage the employees on what sustainability is and how it matters.

2 STAKEHOLDER ENGAGEMENT

ARC's main stakeholders are its customers, employees, business executives, suppliers, contractors, non-government organizations and shareholders. The company 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 ARC. We value and seriously consider opinions, concerns and suggestions which are conveyed for the purpose of identifying the material topics for the sustainability report.

3 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.

4 DATA GATHERING

The information and data relevant to the identified priority topics by the stakeholders were collected and disclosed in this report. The company determines the scope in reporting the identified material issues based on the information collected from its stakeholders, for the information to be comprehensive and accurate and in order to address the issues of high interest to its stakeholders.

5 MANAGEMENT REVIEW & 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.



OUR ESG PROGRESS

ARC aims to achieve its business goals while providing positive impact to the environment and society. We strongly believe that effective sustainable development operations need to be founded upon a collaborative approach, sound governance structure, inclusive stakeholder engagement and clear prioritization of material sustainability issues.

We are enacting policies and plans that focus on creating collaboration for actions on ESG across our existing ecosystems. These plans include collaborations with partners and continuous assessment and improvement of our own operations. In this way, ARC can grow new business opportunities, strengthen its competitive advantages, unlock the full value of potential opportunities, and continue to pursue meaningful sustainability initiatives, while also positively impacting the well-being of society, the environment and the world.

Para sa Pamilya

MANAGING ENVIRONMENTAL IMPACTS



ARC constantly strives to protect the environment throughout the course of its business operations. We are committed to the principles of the circular economy and continuously works to improve our energy management, water usage and waste reduction processes to effectively reduce our environmental footprint.

Through the adoption of technologies, pursuit of operational excellence, and collaboration with business partners throughout our value chain, ARC continues to seek new ways to promote environmental protection and manage climate-related risks.

ARC's policies and practices throughout the company's value chain aim to minimize environmental impacts for the benefit of current and future generations. These policies apply to all employees, in accordance with national laws, regulations, and standards.

OUR VALUE CHAIN

ARC's 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.



CLIMATE CHANGE

Climate change pose significant impacts not only on the environment but also on economic and community well-being. ARC recognizes the need to accelerate actions to address the climate crisis, while contributing to global efforts to limit the global temperature increase to below 1.5 C as part of our contribution to the Paris Agreement, and improving our resilience to potential climate impacts.

We acknowledge the importance of managing climate-related risks, as well as maximizing the opportunities from climate change, to ensure a sustainable long-term future for our operations.

Governance	Strategy	Risk	Metrics & Targets
<p>In terms of managing climate-related risks, we have implemented policies that aims to address climate action, such as our Safety, Health, and Environment Policy.</p>	<p>Our business and particularly our stakeholders will feel complex effects of climate change. Changes in our climate have the potential to disrupt our operations, present risks to the health and safety of our co-workers, and make our communities more vulnerable. Moving forward, we are making efforts to improve our understanding of the risks and possibilities associated to climate change for our company.</p>	<p>We continuously incorporate monitoring of environmental and climate-related issues. Our Board Risk Oversight Committee, is in-charge of overseeing our risk management system, including how we manage our current risk sources, reduce the possibility of it happening again, and recommend additional steps or plans as needed.</p>	<p>Through operational efficiency improvements and strategies to better utilize resources, especially energy, water, and waste, we hope to lower our energy intensity. Our annual disclosures include regular monitoring and reporting of our greenhouse gas emissions.</p>

ENERGY MANAGEMENT

Considering that energy is a vital resource to all sectors, conventional energy generation produces large amounts of pollution and carbon emissions, affecting a wide range of stakeholders.

Recognizing the challenges of climate change, ARC has assessed the risks, direct and indirect impacts, from our energy usage. We have developed a clear and practical strategy for energy management by placing great importance on energy efficiency management throughout the value chain, focusing on high energy efficiency technologies as well as operating with our partners to develop low energy intensity operations and packaging materials.

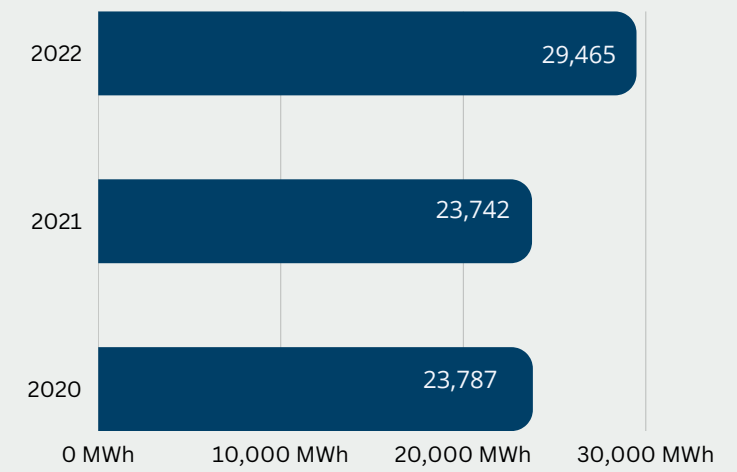
ELECTRICITY CONSUMPTION

The total electricity consumption of ARC increased by 24% in 2022. The increased is due to the increased in production output.

As the economy opened up and movement restrictions have been lifted, the volume of products and demand from the customers increased. However, in spite of the the increase in electricity in ARC plants due to the increase on production output, the energy use ratio, EUR, decreased by 0.4%. Energy use ratio is computed as Megajoules of electricity per number of cases produced. The decreased in energy use ratio indicates that the we have been operating more energy efficiently in the past year.

Two ARC plants have roof-top solar panels, namely Cabuyao and Ilo-ilo. In 2022, the total amount of electricity generated from solar panels is 1,723 MWh, which is 7% higher from the previous year. Approximately 6% of total electricity consumed in 2022 came from renewable source.

Total Electricity Consumption
(in MWh)



In 2022, the total energy consumption of ARC significantly increased compared to the previous year with a total of 451,699.47 GJ. An increase in all sources of energy used in our operations was observed such as diesel, gasoline, bunker fuel and total electricity consumption.

The increase in total energy consumption is due to the increase in the production output in 2022.

Fuel is used throughout our operations. At the plant level, for the boilers, majority uses diesel while there are few that still uses bunker fuel. Mechanical handling equipment in plants and warehouses also uses diesel. These equipment are maintained regularly to ensure that the operations will not hamper and to maintain its fuel efficiency.

Energy Consumption, GJ	2021	2022
Diesel/Gasoline	229,327.46	270,468.48
Bunker Fuel	61,246.26	95,759.79
Electricity	78,721.91	85,471.20
Total	369,295.64	451,699.47

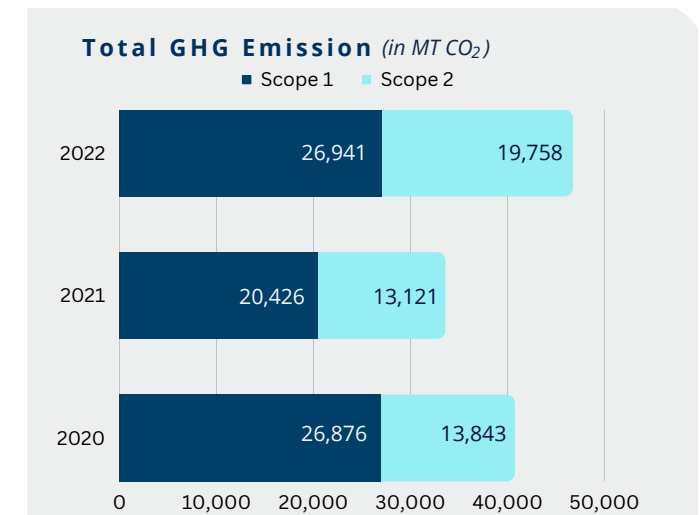
ARC also have fleet of trucks used for delivering our products to our clients and customers. Our trucks are all Euro 4 compliant and are well-maintained to ensure safety of our products and employees. Regular training for drivers on safety and eco-driving techniques are also conducted. On the other hand, the company also have service vehicles to further support our operations and business. Our service vehicles uses both gasoline and diesel.

Due to the increase in energy consumption, the greenhouse gas emission of ARC in 2022 also increased significantly.

The greenhouse gas emissions from all ARC's business units are sourced from anthropogenic activity. Our emissions are primarily generated from our production, fleet of vehicles, and mechanical handling equipment. All of our plants also have generator sets that are only used during a power outage or maintenance check. The company recognizes that our involvement in this topic is through our day-to-day transactions and operations.

As a management approach, ARC strives to increase its operational efficiency and implement energy efficiency and conservation measures one of which is shifting to LED lights for ARC facilities.

As of to date, we have not yet started collecting data for scope 3 sources.



WATER MANAGEMENT

Water is an essential natural resource for ARC's production process. The demand for water continues to increase, however, its availability is decreasing due to degradation of water sources, water pollution, and the effects of climate change. Recognizing that water is a key element of ARC's operations, we have highlighted water-related risk as part of our climate-change risks.

ARC also recognizes the importance of water conservation to maintain high water quality and ensure sufficient quantity for production, while minimizing the impact on communities. Thus, we identified water management as one of our key material issues which serves to enhance our climate resilience.

Acknowledging that water quality and scarcity will have an impact in both short and long terms, ARC focuses on sustainable water management practices throughout the value chain. ARC aims to maximize water efficiency, maintain clean water standards, and protect quality of nearby water bodies in our facilities.

We aim to balance economic, social, and environmental requirements with the long-term protection of water resources. Through this commitment, ARC continues to consider the interests of all water users on the principle of equal rights.

In 2022, the total water consumption of ARC significantly dropped to 101,456 cu. m. in spite of the increase in production output. This is due to the effective management of water and water conservation measures implemented across the organization. Correspondingly the water use ratio of ARC also considerably decreased by 78% in 2022.

We recognize the importance of water management and for this reason, ARC ensures that wastewater from our production plants has undergone proper treatment and compliant to regulatory standards prior to discharge. All of the nine (9) bottling plants of ARC are equipped with sewage treatment plants (STPs) using as sequential batch reactor (SBR) technology.



PACKAGING & CIRCULAR ECONOMY

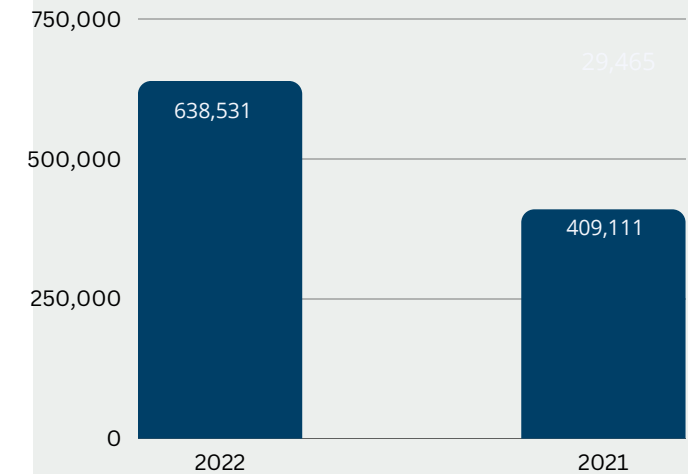
We believe that increasing circularity, reducing GHG emissions through materials efficiency, and the proper handling of generated packaging waste will be beneficial to all stakeholders, the environment, and community. Hence, we work with our stakeholders throughout our value chain, to optimize packaging efficiency, reduce emissions through packaging reduction, and promote use of renewable materials such as glass bottles.

Approximately, 99% of packaging used by ARC are recyclable and reusable. In 2022, the packaging weight used by ARC increased by 56% due to the increase in production output with total packaging weight of 638,531.04 MT. Majority of packaging used in 2022 are made from renewable material such as glass bottles with 99.8%, while small percentage are made from PET and tin cans, with 0.11% and 0.05% respectively.

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.

Weight of Packaging Materials Used
(in MT)



WASTE MANAGEMENT

Waste disposal is a global environmental problem. Waste to landfill has dangerous effects on human health and the environment. When a landfill is not properly managed, the generation of leachate can contaminate groundwater, apart from this, methane, which is a greenhouse gas, is also produced.

ARC is committed to reducing the amount of solid waste sent to landfill from its production facilities, to a minimum, or ultimately, to zero. The aim is to lessen the waste-related impacts on the environment and on the living conditions of surrounding communities, including their basic right to have access to resources such as clean air and clean water.

As we aim to optimize resource utilization throughout our value chain, we strive to collaborate with our stakeholders to adopt the 3Rs principle (Reduce, Reuse, Recycle). Waste management initiatives include post-consumption packaging management, and managing by-products.

Solid Waste Generated, MT	2021	2022
Reusable	403,930	637,518
Recyclable	7,142	13,302
Residuals	1,698	1,516
Compostable	2	-

Hazardous Waste Generated, kg	2021	2022
Used Oil	5,330	227,140
Batteries	20,565	283,133
Oil contaminated materials	40	1,219
Others		3,418

Recognizing that we are a business with value scrap that generates considerable amount of packaging footprint, recycling is highly material to ARC. Also, our company have implemented other initiatives such as residual waste reduction through optimization of our operations, which led to reduction of manufacturing rejects. Our approach on proper waste management affects our operation. It is imperative to business as it

promotes cost-efficiency, and ensures sanitary operations.

To properly manage our wastes generated from day-to-day operations, a waste management procedure was institutionalized and being followed in all ARC plants.

A Pollution Control Officer (PCO) was designated in all ARC plants ensuring compliance with the waste management regulatory standards.

Furthermore, all ARC plants have Material Recovery Facilities and Hazardous Waste Storage Areas to enable proper waste segregation and storage in accordance with the standards set forth by Dept. of Environment and Natural Resources (DENR).

Moreover, all wastes generated by ARC facilities are collected, transported and disposed by a 3rd party DENR accredited haulers and treaters.



SOCIAL

ARC strives to provide a safe and inspiring environment for our people to grow, develop and thrive as a diverse team. Our actions are guided by our Vision, Mission and Core Values, national regulatory standards and the expectations of our key stakeholders.

SAFETY & SECURITY

Safety and security at work is a basic human right. As a company, we have a duty to keep our employees and anyone working in our facilities safe and secured. It is a responsibility for us, as a company, towards our employees, their families and communities.

In ARC, ensuring the safety and security of our people is not just a legal requirement. It is a moral and ethical obligation deeply rooted in our

company values and codified in our corporate Safety Policy.

We are determined to keep every employee safe and secure while they perform their work duties. We aim to eliminate fatalities and life-altering injuries from our operations, and to this end we are continually building our capacity to operate safely and securely, integrating Health, Safety and Security into our systems, processes and ways of working.

We continue to build a robust working environments so that even if accidents or incidents occur, our safety culture, processes and mitigating actions are enough to ensure that no significant harm will arise. To support this, we have set targets on leading indicators for safety capacity. Reaching these targets requires us to invest and commit resources to building leadership capabilities and improving our safety culture.

All ARC facilities have designated health and safety personnel, first-aiders, nurses, and security officers, all trained for emergency preparedness and response ensuring that our employees will be well-assisted in case of emergency.

Furthermore, several programs promoting the health and wellness of our employees were formed such as health bulletins, trainings, and seminars. 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.

To keep our employees safe from severe and fatal injury, we strive to strengthen our risk assessments, ensure that critical safeguards are in place and accelerate the implementation of our safety and security protocols.

Identifying the potential risk to the health and safety of our employees and facilities is essential to our business. We take steps to mitigate, address and effectively manage these risks to continue providing a safe and secure environment to our employees and communities where we operate.



HUMAN CAPITAL

Our people are the foundation of our success as a company, and our People strategy is designed to create the right environment for all employees to enable us to achieve our vision. Our People strategy outlines a range of key initiatives to drive engagement; to attract, develop and retain our employees; and to ensure this is done with diversity, equity and inclusion in mind.

People are at the heart of our business. Our success depends on our ability to respond to changing market conditions while staying true to our company values: good governance, respect, excellence, accountability and teamwork.

In 2022, during the challenging post-pandemic environment, we continued to navigate unprecedented changes in the workplace, which required us to adapt and continuously embrace learning and growth. We are boosting our strategic capabilities, talent attraction and development to ensure we have highly motivated and capable people, the right culture and strong organization. We continue to support the business to respond to constantly shifting priorities while being committed to prioritizing our people.

Acknowledging that our employees are the company's backbone supporting our growth and success, we give high importance to human capital management. Correspondingly, this help us ensure that our vision, and strategies will be achieved.

DIVERSITY, EQUITY & INCLUSION

We are committed to providing equal employment opportunities across diverse sets of people, regardless of gender, ethnicity, age, and vulnerability. We eliminate any form of bias during the hiring process, instead, we focus on determining skills and capabilities to ensure that the right people are hired for the right job.

In 2022, the total headcount of ARC increased by 31%, mainly due to the increase on the need of manpower with the growing demand in production. Like the data in the past year, the number of male employees is significantly higher compared to the female. This is because ARC belongs to a labor intensive sector, in spite of the fact that during the hiring process the company is open to all gender, more men still applies compared to women as the nature of the job

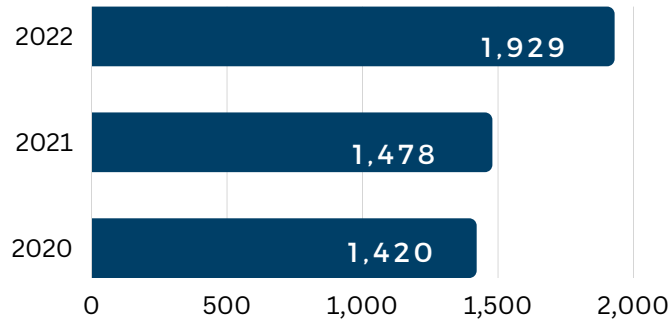
includes truck drivers, motorcycle drivers and sales personnel.

Likewise, the total new hires increase as well to 815, 55% of which has been regularized in 2022. All of newly hired employees, just like the rest of all organic employees in ARC, are all hired from local communities.

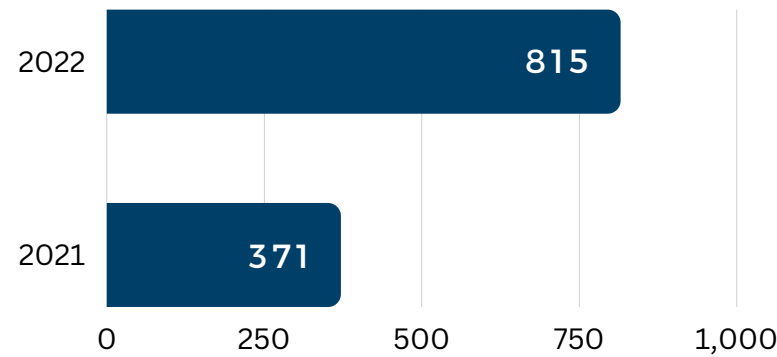
Majority of the employees of ARC are in Rank and File position, same as the previous year only with 3% increase. In terms of age group, majority of ARC employees are millennials, though it has been observed that Gen Z employees had increase in 2022.

Our businesses directly support 1,929 jobs. Other employment opportunities are created from our business operations through our service partners and third-party service providers. Aside from these, we also provide jobs to our suppliers and their employees. ARC also promotes inclusive business in its Supply Chain by sourcing local suppliers/vendors thereby promoting revenues and jobs to local communities.

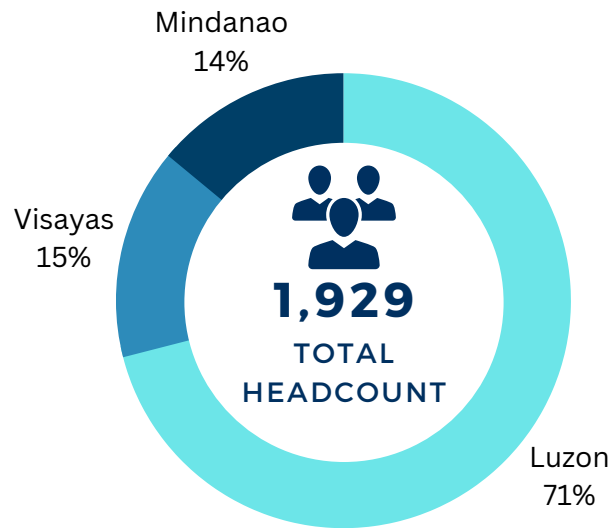
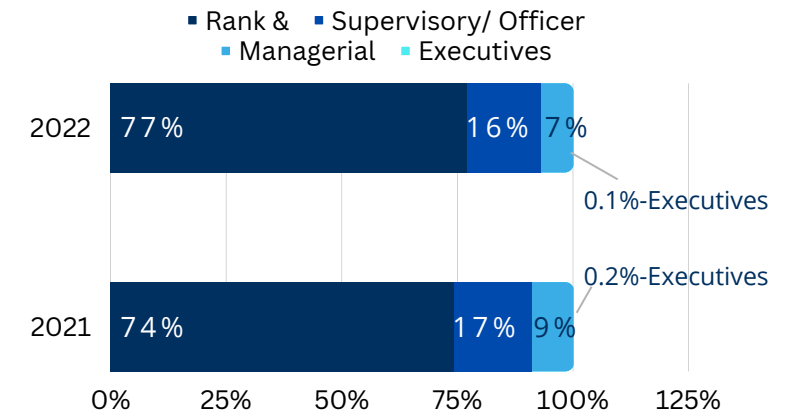
Total Employees, FTE



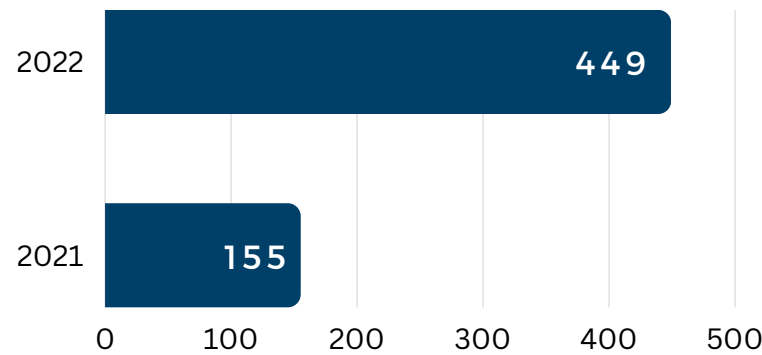
Total New Hires, FTE



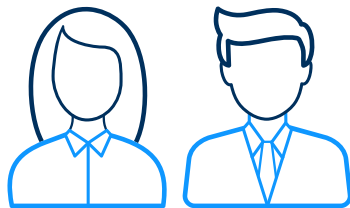
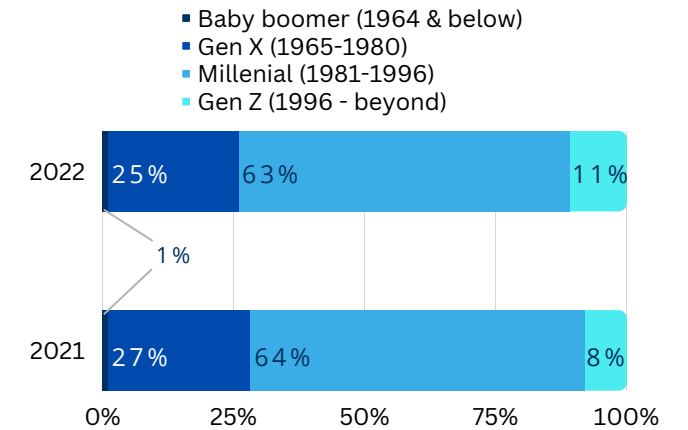
Employee by Position



Regularized Employees, FTE



Employee by Age Group



Female 15% | Male 85%

EMPLOYEE & LABOR RELATIONS



ARC is committed to respecting fundamental labor rights and constructive employee relations. We align, adopts and complies with the standards and regulations set by the Department of Labor and Employment (DOLE) and other relevant local legislation. We uphold our employee relations and labor rights commitments. We respects the workers' rights to not be subjected to forced labor, child labor or discrimination in respect of employment and occupation and standards on working hours and the safety and health of all our workers.

ARC does not have a labor union thus the company does not have collective bargaining agreements.

Conversely, we promote cooperative partnership between management and employees as we recognize that this is important to sustain growth of the company.

Our people and our brands are our greatest assets. We aspire to raise the bar on talent and development to match our brand positioning.

ARC believes that successful organizations work together with their employees to create growth and learning experiences that ultimately strengthen both individual and company performance. We aim to provide our employees with training and advancement opportunities to help them develop professionally and individually as well as to address various skills gaps if there are any.

We also ensure that all of our employees are given with equal opportunities to excel in their work and are able to grow to their full potential. We strongly believe that career satisfaction and advancement opportunities motivate employees to give long-term commitments to our organization. This results in high-caliber and happy employees who want to grow with the company.

We offer different training and career development programs to our employees. We provide necessary technical and non-technical trainings to improve the technical skills, soft skills, and leadership skills of our employees.

In 2022, we are able to generate a total of 303 training hours with a total of 670 employees who participated. The average training hours were 0.6 hours and 2.4 hours for male and female, respectively.

Moreover, as part of our performance management system, performance appraisal are done annually. For 2022, all eligible employees were appraised.



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, retirement plan and Christmas package.

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

ARC provides retirement benefits to regular employees who are age 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.

EMPLOYEE BENEFITS	% of employees who availed	
	Female	Male
SSS		
<i>Salary Loan</i>	64	383
<i>Sickness Benefit</i>	14	27
<i>Maternity Benefit</i>	11	0
Philhealth	18	41
HDMF		
<i>Salary Loan</i>	69	397
<i>Housing Loan</i>	0	0
Paternity Leave	0	41
<i>% of employees who returned after paternity leave</i>	0	41
Solo Parent Leave	5	2
Special Leave for Women	1	0
Maternity Leave	11	0
<i>% of employees who returned after maternity leave</i>	11	0
Birthday Leave	142	784
Vacation Leave	289	1,639
Sick Leave	175	975
Medical Benefits		
<i>Health Maintenance</i>	3	3
<i>Hospitalization Reimbursement</i>	3	7
<i>Annual Physical Exam</i>	184	927
Retirement Plan	2	12
Education Support	44	262
Telecommuting (WFH)	0	0
Flexible working hours	90	73

CUSTOMER RELATIONSHIP MANAGEMENT

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.

ARC continuously seeks new opportunities to build better relationships with our customers and clients who we treat as business partners. They play an integral part in the success of our business.

We work closely with our customers as business consultants to jointly grow sales and profit and to increase their confidence and satisfaction in working with us.

We also ensure that all our customers are treated fairly. The consumer's welfare is protected and concerns are well-addressed by the dedicated team of ARC who handles customer care. They communicate directly with ARC's consumers and ensure that the customer's inquiries and needs are responded well.

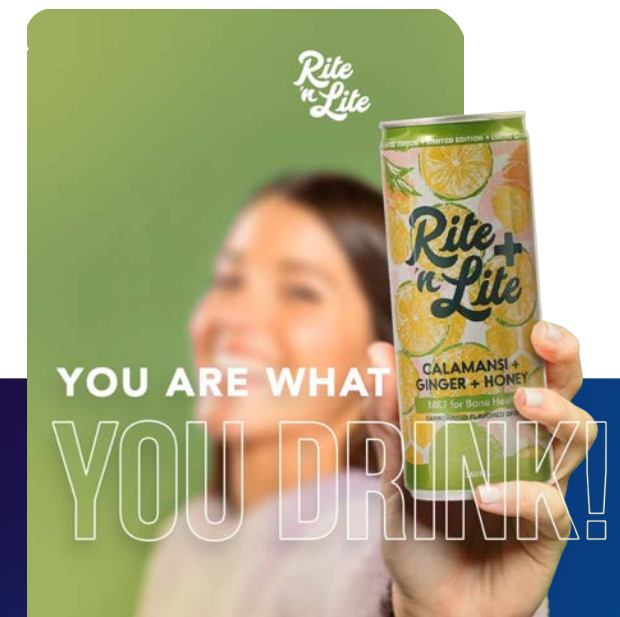
PRODUCT QUALITY & SAFETY

Production safety is essential to our business. We ensure 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 our manufacturing plants and facilities is compliant with internal standards, government standards such as DOH and FDA, as well as other management standards covering environment, safety, and consumer health.

CONSUMER HEALTH & SAFETY

Consumer health and safety are at top of our priority. We recognize the importance of producing high-quality and safe beverages from ethically sourced, high-quality ingredients. We adhere to strict quality standards and closely monitor all our operations to ensure consistent quality and safety throughout production, storage, transportation, and last-mile service. We also provide our consumers to have an option for healthier beverages, as our way of improving public health and well-being thru our Rite n' Lite brand – the no sugar, no carbs, no calories drink that is suitable for diabetics and people that are on a diet.



PRODUCT MARKETING & LABELLING

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, brands, and markets, we remain consistent in our 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.

Likewise, we strive to conform to all labeling and product information standards. Thus, in 2022 we 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, shelf-life, and nutritional value.



GOVERNANCE

Good governance is in our core values, hence we are committed to uphold its principles. We foster supply chain resilience and collaboration with our business partners to create positive economic, environmental, and social impacts.

We strictly adhere to our Code of Business Conduct while maintaining an efficient management system. This is to ensure that we conduct business with integrity, responsibility, and fairness. Macay Group recognizes the importance of Board diversity to ensure that the Board can discuss and make decisions efficiently while taking into account all the social, environmental, and human rights impacts of our business and its impacts on our business. This is essential to ensure we will be able to achieve our strategic objectives and sustainable growth.

Moreover, recognizing that cyber risks must be closely monitored, we put strong emphasis to maintain our IT network security. As we strive to fully comply with personal data protection responsibilities, we also aim to foster innovation through our in-house operations and open innovation platforms.

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.

Our parent company, 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.

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.

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.

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.

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.



Contribution to United Nations Sustainable Development Goals (UN SDG)



SDG No. 1 - No Poverty

Provided jobs to 4,480 Filipinos nationwide. 1,929 of which are direct employees and 2,551 are indirect employees through third-party service.



SDG 4 Quality Education

Supported the School Tour program of Bayan ni Juan Movement to teach more than 1,000 students in Metro Manila regarding importance of proper hygiene, school supplies and goods were provided to students.



SDG 10 Reduced Inequalities

100% of employees received minimum or above the minimum wage



SDG No. 2 - Zero Hunger:

Support provided to the "Kain Po- Meals that Matter" program of Bayan ni Juan Movement PH and Century Pacific Foundation gift-giving and feeding activity where beneficiaries are street children and students in Marikina



SDG 7 Affordable & Clean Energy

1,723 MWh of renewable energy was generated in 2 ARC plants



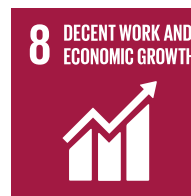
SDG 12 Responsible Consumption & Production

- Zero waste to landfill is being practice in the production area of all ARC plants.
- All wastes generated in the plants may it be solid or hazardous wastes are collected and disposed by DENR accredited haulers



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



SDG 8: Decent Work & Economic Growth

- Mandatory 8-hours OSH training for workers was conducted nationwide.
- Intensified Road safety programs thru trainings.

GRI Content Index

Statement of use	ARC Refreshments Corp. has reported in accordance with the GRI Standards for the period January 2022 to December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	4				
	2-2 Entities included in the organization's sustainability reporting	3				
	2-3 Reporting period, frequency and contact point	3				
	2-4 Restatements of information	There are no restatements				
	2-5 External assurance	This report is not externally assured				
	2-6 Activities, value chain and other business relationships	4,6-7,14				
	2-7 Employees	24				
	2-8 Workers who are not employees	33				
	2-9 Governance structure and composition	5				
	2-10 Nomination and selection of the highest governance body	31				
	2-11 Chair of the highest governance body	5				
	2-12 Role of the highest governance body in overseeing the management of impacts	31				
	2-13 Delegation of responsibility for managing impacts	32				
	2-14 Role of the highest governance body in sustainability reporting	32				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	31				
	2-16 Communication of critical concerns	30-32				
	2-17 Collective knowledge of the highest governance body	30-32				
	2-18 Evaluation of the performance of the highest governance body	30-32				
	2-22 Statement on sustainable development strategy	9,13,15				
	2-23 Policy commitments	30-32				
	2-24 Embedding policy commitments	30-32				
	2-25 Processes to remediate negative impacts	15				
	2-26 Mechanisms for seeking advice and raising concerns	30-32				
	2-27 Compliance with laws and regulations	20				
2-29 Approach to stakeholder engagement	10, 12					
2-30 Collective bargaining agreements	there are no collective bargaining agreements					
Material Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	10, 12				
	3-2 List of material topics	11				
Market Presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	23				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	26				
	202-2 Proportion of senior management hired from the local community	23				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Procurement Practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	23				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	23				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	30-32				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	There were no incidents of corruption in the organization				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics	30-32				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	30-32				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	19				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	19				
	301-2 Recycled input materials used	19				
	301-3 Reclaimed products and their packaging materials	19				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	16-17				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	16-17				
	302-3 Energy intensity	16-17				
	302-4 Reduction of energy consumption	16-17				
	302-5 Reductions in energy requirements of products and services	16-17				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	18				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	18				
	303-2 Management of water discharge-related impacts	18				
	303-3 Water withdrawal	18				
	303-4 Water discharge	18				
	303-5 Water consumption	18				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	17				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	17				
	305-2 Energy indirect (Scope 2) GHG emissions	17				
	305-4 GHG emissions intensity					
	305-5 Reduction of GHG emissions	17				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	20				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	20				
	306-2 Management of significant waste-related impacts	20				
	306-3 Waste generated	20				
	306-4 Waste diverted from disposal	20				
	306-5 Waste directed to disposal	20				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	21-26				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	24				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	26				
	401-3 Parental leave	26				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	25				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	22				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	22				
	403-2 Hazard identification, risk assessment, and incident investigation	22				
	403-3 Occupational health services	22				
	403-4 Worker participation, consultation, and communication on occupational health and safety	22				
	403-5 Worker training on occupational health and safety	22				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	22				
	403-8 Workers covered by an occupational health and safety management system	22				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	23-26				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	25				
	404-2 Programs for upgrading employee skills and transition assistance programs	25				
	404-3 Percentage of employees receiving regular performance and career development reviews	25				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	23				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	23-24				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	23				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	23				
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
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	25				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	25				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	25				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	25				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (pg no.)	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	22				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	22				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	23				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	23				
	413-2 Operations with significant actual and potential negative impacts on local communities	18-20				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	27				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	27				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	27				
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	28				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	28				
	417-2 Incidents of non-compliance concerning product and service information and labeling	28				
	417-3 Incidents of non-compliance concerning marketing communications	28				



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